TASK FORCE ON THEOLOGY OF MONEY

Membership

The Rev. Evan Garner, *Chair*	Arkansas, VII	2021
The Rt. Rev. Kevin Brown, *Vice-Chair*	Delaware, III	2021
The Rev. Dr. Gawain de Leeuw	New York, II	2021
The Rev. Candice Frazer	Alabama, IV	2021
The Rt. Rev. Gayle Harris	Massachusetts, I	2021
The Rev. Gia Hayes-Martin	California, VIII	2021
Mr. W. B. McKeown	New York, II	2021
The Rev. Mary Beth Mills-Curran	Massachusetts, I	2021
The Rt. Rev. Kirk Smith	Arizona, VIII	2021
Dr. Steven Tomlinson	Texas, VII	2021
Ms. Celeste Ventura	El Camino Real, VIII	2021
Mr. Doug Walker	Florida, IV	2021
Ms. Erin Weber-Johnson	Minnesota, VI	2021
Mrs. Pamela Wesley Gomez	Connecticut, I	2021
The Most Rev. Michael Curry, *Ex Officio*	North Carolina, IV	
The Rev. Gay Clark Jennings, *Ex Officio*	Ohio, V	

Changes in Membership

The Rev. John F. Dwyer, resigned 2019
The Rt. Rev. Lawrence C. Provenzano, resigned 2020

Acknowledgements

Dr. Amy Thayer

Mandate

2018-A061 Create a Task Force on Theology of Money

Resolved, That the 79th General Convention direct the Presiding Bishop and President of the House of Deputies of The Episcopal Church to appoint a Task Force on the Church's Theology of Money, consisting of four (4) bishops, five (5) presbyters or deacons, and six (6) lay persons, who represent the cultural and economic diversity of the Church; and be it further

Resolved, That the Task Force be directed to use scripture, approved liturgical resources, other theological texts, and previous actions of General Convention to summarize the ways in which The Episcopal Church understands the theology of money and financial resources in the way we give, invest, and spend; and be it further

Resolved, with regards to investment beliefs, that the Task Force should examine the following elements of responsible investing consistent with the Church's faith and mission as practiced today by many institutional investors across the Church: applying ethical guidelines in investment selection and management, shareholder activism, and investing for responsible social and environmental outcomes as well as financial return; and be it further

Resolved, That the Task Force be directed to present its findings and recommendations to the 80th General Convention; and be it further

Resolved, That the Task Force be directed to make available its findings and recommendations as a resource to guide and inform policy on giving, spending, and investing across The Episcopal Church; and be it further

Resolved, That the General Convention request the Joint Standing Committee on Program, Budget, and Finance to consider a budget allocation of $30,000 for the implementation of this resolution.

Summary of Work

Concerning Our Report

At the 79th General Convention, our task force was created and charged with summarizing the ways in which The Episcopal Church understands the theology of money and exploring the ways that institutional investors across the Church use particular methods for responsible investing. To accomplish our work, we met monthly on Zoom beginning in April 2019 for a total of nineteen virtual meetings plus subcommittee meetings. We interviewed representatives from dozens of congregations, dioceses, and other institutions throughout the church. And we conducted a survey of individuals' attitudes and beliefs about money.

We found several themes that are common throughout the Church: that the Church does have a claim about the use of money; that debt is of Christian concern; and that the nature of the Church's investments is important. We also noted the overall lack of theological resources available to guide congregations, dioceses, and other Church-wide leaders when they make decisions about their personal or organizational finances.

As a structure for our report on the Church's understanding of the theology of money, we use the Church's principal service of worship, the Holy Eucharist. Our liturgy is, at its core, an expression of the theology of gift and giver, of blessing and abundance. It has been said that all statements of the Church are essentially theological. Indeed, if the Church is the very Body of Christ manifest in this age, what we say and do as the Church reflects what we say and do and understand about God. We offer this report as a reflection of the Church's teachings about money from the past and as a structure for its continued work in this area. In each section, we raise some of the theological questions that we have encountered in our work, which we commend to the Church for further consideration.

The Word of God

Opening Acclamation: Defining the Community

Whether assembled in person or virtually, the Christian community is gathered together liturgically through call and response. In the words of the Opening Acclamation, we define ourselves as the ones who have come together to bless God and to proclaim the resurrection of God's Son. As the *ekklesia*, we have been called out of the wider community because of our pursuit of God's reign—the Kingdom we proclaim as blessed "now and forever."

That pursuit of the Kingdom of God guides the ways that we approach money. Our theology of money impacts our everyday decisions, including authority, administration, compensation and benefits, capital and long term investments, budgets, legacy giving, hospitality, our common life, the use of volunteers, and expressions of gratitude. Although we continue to live in a world in which wealth is aligned with power, we have been called into a community of people who seek to worship Jesus—the one who for our sakes became poor—and not Mammon. Even before we identify the forms that our ministries will take, we define ourselves as a community that must take clear and faithful and God-inspired positions on lending, sharing, tithing, investing, debt forgiveness, interdependence, materialism, and consumerism.

As we gather, we ask...

- What is Mammon?
- How does our encounter with money, finance, and economy animate and inform our pursuit of the Kingdom of God?
- To what extent do we come to church in search of a better god than Money?

Song of Praise: Acknowledging Our Creator

During the triennium, we invited representative individuals throughout the church to complete a survey about their own understanding of the theology of money. This survey was translated into multiple languages and sent out through the Episcopal News Service in order to capture the breadth of the Church. We received over six hundred responses, out of which several common themes emerged. One of those was a clear belief that money does not belong to humans; it belongs to God. Respondents indicated that, like other spiritual gifts, God gives us money as a tool to share as we undertake God's work in the world. This is the belief from which the Church's understanding of the theology of money emerges. As one respondent stated,

> Our Christian tradition holds that we should all have equal access to money and resources; that being wealthy does not confer a special status or reflect God's favor or the industry or intelligence; that God has a preferential option for the poor; that we live in a culture that demonizes the poor to support extraordinarily unequal and unfair access to resources; and that our primary task as the Body of Christ is to envision and pursue the realm of God, in which all are fed and love supplants power and wealth as primary values.

Just as the Gloria or other song of praise is sung at the beginning of our eucharistic liturgy to name the one to whom our praise is offered, we begin our theology of money with the belief that God is the giver of all good gifts and that all things belong to God.

As we praise God, we ask…

- Where do we believe our money comes from?
- How do we come to possess it?
- What kind of god gives us money?
- What sort of faith do our habits of spending, saving, working, and giving bear witness to?
- What beliefs ground our economic habits?

The Collect of the Day: A Theological Opportunity

In the liturgy, before the appointed scripture lessons are read, the presider focuses the congregation's attention and gives voice to the assembly's intentions by offering the Collect of the Day. Written to reflect the particular liturgical observance being undertaken, the Collect typically reflects one or more of the themes contained in the lessons. As such, it invites the assembly into theological engagement by collecting and uniting the various prayers of the congregation in anticipation of what will be proclaimed as God's Word.

We name in this report the urgent need for the Church to explicitly and intentionally engage its people in the work of the theology of money. Our survey revealed that, with the exception of annual stewardship campaigns, congregational leaders do not regularly discuss money, and, when they do, the ensuing conversations are commonly cloaked in secrecy and couched within the context of scarcity.

> First, [church leaders discuss money] with silence and secrecy. And hagiography for "the old days" when the parish had more members. There was a strong push for me to not know about the individual giving of parishioners—which is a luxury reserved for a parish without deficits, frankly. Second, with sabotaging stewardship campaigns—the two years before I arrived as their priest they had not successfully completed a stewardship campaign, and it had been 21 years since the last capital campaign. Third—with a good helping of fantasy and dependence on unrestricted gifts that they call "savings" even though they are not the result of excess money saved but of gifts from the past. The reality here and in our larger political reality is this: Deficits are very convenient things to allow especially the most conservative or the biggest givers to control what the parish does—and does not—do. Repeat that statement five times over. - Clergy Survey Participant

> Our congregation does not usually talk about money except toward the end of the year when some are worried about a pending deficit, or during the fall "stewardship campaign" when encouraging members to give more. The Vestry and other committees usually are talking about money from a sense of scarcity; the endowment committee often talks about it as if it were a sacred treasure to be protected for its own sake. I am not sure the Vestry talks theologically about their own stewardship and role in leadership regarding money. - Survey Participant

Nevertheless, despite the lack of direct theological engagement by clergy and lay leaders, survey respondents indicated a desire to use their money to respond to God’s call. In other words, people are hungry for leadership in the area of faith and finances, and the Church must embrace the opportunity to collect those desires into resources for theological education.

As we pray, we ask…

- What prevents us from being transparent and open about money?
- How do Episcopal clergy systematically self-censor about money? What are we afraid of? What would we be saying if we were not afraid?
- What questions are parishioners asking that we do not have good answers for?
- Where might engaging the theology of money and richer practices of stewardship respond to our congregants deeper theological aspirations?

The Lessons: Underused Scriptural Resources

The scriptures are full of stories, commandments, and examples of how God’s people are called to use the financial resources entrusted to them by God. Our survey showed that the people of our Church are familiar with passages like The Widow’s Mite (Luke 21:1-4), The Eye of a Needle (Mark 10:24-27), Where Your Treasure Is There Will Your Heart be Also (Matthew 6:21), and The Love of

Money Is a Root of All Kinds of Evil (1 Timothy 6:10). Although less commonly cited, respondents also identified passages like To Whom Much is Given, Much Will be Required (Luke 12:48), No One Can Serve Two Masters (Matthew 6:24), Lay Not Up For Yourselves Treasures Upon Earth (Matthew 6:19-20), and passages about jubilee (e.g. Leviticus 25:1-4). Such recollections represented substantial theological engagement.

> [I remember] the most often misquoted: "For the love of money is the root of all evil." It is important to understand that money—in and of itself—is not evil. It is a means of economic exchange. It is a valuation placed on our work. I value my work and expect my employer to also value my work. I value the work of the person who repairs my car, the person who cooks or serves a meal to me, the people who taught my children. It is only when money becomes the end in itself—simply a scorecard in a game of conspicuous consumption—that love of money is evil. - Survey Participant

> I don't use biblical texts, not because the texts are bad, but because they come so larded with other people's ingrained interpretations of them. I use Sadi's parable about the fox and the tiger often. - Survey Participant

There are many more passages from the Bible that speak to the theology of money, and the survey demonstrated a clear association of financial resources with scripture. That survey respondents were able to name so many is a sign that the lack of conversations about money in parishes does not necessarily indicate an absence of theological formation among those in the pews. On the contrary, scripture provides a ready and accessible foundation for the Church's teaching on the theology of money. We believe that the Church needs to develop teaching resources that build upon that foundation by connecting passages from the Bible with the practical situations that individuals and parishes face.

As we hear God's Word, we ask…

- What difference does the Christian faith make in economic practice?
- What values are we expressing in how we spend, save, earn, and otherwise use our money?
- How are we teaching people how and why to give?

The Sermon: The Church's (Missing) Proclamation

Sermons are opportunities for practical theology—the integration of our faith and practice. Although the sermon is the principal opportunity for clergy to break open the Word of God for the congregation, our survey results show that, with regard to money, clergy are not doing so. This may be from fear of criticism that "the church is always talking about money" or from embarrassment at their own unwillingness to be a model of generosity. Accordingly, respondents indicated that theological formation in the area of finance comes from family members, particularly parents and grandparents. Again, the Church must capitalize on the opportunity to build upon the domestic formation that does take place and begin to teach its people about the theology of money.

> We were poor and were taught to NEVER ask for gifts. I don't even ask now. - Survey Participant
>
> I participated in a HIV/AIDS fundraiser walk that required solicitation and support of friends, family, and my community. I suppose I still think of it in terms of how generously people responded when asked (which is not necessarily what I was expecting). - Survey Participant

Our survey named older family members, especially those who lived during the Great Depression, as primary resources for that formation. The Church could offer intergenerational programs that highlight the ways in which our collective theology of money has been shaped by the experiences of different generations, but it must do so with haste. Whether in preaching, teaching, or other methods of proclamation, leaders in the church, both lay and ordained, must address people's hunger for expressing deep value and meaning through their financial lives.

As God's Word is broken open, we ask…

- What opportunity are we missing when we fail to preach and teach about money in our churches?
- Where are we finding opportunities to make administration of the shared resources of our common life occasions for Christian formation and witness?
- In what important ways is the economy of the church materially different from the economies of other institutions in our culture?
- What obstacles prevent us from building a common inheritance?
- What obligations do we have to those who came before us and will come after us—to the Communion of Saints?
- How are we connected to and in conversation with the Communion of Saints across time?

The Creed: The People's Faithful Response

In our liturgy, the Nicene Creed is part of the congregation's response to the proclaimed Word of God. It is a response to what we have heard about God and Jesus Christ in the lessons and in the sermon, and it expresses both the congregation's participation in the shared faith of the universal Church and their desire for continued formation in the Way of Jesus.

Despite the overall lack of financial formation in the Church, our task force identified several ways in which the institutions of the Church, including the General Convention, the Constitution and Canons, and the *Book of Common Prayer* express convictions about money. Repeatedly, the General Convention has expressed its understanding of the theology of money through resolutions that support debt justice, fruitful stewardship, administrative competence, and worldwide mission. The Church claims that money is to be used in the service of Christ. To this end, the right use of money requires formation.

The Canons affirm the importance of forming disciples "concerning Christian stewardship," including "the biblical standard of the tithe" (III.9.6.b.2), and the role of vestries in the care of the "corporate property" of parishes (I.14.2). In addition to the eucharistic liturgy, the *Book of Common Prayer*, through its intercessions and collects, shapes our expectations of money and our power over it.

We also note, especially during the Covid-19 pandemic, that individual congregations continue to find new ways to transform the financial resources entrusted to them into expressions of security in times of vulnerability, hope in situations of lack, and joy in the midst of scarcity. Behind every mission and program that requires the allocation of parish resources is a presumed theology of money, which may or may not be made explicit by the leaders and members of the congregation. When those theological connections and teachings remain unexpressed, the financial decisions can reflect a theology that is contrary to the teaching of the Church.

> When things get tight per my way of looking at finances, I pray for help in managing what I have or figuring out how to make things work out the way "I think" they should. I don't recall just praying for more money. I have always had enough to cover the basic needs for my family and realize that I am very fortunate that I can say that. Praying for guidance to be a better steward of the great bounty I have been given. - Survey Participant

> YES, yes, yes! I pray for wisdom. I pray for enough hours of work and maybe even a raise to be able to support my family better. I give thanks for my house being paid for, especially when I couldn't make the payments. I pray for ways I can help others. I give thanks that my parents and my church are good money managers. I pray that this year there will not be a money-draining disaster. - Survey Participant

As we respond in faith, we ask…

- What does Christ require of people with power?
- How can our money serve others in the spirit of Jesus?
- What obligation do we have to discern the individual and systemic effects of our economic actions on others?
- What is our responsibility to the needs of others, including the selfish and ungrateful?
- How do the needs of others create an opportunity to discern our salvation in Christ?
- What do our practices around money tell us about what we think about it?
- How does our stewardship of money express the values of our community and our view of the future?

The Prayers of the People: Opportunity for Missional Focus

In the eucharistic liturgy, another response to the proclaimed Word of God is the Prayers of the People—an outward-focused, missional, and practical expression of the consequences of what we believe. In our prayers, we hold before God the needs of all creation, especially those of the Church, those in civil authority, the welfare of the world, the concerns of the local community, those who suffer or are in any trouble, and the departed (BCP p. 383). Those prayers are not merely wishful thoughts for those we love. They are an expression of our faith—loving responses that grow from our fervent belief that God cares for and saves those in need. Not surprisingly, the respondents to our survey expressed ways in which they understood the theology of money to be expressed primarily in caring for those in need.

> Yes. We give thanks for the blessings that we have—especially now during this coronavirus period when so many people are out of work. We have a steady retirement income, a roof over our heads, enough to pay our utilities, and the ability to help others who may not be so fortunate at the moment. I pray that God will help us be good stewards of his bounty. - Survey Participant

Individuals reported that generosity in any form is a means of giving to God, particularly when those generous acts contribute to the needs of others. Respondents named giving as a privilege and, as a spiritual practice like prayer, acknowledged a desire to continually give more each time they are called to do so. Interestingly, very few respondents indicated that they pray for or about money except when seeking God's guidance for stewardship as an opportunity to increase their generosity toward others. Gratitude for financial resources was named as a common way that people included money in their prayers.

The congregations and dioceses of the Church engage in many programs that express an implicit understanding of the theology of money, including jubilee proposals, the purchase and forgiveness of medical and other debts, direct financial assistance to the poor, and microlending programs. As we note below, there are many institutional investors across the Church that are making investment decisions that reflect their commitment to economic justice. These are, at their core, responses to what we believe about God and money, but the Church is failing to make explicit the connection between those practices and the underlying theology. In addition to teaching and preaching, the Church can use prayer as a means to connect belief and practice by stating God's vision for our economic reality and seeking God's help in living into that vision.

As we hold the needs of the world before God, we ask…

- How does our understanding of the common good orient our investments or purchases?
- How does the way we hire, manage, and pay staff reflect the Christian faith?
- How does money express the value of time or work?
- How do we negotiate the tension between eschatological aspiration and practical, daily necessity?

The Confession: Acknowledging the Church's Failures

As defined in the Catechism, "Sin is the seeking of our own will instead of the will of God, thus distorting our relationship with God, with other people, and with all creation" (BCP p. 848). In the liturgy, we confess our sins "in thought, word, and deed, by what we have done, and by what we have left undone" (BCP p. 360). With regard to our use of money and our acceptance of and participation in systems that create and sustain inequality, the Church must confess its sin and must confront the sin of our wider culture.

Many respondents to our survey indicated that money has produced obstacles that mitigate or prevent them from living out God's purposes. More specifically, those who live in the United States reported that the realities of living within a culture that highly values income and wealth creates a personal need to hoard financial resources for fear of scarcity and/or decline. In turn, that reduces the amount and frequency with which those individuals make charitable gifts, including to those causes and institutions that implement God's work. Again, those results show a desire among the people for a proclamation of the theology of money that transcends the culture of scarcity in which the world acts.

> I sometimes think I've made too many compromises for the sake of comfort. It has confounded my ability to make real friendships across economic classes. - Survey Participant

> Money is also a source of anxiety, especially in an out-of-control, artificially expensive economy. Especially as we grow older, the anxiety or fear of running out of money is very real. Sometimes a sense of "this is a limited resource" hinders participation in work that one would like to do or take a pass on opportunities that seem too expensive at the time. The scale of the economy and cost of living distorts the importance, value, and possibilities of money. Too many things just cost too much and that impacts obtaining basic necessities. - Survey Participant

Additionally, we must lift up one glaring lack in this current report that requires further study by the Church. No theology of money can be written by The Episcopal Church without recognizing how its physical and economic structures were built upon the financialization and productivity of black bodies through forced labor. Such a history will most likely reveal the uncomfortable connection between international markets, the accumulation of wealth, and the violence required to constrain the free movement and organization of mainly black people during the colonization of the Americas. Historically, we are a Church of the wealthy and the elite. Many of our church buildings were built by enslaved human beings. Much of our generational wealth, including parish, diocesan, and institutional endowments, was amassed at the expense of human capital. Black bodies were used as collateral, as debt and credit, as numbers on a balance sheet.

That bodies can be used as numbers illuminates the sin and brokenness at the heart of this project, but it may be time for us to enter into deeper conversations about what slavery itself tells us about money and our relationship to it. It may also give us a better sense of what alternatives may await us when we consider our own responsibility to future generations and our life together. Our reliance upon money as an expression of power has shaped the culture of our Church in innumerable ways. Some parishes, dioceses, and other institutions have begun to address that legacy of sin in tangible ways. Most have not. The process of developing intentional teachings on the theology of money provides an opportunity for the Church to confess those sins of the past and present. It is a work that we must pursue, an act of repentance that we must accept.

As we confess our sins, we ask…

- How do our economic practices liberate or enslave us?
- Where do our investments facilitate injustice that we are otherwise opposing?
- What investments that oppose injustice will have the broadest support?
- How are we using the power we have to influence actors in unjust systems?
- How do we discern when to engage and when to divest?
- How do we talk about our participation in a system we cannot yet "afford" to leave?
- How does our wealth affect or reflect our risk tolerance?

The Peace: In Pursuit of Meaningful Reconciliation

As the congregation prepares to share Communion with God and each other, the passing of the Peace is a symbolic way for those who have gathered to express their unity in reciprocal ways. As Jesus taught in Matthew 5:23-24, if you are offering your gift at the altar and remember that a sibling has anything against you, you should first be reconciled before offering your gift. In that way, the Peace is a means by which the people affirm their status as reconciled to one another before sharing Holy Communion. As one survey participant expressed, "I pray for a spirit of generosity for me, my people, and all my parishes."

As the Peace emphasizes, spiritual reconciliation is not possible if physical or financial reconciliation has not been pursued. In order to promote that reconciliation, the Church must address the tension between our practical and aspirational intentions around wealth. We cannot proclaim Jesus Christ as the one who has come to reconcile us to God and to one another if we are not following his Way of reconciliation as individuals, congregations, dioceses, and institutions.

As we share the Peace, we ask…

- How do our economic practices help us build relationships?
- How should a diocese arrange the sharing of resources between churches?
- What responsibility do we bear for injustices done in the past?

The Holy Communion

The Offertory: Examples of Aligning Money and Mission

When we pass the alms basins or offering plates or, in pandemic times, put out a basket or solicit online contributions, we invite individuals to decide what part of their God-given bounty they will share with the Christian community. Although not the only economic moment of the eucharistic liturgy, the offertory is the one moment when money, along with other the gifts that are presented at the altar, becomes the focus. The Canons assume that money is a part of the fabric of our common life, and the Offertory is an opportunity for everyone to contribute (I.6-7). For each person or household, this is an opportunity to express what one believes through one's actions.

In our work, we interviewed representatives of more than a dozen institutions that invest their financial resources in ways that intentionally express the faith and mission of the Church. They include parishes of various sizes and dioceses from across the country. Each one has a different story of how they integrate faith and investing while not only preserving their fiduciary obligations but also furthering them as part of their Christian leadership. We share some of those stories here but include all of them in the "Investing as Doing Theology" report which can be found in the supplemental materials section of this report.

Churches as diverse as Ascension in Hickory, NC; All Saints in Pasadena, CA; St. Bartholomew's in Baltimore, MD; and Trinity in Indianapolis, IN; have committed to applying analysis of environmental, social, and governance (ESG) factors in order to manage their assets faithfully. Indeed, almost all of the parishes and dioceses we interviewed apply ESG.

In four of the institutions we interviewed, fossil fuel divestment was a catalyst for changing investment practices, but those institutions soon moved beyond that one issue. Divestment as a strategy was not abandoned, but, in these four cases, the focus shifted to affirmative investing in order to support positive change on a range of concerns consistent with the Church's faith. For example, All Saints', Pasadena, partnered with the Church Investment Group to create a new multi-asset fund, which takes into account positive environmental practices, resource efficiency, sustainable business practices, strong corporate governance, good relationships with stakeholders, and other activities that enhance the long-term sustainability of its investments.

Similarly, the Diocese of Oregon created a new socially responsible investment fund for parishes and other institutional investors in the diocese. Through its diocesan convention, the diocese has established a list of Gospel-focused affirmative investing priorities for the new fund as well as a list of negative priorities that should be avoided.

Some of the parishes and dioceses we examined have pursued opportunities for investing directly in communities locally and abroad. For example, St. James in Black Mountain, NC, decided to shift its cash assets from a traditional bank to a local credit union that was committed to community development and lending to underserved populations in Appalachia. At St. Stephen's of Ridgefield, CT, the youth used parish resources to make microloans in developing countries.

All of these examples show that the administration of the Church's investments is theological practice. A theology of money recognizes money does not move itself but is directed and guided through institutions that identify and clarify their values and are implemented by real persons with consciences. In short, money cannot be divorced from the institutions that direct them. There is no commerce, no market, no exchange without people directing them, guided by their structural practices; therefore, the care of how we manage our investments implies that administration reflects that money should be under the care of theological priorities.

These examples show ways in which the Church believes that investments should reflect its faith commitments. This includes mission statements, core values, and focused projects that an institution might take, such as building a credit union or a community development financial institution that builds housing. This, taken in itself, is a remarkable claim. That investments should reflect our faith is in stark contrast with the dominant view in the marketplace, that the sole purpose of money is to create more of itself.

While the two may be complementary in practice, they reflect two different foundational dispositions toward the nature of money. When faith directs money, priority is given to the One who is the source of worship—God. If money is to be solely its own criteria for movement, then the institutional focus may not be the values of the Church but whatever money seeks—Mammon.

We can observe examples of how the Church, through its congregations, dioceses, and other institutions, has responded to the Spirit's movement in broad categories. The examples we highlight are not exhaustive, as there are many different ways that individual communities direct their resources, but we can say that the Spirit is guiding the Church in both general and particular ways through the faith-guided financial decisions that religious communities make.

The Church's participation in environmental stewardship through responsible investing is another example. By spending its money on behalf of saving the planet, the Church affirms its belief that the world matters. This is congruent with our incarnational theology of the world and the biblical affirmation of the earth's bounty as a gift from God.

In 2015, the Anglican Communion Environmental Network, a group of sixteen Anglican bishops whose people and dioceses around the globe were threatened by climate change, wrote in the *The World Is Our Host*,

> We call for a review of our churches' investment practices with a view to supporting environmental sustainability and justice by divesting from industries involved primarily in the extraction or distribution of fossil fuels.
>
> We call for the strengthening of ethical investment guidelines to include consideration of justice for the non-human creation as well as the interests of future generations of humanity…the climate change crisis is the most urgent moral issue of our day.

The Church has also used the tools of proxy voting, divestment, and long-term social investment as expressions of faith. Since the late 1960s, when Episcopal churches challenged Kodak to hire African Americans in Rochester, New York, and fought for divestment from South Africa, Episcopal Church bodies have played a role in harnessing their investments as a form of economic power. In some cases, such as gun manufacturing, they have become proxies to demand actions. In others, like fossil fuels, they have divested to invest in cleaner sorts of energy. And in other cases, they have invested in entrepreneurship.

The Church believes that money can be used to enhance its prophetic witness for the sake of the gospel. It can be used to force institutions to uphold their values in the case of proxy voting or make a statement of public value in case of divestment. It can seek to share its economic power through funding entrepreneurs, credit unions, or community development funds. As a Church, we have demonstrated our belief that money is a legitimate form of institutional power to be used on behalf of Christ.

The Church affirms a diversity in investments that accounts for local needs. We see Christ in the particular lives of individuals who will better thrive through the praise and support of the fuller body. Local investments signify the dependence and interdependence we have upon one another, providing manna that individuals need to be sustained on the journey. The money we have is to be used to develop the true currency we have: the bodies of the faithful for the sake of the greater body. Money is for the purpose of developing people who are fully alive in Jesus Christ.

The Great Thanksgiving: Celebrating God's Saving Work

The Eucharist is the principal act of Christian worship and expresses our thanksgiving and praise for God's saving work in Jesus Christ. In the Great Thanksgiving, we recall in particular Christ's death and resurrection and the new life of freedom and flourishing that God conveys to us through the paschal mystery. In the Lord's Prayer, we ask repetitively that God would give us today our daily bread. We proclaim our commitment to forgiving the trespasses (literally "debts") of others as we ourselves have been forgiven.

One survey respondent, whose congregation does discuss money, named the ways in which the Eucharist reflects God's economic vision:

> Sacramentally, the question is, "How do we use our money to fulfill our baptismal vows individually and corporately?" Then we give thanks for the Eucharist, which feeds us to participate in God and for the gifts God gives us for that work, including money.

In a few congregations, this connection between the Eucharist and the theology of money is being expressed. In others, even when that connection is not named, the celebration of the Eucharist provides an opportunity for intentional theological formation around the theology of money.

The Breaking of Bread: Distribution of Resources

Communion is not a celebration or mystery to be observed but one in which the people participate. The one bread is broken and shared so that the people can be united with God and with each other through Christ. We eat the Body of Christ and, in so doing, become more fully the Body of Christ. As with any resource, how that spiritual food is distributed to the people is itself an expression of theology.

Participants in our survey expressed their understanding that money, while impermanent, is in abundance. Given that they also named the culture of scarcity in which they live, that perception of abundance is a statement of faith and names something of spiritual value. The Bible is replete with examples of how the community of faith is called to redistribute that abundance to ensure that everyone is given enough. The Church's Jubilee centers are examples of ministries that seek to redistribute the community's resources so that the poor have enough.

As we receive the elements, we ask…

- How much is enough?
- How does the idea of enough or of sufficiency speak to our salvation in Christ?
- How do we distinguish between needs and wants?
- How do we discern the needs of other congregations in our dioceses?
- How might we discuss each other's needs in the spirit of Jesus?

The Dismissal: Equipped for Service

In the eucharistic liturgy, the dismissal is an integral part of the service. The people of God have been nourished spiritually to do the work God is giving them to do. In many ways, that work takes the form of financial considerations—budgets and bills, debt and investment, giving campaigns and capital improvements, clergy compensation and diocesan assessments. Each of these invites us to apply our theology of money.

We conclude our report by acknowledging that there is much work left to be done. Our mandate was to summarize the ways in which the Church understands the theology of money and to report on the specific ways that institutional investors use techniques for socially responsible investing. In doing so, we have raised as many questions as we have answered. We believe that the Church in every manifestation—individuals, households, parishes, dioceses, institutions, and the denomination as a whole—repeatedly expresses through its decisions its various theologies of money. Although as numerous as the contexts and experiences in which the Church is found, those expressions grow out of a shared faith. At this point in the life of the Church, we have not done enough to articulate those common themes and to form our people in the way of financial discipleship, but the Church is not starting from scratch. Now the Church must take advantage of that faithfulness and commit to the formation of disciples by teaching and proclaiming its theology of money.

As we depart, we ask…

- How does what we believe about God and express through the liturgy of the Church impact our daily lives as individuals and as congregations?
- How does money impact vocational discernment and following our call?
- How does our wealth affect or reflect our risk tolerance?

Coffee Hour: Survey of Emerging Money Narratives, Executive Summary by Dr. Amy Thayer

This report shares the findings about Episcopalians' attitudes and perceptions about money as well as the role currency plays within their lives, parish, and Church. The findings presented are representative of a convenience sample of approximately 600 respondents (n=604) with an association with The Episcopal Church.

The most common words associated with money were cash, security and the realization that money is a necessity. However, other important associations included resources, power and wealth as well as save/saving and give/giving. These words proved to be important guideposts, as they were often prominent concepts within participants' subsequent responses.

Family (of origin) members appear to have had the greatest impact on participants' relationships with money. Respondents recalled learning lessons about how to earn, budget, responsibly spend and unselfishly give to others. Moreover, most respondents indicated that money allows them the freedom of choice in how to live into God's calling, which was manifest in three primary ways—becoming educated and/or modifying one's career, giving to others and serving God through the Church/church. However, this calling is often achieved only after attending to individual and familial basic needs.

While money has afforded respondents many opportunities, it has also served as a barrier that has precluded them from achieving their full potentiality. Many respondents indicated that money has produced obstacles that mitigate or prevent them from living God's purpose. More specifically, the realities of living within a culture (the U.S., in particular) that highly values income and wealth, and therefore fosters a need to follow and collect money for fear of scarcity and/or decline, reduces the amount and the frequency with which individuals give charitably—including to causes and institutions that implement God's work.

When detailing what they wished others knew about money, respondents indicated that money does not belong to humans; it belongs to God and it is a tool to share through doing His work. Participants also remarked that money should be recognized as one approach in supporting the church—but not the only approach, because the best use of money was when it was given alongside other resources, such as time and talent, which were viewed as equally valuable. Participants also stressed the importance of recognizing that money is in abundance, although it is often impermanent. Therefore, attention should be paid to budgeting, saving, circulating and building relationships with it, as that is the pathway to yield the most powerful outcomes.

Giving, for most participants began when they were children and was learned through discussions with or modeling by their parents; and, earliest experiences with giving was at church—both through Sunday offering and tithing. Giving in these ways taught most respondents the joy of giving freely and that generosity in any way is a means of giving to God—particularly when contributing to the needs of others, especially those individuals or groups that had less than they. Giving is a privilege and most participants indicated that they attempt to continually give more each time they are called to do so.

Many participants shared two common recollections from their earliest experiences of asking for a gift. First, they were taught and subsequently believe gifts should be given freely by the benefactor, and if something was requested, then it was not truly a gift. Secondly, respondents learned to place importance on understanding the recipient's gift preference(s) instead of assuming knowledge of what would be the most appreciated by the beneficiary. In addition, if they did ask for gifts, many participants indicated that often their requests were denied or reduced in scope because they were deemed undeserving. The result was increased hesitation to ask for gifts in the future. While these realities have occasionally made requesting gifts now more difficult, in combination, these experiences appear to have resulted in participants being more generous and increasingly willing to ask others to give/for gifts. Additionally, respondents indicated they have been more likely to give a gift before being asked for it. Moreover, respondents indicated that asking for gifts to help others (e.g., not themselves) significantly mitigates, even eliminates the burden and difficulty in asking, and inspires a joy in giving and pure generosity. Finally, participants recognized these ideologies represent the magnitude of relationships and companionship cultivated through giving.

With few exceptions, most participants readily shared scriptures that came to mind when talking about money. The most commonly used texts were The Widow's Mite and The Eye of the Needle, followed by For Where Your Treasure Is, There Will Your Heart be Also and For the Love of Money Is a Root of All Kinds of Evil. Other scripture cited included To Whom Much is Given, Much Will be Required; No One Can Serve Two Masters. Either You Will Hate the One and Love the Other, or You Will be Devoted to the One and Despise the Other. You Cannot Serve Both God and Money; Lay Not up for Yourselves Treasures Upon Earth, Where Moth and Rust Doth Corrupt; and, Jubilee.

Most respondents indicated that they did not or "usually" did not pray for money. However, among the respondents who indicated they prayed about money, even occasionally, the most commonly referred to reasons included guided stewardship—that is requesting assistance for directed and increased generosity to serve others who were experiencing less fortune, family members and less commonly, their parish. Participants commonly also offered prayers to give thanks for their favorable financial situations. Other respondents indicated that they engaged in prayer to ask for continued sufficiency (non-scarcity) and/or to request reprieve from the anxiety that accompanies such concern(s). Very few participants noted that they specifically prayed for (more) money.

Finally, more frequently than not, respondents stated that their faith community rarely, if ever discussed money. When the topic was broached, most commonly it was generally in terms of stewardship—in relationship to stewardship and annual campaigns, specifically. Among faith communities that rarely talked about money, respondents revealed that the conversations were commonly cloaked in secrecy and couched within the context of scarcity. Conversely, respondents who indicated their faith communities did discuss money, asserted that the conversations were presented openly and were situated in frameworks of abundance and spiritual discipleship. Moreover, some respondents, irrespective of whether their faith communities discussed money or not, inquired why priests/rectors should be responsible for instigating and sustaining conversations about money, with a recognition that many clergy are not adequately skilled (e.g., are not educated about fundraising while in seminary) or do not have the appropriate personality (e.g., being more introspective and introverted and often uncomfortable with) to introduce and lead such discussions and related efforts, and therefore, may not be the appropriate individuals for this task.

Proposed resolutions

A070 Creating an Online Stewardship Collaborative

Resolved, The House of _____ concurring, That the 80th General Convention create an online collaborative of stewardship resources between Project Resource (a collaborative cooperative stewardship program co-created by The College of Bishops, The Development Office, and The Episcopal Church Foundation), The Episcopal Network of Stewardship (TENS), and The Office of Ethnic Ministries; and be it further

Resolved, That the collaborative expand existing offerings by facilitating the creation of stewardship materials by people of color and the development of online courses and virtual workshops on topics such as post-pandemic congregational stewardship and culturally appropriate theologies of giving in English, Spanish, and other languages; and be it further

Resolved, That the collaborative develop culturally and racially informed education materials for all candidates for holy orders on stewardship and the theology of money in English and in Spanish; and be it further

Resolved, That $150,000 be budgeted for the work of the collaborative over the next triennium.

EXPLANATION

The Task Force on the Theology of Money has noted the profound disconnect between our theology of money and our giving as Episcopalians. Moreover, there is a widespread reluctance in congregations to even address serious matters of stewardship formation and responsible investment, yet parishioners are asking for resources to help them make faith-based decisions for their congregations and for themselves. The desire and tools are there, but the coordination of the Church's stewardship resources is not.

We have also found that stewardship resources are typically created for and by members of white, dominant-culture settings. These resources fail to take into account financial wisdom, stewardship practices, and theological frameworks for understanding money that are shaped by and drawn out of non-white cultures and communities. Our work indicates that diverse resources for the development of these materials exist but would be strengthened through collaboration.

Measurables & Time Frame

The funding we propose would allow the coalition to create a clearing house for stewardship resources easily accessible online to all in the church. The website would provide, among other things, a highly visible virtual archive for related documents, a channel for live and recorded seminars and workshops, and a 24/7 forum for leaders of the church entrusted with stewardship issues on which they could share their questions and ideas.

This will also be available to give seminarians, those preparing for ordination, and those called to leadership positions in stewardship efforts a course-delivery platform for their education. In addition, it would help implement the call for increased training for those preparing for ordination in stewardship training.

This also saves the expense of funding a full-time stewardship officer for the Church. The advantage of working within existing organizations is the ability to create lean, cost-effective models of implementation. For example, the effectiveness of online communication has been widely demonstrated during the pandemic.

Finally, and most importantly, this funding would support the first-ever creation of resources in our Church for Christian communities of color as well as ongoing training throughout the year.

- An online platform will be created by representatives from each member of the coalition in Year 1
- Stewardship professionals of color will be hired to write curricula and provide trainings through Project Resource in Year 2
- Stewardship professionals of color will be hired to write stewardship bundles and annual programs to be distributed through TENS in Year 2
- Project Resource faculty will expand their training to include at least two-thirds of the dioceses across the Church in Year 3 (currently, over one-half have been trained)
- All candidates for holy orders will receive training and resources in stewardship and the theology of money in Year 3

A071 Amend Canons III.6.5, III.8.5, and III.10.1

Resolved, The House of ____ concurring, That the 80th General Convention, in support of the canonical requirement of rectors and priests-in-charge to ensure that all persons in their charge are instructed concerning Christian stewardship, amend Canon III.6.5.g as follows:

Can.III.6

Sec. 5. Preparation for Ordination

g. Preparation for ordination shall include training regarding

1. prevention of sexual misconduct against both children and adults.
2. civil requirements for reporting and pastoral opportunities for responding to evidence of abuse.
3. the Constitution and Canons of The Episcopal Church, particularly Title IV thereof.
4. the Church's teaching on racism.
5. *Stewardship and the Church's theology of money.*

And be it further

Resolved, that Canon III.8.5.h be amended to as follows:

Can.III.8

Sec. 5. Preparation for Ordination

h. Preparation for ordination shall include training regarding

1. prevention of sexual misconduct against both children and adults.
2. civil requirements for reporting and pastoral opportunities for responding to evidence of abuse.
3. the Constitution and Canons of The Episcopal Church, particularly Title IV thereof, utilizing, but not limited to use of, the Title IV training website of The Episcopal Church.
4. the Church's teaching on racism.
5. *Stewardship and the Church's theology of money.*

And be it further

Resolved, that Canon III.10.1.c be amended to as follows:

Can.III.10

Sec. 1. Prior to reception or ordination, the following must be provided

c. evidence of training regarding

1. prevention of sexual misconduct.
2. civil requirements for reporting and pastoral opportunities for responding to evidence of abuse.
3. the Constitution and Canons of The Episcopal Church, particularly Title IV thereof.
4. training regarding the Church's teaching on racism.
5. *Stewardship and the Church's theology of money.*

And be it further

Resolved, that such training shall be made available to all persons in this Church, both lay and ordained.

EXPLANATION

Canon III.9.6.b.2 assigns rectors and priests-in-charge the duty of ensuring that all persons in their charge are instructed concerning Christian stewardship. The ministry of deacons often involves the allocation of resources, a responsibility which should be informed by a Christian theology of money. Clergy of this Church, whether deacon or priest, often lack an understanding of stewardship and the theology of money which would enable them to fulfill their duties of stewardship education and the responsible use of God's gifts. In other words, we make clergy responsible for stewardship education but give them no tools with which to do it. This resolution would address this problem by requiring formation for all candidates for ordained ministry in the theology of money and stewardship. This training would be available to all members of this Church, much as anti-racism training is required for certain leadership roles yet may be taken by any Episcopalian.

A072 Commending Episcopal Examples of Responsible Investing

Resolved, the House of ____ concurring, That the 80th General Convention give thanks for and affirm the work and witness of these fifteen institutions as faithful and responsible investors and commend them to institutional investors across the Church as examples of how faithful and responsible investing can be done: Episcopal Relief and Development; All Saints Church, Pasadena, CA; The Episcopal Church of the Ascension, Hickory, NC; St. Bartholomew's Episcopal Church, Baltimore. MD; St. James Episcopal Church, Black Mountain, NC; St. Stephen's Episcopal Church, Ridgefield, CT; Trinity Episcopal Church, Indianapolis, IN; Trinity Church Wall Street, New York, NY; the Episcopal Diocese of California; the Episcopal Church in Connecticut; the Episcopal Diocese of Massachusetts; the Episcopal Diocese of Michigan; the Episcopal Diocese of New York; the Episcopal Diocese of Oregon; and the Episcopal Church in Vermont.

A073 Encouraging Faithful, Ethical, and Responsible Investing

Resolved, the House of ____ concurring, That the 80th General Convention affirm to all institutional investors in the Church the value and importance of faithful and ethical investing (defined as investing institutional assets consistently with the Church's faith and teachings and the Church's mission) and responsible investing (defined as addressing, ethical concerns for social, environmental and governance matters, including climate change and human rights); and be it further

Resolved, that all institutional investors in The Episcopal Church be encouraged to adopt faithful and ethical investing and responsible investing for their investment programs and portfolios and to manage their investment assets using the following elements of responsible investing: ethical and theological guidelines for investment selection and management; shareholder engagement, including voting proxies; and investing for responsible social and environmental outcomes as well as for financial return.

Supplemental Materials

Table of contents:

Task Force on Theology of Money
Subcommittee #3
Investing as Doing Theology

Investing as Doing Theology

The wealth of the church…must be at the disposal of God and be used for godly purpose.… A new learning for me was that that's not just about how the church spends its money, but it's also about how the church invests its money. …The reality is, you can actually accomplish social good in financially responsible ways. You just have to decide that you want to do it.

The Rt. Rev. Michael B. Curry, Bishop of the Diocese of North Carolina, discussing the decision of the Diocese to invest in Self-Help Credit Union, ENS, June 29, 2011

https://www.episcopalarchives.org/cgi-bin/ENS/ENSpress_release.pl?pr_number=062911-01

Introduction

In Resolution 2018-A061 General Convention instructed the Task Force on Theology of Money to "examine" the following three "elements of responsible investing" "practiced" "by many institutional investors across the Church": "[1] applying ethical guidelines in investment selection and management, [2] shareholder activism, and [3] investing for responsible social and environmental outcomes as well as financial return."

From the three "elements" identified we understand the term "responsible investing" to mean what often is called "socially responsible investing" or "socially and environmentally responsible investing," that is, addressing, in investing, concerns for social and environmental matters. For Church institutions, responding to such concerns is grounded in the Church's faith and teaching. Thus, examining the three elements named above is appropriate to an inquiry into theology and investing. Because Convention included all three elements, we understand Convention to use the term "responsible investing" in a broad or comprehensive sense.

The resolution gave the Task Force a specific task. The resolution directed us to look for theology of money in the practices, the *praxis*, of the Church. We were to report on what the Church does as an investor as it seeks to live into its faith, not to report on theories or abstract expressions. Thus, this report is about the Church's practice of theology as it does investing. We can say we are reporting about *doing responsible, faithful investing as doing theology*.

In the assignment we were given no specific content for a practical theology for investing, except that those stated "elements" were, or might be, relevant. Accordingly, we sought to discover and describe what the Church is doing, now, as it invests, by asking about those elements. To us that meant we were to seek out Church investor *stories*. Our method was to ask Church institutions what they were doing as they invested and how they reflected on that. We hoped the responses would teach us something about their theology of investing – or about how they were doing theology in their investing.

Below we report fifteen stories of Church institutions – principally parishes and dioceses – investing in faith. Some stories may seem rather complex, some rather simple. In these stories other Church institutions – and, we think, individuals – may find matters to consider and apply as they undertake their own efforts at the intersection of faith and investing.

The stories demonstrate that Episcopal Church institutions in fact self-consciously invest as Church institutions guided by their understanding of their faith, and, in doing so, they practice the three elements of responsible investing identified by Convention. The stories as a group also suggest that there is a movement in the Episcopal Church for responsible, faithful investing. The movement has not been organized or directed by any Church entity or body. Nevertheless, we may say it appears institutional investors across the Church are moving with purpose along a common path, as faithful and responsible investors.

Finally, these stories show that the people who make these institutions run take seriously their responsibilities as people of faith. The people and the institutions work to be good stewards. As stewards, they seek to protect against financial loss and achieve needed financial returns. But also, as stewards, they seek to assure that the worldly wealth of the Church is used for godly purpose – that, through financially, socially and environmentally responsible investing, the Church applies its assets, in faith, to preach the Gospel.

Investing as Doing Theology

Observations

> *Resolved, with regards to investment beliefs, that the Task Force should examine the following elements of responsible investing consistent with the Church's faith and mission as practiced today by many institutional investors across the Church: [1] applying ethical guidelines in investment selection and management, [2] shareholder activism, and [3] investing for responsible social and environmental outcomes as well as financial return.*
>
> Resolution 2018-A061

A movement in the Church

The charge given to the Task Force suggests General Convention sensed *a movement in the Church* for faithful investing. Such a perception may be correct. At least fifteen investors are moving along a path to engage in investing based in the Church's faith. Almost all these institutions follow approaches that encompass all three of the "elements" of responsible investing identified in Resolution A061: "[1] applying ethical guidelines in investment selection and management, [2] shareholder activism, and [3] investing for responsible social and environmental outcomes as well as financial return."

Until we collected these stories, we knew little of the scope of faithful investing by parishes and dioceses. Those we spoke with also seem to have known little about the others. Yet they share a commitment to investing faithfully and responsibly as institutions of the Episcopal Church.

Terms

In this report, "faithful investing" means seeking to follow one's faith as one invests. "Ethical investing" means applying ethical values. "Responsible investing" means addressing concerns for environmental and social matters when investing. In the last two decades, responsible investing has embraced using *environmental, social and governance* (*ESG*) analysis along with financial analysis in investing programs and decisions. Some suggest ESG is "value-free"; others say ESG brings non-financial values into investing. For both faithful investors and ethical investors, doing responsible investing or applying ESG necessarily leads them to apply their own values to investment decisions, whether those values are based in faith or not.

These stories are new

Ten or even five years ago, this report could not have been written. Almost all the institutions discussed here developed their faithful investing programs in the last decade. Most have reached significant implementation just in the last two or three years.

How many more stories are there? How did we find these stories?

We do not know how many Church institutional investors have been applying their faith in their investing. As far as we know, no Church body assembles and makes available information on investing by dioceses and parishes. Here we report on investors we found that had stories we thought could and should be shared.

We spoke with more than twice as many investors as we identify in this report. Some not discussed here may develop stories that can be shared. On the whole, those with stories we could tell had greater resources, in financial and human capital, than the others we have not discussed. Below we suggest the Church could make advice and support available to investors to help them, whatever their resources, to adopt and carry out faithful, responsible investing.

We found the investors we interviewed by direct contact, usually through prior knowledge or leads from others. The CEEP Network (Consortium of Endowed Episcopal Parishes or CEEP) has a few hundred endowed members. CEEP enabled a Task Force member to attend its 2020 Annual Gathering. The Task Force member was able to join a number of workshops and small group sessions on investing endowments and engage with about two dozen CEEP members. Interviews with two CEEP members also were facilitated by the Church Investment Group, a not for profit investment manager serving institutional investors related to TEC, including some CEEP members. Through these encounters we found six of the investors whose stories we tell. Task Force members knew five other investors directly or through personal contacts. We found Episcopal Relief and Development by a “cold” email inquiry. We were able to approach the remaining three investors whose stories we tell through the good offices of Amy Domini, a well-known responsible investing pioneer and a faithful Episcopalian.

We wrote up the stories, based on interviews and documents provided by the institutions, but each was reviewed and approved for inclusion in this report by the institution whose story it is.

How much of their assets do these investors commit?

All the institutions whose stories are set out below commit substantial assets to faithful investing, but the dioceses have acted differently from the congregations and parishes. All but one of the parishes and congregations have committed all their investment assets to responsible investing and substantially implemented their commitment. In contrast, only one diocese, the Diocese of New York, has committed all its investment assets, including those of its Diocesan Investment Trust, to faithful, responsible investing and fully implemented the commitment. Another, the Episcopal Church in Vermont, has adopted affirmative principles for all its assets and is working on implementing them. The Diocese of California invests all its assets with DFMS. The Diocese of Michigan invests all its assets passively, using only negative screens, which, however, in fact leads to some affirmative responsible investing outcomes. The other dioceses have committed a fraction but not all of their assets to responsible investing.

Who guides investment decisions?

All these Church institutions are guided and led by their clergy and their volunteer vestry, board and investment committee members. They receive investment services from outside investment advisors and managers, specialized consultants, and Outsourced Chief Investment Officers (OCIOs). An OCIO usually is an outside organization to which an asset-owner delegates management responsibility. Asset-owners define investment objectives and oversee the OCIO's performance, while the OCIO commonly helps choose the means to achieve objectives and executes the program. The amount of discretion delegated to an OCIO can vary.

Trinity Church Wall Street has an in-house Chief Investment Officer (CIO). A CIO is a corporate or institutional officer engaged to exercise high level executive responsibility in creating and managing an institution's portfolio(s). Before establishing its responsible investing program, Trinity engaged its CIO specifically to work with the investment committee, vestry and other leaders to create and then execute the program.

Community Investing, Impact Investing and the SDGs

The three "elements" named by Convention for us to examine are set out above. The third is *investing for responsible social and environmental outcomes as well as financial return*. Two terms commonly used for this sort of investing are "community investing" and "impact investing." Community investing involves investing at community scale, often through community development financial institutions. Impact investing involves larger scale and larger amounts, often through private capital arrangements with pools of millions of dollars.

The United Nations Sustainable Development Goals (SDGs) provide a framework that ethical investors can use, if they wish, to help guide their community investing and impact investing. Most think of the developing world when considering the SDGs, but the SDGs have a global reach: in the developed world, including the United States, much work remains to be done to achieve the SDGs. In 2015 the General Assembly adopted the SDGs, and in 2018 General Convention endorsed them. Convention asked Church institutions to devote 0.07% of their budgets to support the SDGs. As noted in its story below, the Diocese of Oregon allocates 0.7% of its responsible investing *portfolio* to investments in support of the SDGs. See the *Afterword*.

Three parishes and three dioceses discussed below began responsible investing through community investments outside their investment portfolios as such. Often, they provided capital for people in developing countries, whether or not they focused on the SDGs. The story of St. Stephen's Church, below, shows that: through a parish program, its youth did community investing by making microloans to people in developing countries to help them finance small businesses. The youth did the work and put up some of their own money, to which the vestry added more. Soon St. Stephen's leaders saw the youth had a lesson for the adults: their investing was consistent with parish values. The leaders decided the parish should follow suit *but apply responsible investing consistent with parish values to the entire portfolio*.

Episcopal Relief and Development itself does only community or impact investing and uses only program assets, not permanent investment assets. The organization increasingly focuses its programmatic investments on supporting the SDGs. The organization understands that achieving the SDGs will require amounts of capital too large to be delivered through traditional grants. Instead, the development community needs to recruit investments from investors seeking *to profit from* achieving the SDGs. Such efforts could open up opportunities for Church institutions to join with for-profit investors to make substantial impact investments to achieve the SDGs and also obtain potentially substantial financial returns. Yet all investments to achieve the SDGs will need to take into account global climate change.

What about ESG?

As their stories demonstrate, almost all the parishes and dioceses discussed here have adopted responsible investing and applying analysis of *environmental, social and governance* (*ESG*) factors for themselves, although not all in the same way. Among the parishes, especially, the size of endowments and the resources available for managing them vary considerably. The range of investments chosen runs from products available widely at retail, such as mutual funds and Exchange Traded Funds (ETFs), to private capital. (ETFs are funds that allow investors to trade in mutual funds in the market, rather than having to deal always with the mutual fund sponsor/manager.) All these investments can be used for responsible investing using ESG.

"ESG" has become something of a buzz word, but the term has genuine content. There are very good reasons, financial *and* nonfinancial, to consider environmental, social and governance factors in investing. Using ESG exposes risks and opportunities with financial and other implications that traditional financial analysis can miss. As responsible investing has grown in scale and importance, substantial numbers of investors and investment practitioners have committed to applying ESG, because they believe this is the wise and prudent course for stewards of institutional assets. All ESG investors do not end up with the same portfolio or results. They apply these factors along with financial analysis and judge success not just on financial return but also on ESG outcomes. See *Principles for Responsible Investment*, below.

Moreover, increasing awareness in the last decades that global warming, if unchecked, could lead to devastating disruptions to human life has helped convert more participants in the capital markets, who traditionally have focused solely on financial factors, to begin to use ESG. ESG is not universally received wisdom, but fear of climate change has drawn ESG into the capitalist mainstream. In the September 27, 2020, New York *Times*, Allison Herren Lee, a Commissioner of the Securities and Exchange Commissioner, wrote as follows:

One prominent outdated notion is that investments made on the basis of environmental, social and governance risks — known in the industry as E.S.G. — are merely about one's policy preferences or moral choices. That might have been closer to reality over a decade ago, but as E.S.G. investing has grown and matured, so too has an understanding of its value.

Today, lenders, credit rating agencies, analysts, stock exchanges and asset managers representing trillions in investments use E.S.G. as a significant driver in capital allocation, pricing and value assessments. A major study recently found that a large number of powerful institutional investors rank "climate risk disclosures" as being just as important in their decision-making processes as traditional financial statements and other metrics for an investment's performance — like return on equity or earnings volatility.

Researchers at the Bank of International Settlements have called climate change "a colossal and potentially irreversible risk of staggering complexity." It is a systemic risk that will threaten global financial stability and spare no corner of the earth: Health, food security and water supplies across the globe will be disrupted.
https://www.nytimes.com/2020/09/27/opinion/climate-change-us-companies.html

Moreover, the Federal Reserve recently has joined other central banks in acknowledging the potential for climate change risk to disrupt financial systems. In its half-yearly *Financial Stability Report* issued on November 9, 2020, the Federal Reserve noted that "[p]romoting financial stability is a key element in meeting the Federal Reserve's dual mandate for monetary policy regarding full employment and stable prices." Then, for the first time in history, the Federal Reserve stated in that same *Report* that climate change can pose a risk to financial stability:

The Federal Reserve is evaluating and investing in ways to deepen its understanding of the full scope of implications of climate change for markets, financial exposures, and interconnections between markets and financial institutions. It will monitor and assess the financial system for vulnerabilities related to climate change through its financial stability framework. Moreover, Federal Reserve supervisors expect banks to have systems in place that appropriately identify, measure, control, and monitor all of their material risks, which for many banks are likely to extend to climate risks.
https://www.federalreserve.gov/publications/2020-november-financial-stability-report-purpose.htm

This *Report* does not announce that the Fed has converted to ESG but understanding the risks climate change poses to financial stability will require some application of ESG. ESG clearly is gaining adherents. And, while using ESG may not yet be universal practice, every investment professional seems to offer ESG services. There may be almost as many ESG approaches as investors trying to use ESG or advisors trying to sell ESG.

Some assert ESG does not yield ethical guidance. One observer has said ESG can find the most environmentally clean, socially responsible and best run oil company, but it will still be an oil company. Others assert that raising questions about environmental, social and governance factors, especially ESG opportunities and risks, necessarily leads to making value judgments about companies and their policies and practices. Such a debate about ESG need not detain Church investors long. Church institutions are guided by values, and when they act as investors, there is no reason they cannot bring their Church values to bear, whatever a specific investment analysis (ESG or not) may suggest. Moreover, through using ESG a Church investor may be able to sharpen its understanding of how to apply its values in the investment context.

Principles for Responsible Investment

The Principles for Responsible Investment (PRI) are built on ESG. In response to a call by the UN General Secretary, institutional investors launched PRI in 2006. PRI describes itself as "the world's leading proponent of responsible investment," with over 3,000 signatories, of which over 500 are asset owners that hold total assets exceeding $100 trillion. PRI is a prime example of what the industry calls a "stewardship code," or voluntary compact to promote responsible investing. Observers question how effectively such codes of conduct, especially those with many signatories, can guide behavior. PRI and other such codes certainly are aspirational.

Signatories to the PRI commit to the six Principles for Responsible Investment, including to incorporate ESG into their investment analysis, decision-making and policies and practices, and to promote ESG and the Principles. Signatories also are required to complete a detailed report annually on their application of the Principles and ESG. Some signatories find this requirement onerous, but observers see it as a useful means to make the Principles work.

Practical Church Guidance

A number of Episcopal Church institutional investors we interviewed told us that they had to work out their own approaches to affirmative responsible investing without practical guidance from any denominational body or authority. They looked for but could not find information from the denomination on the "nuts and bolts" of such investing. Some, but not all, of these were less well-resourced investors who have not yet developed stories we could tell.

On the other hand, one diocese whose story we do tell below made personal contact, by some persistence, with DFMS staff and CCSR members. Over some weeks, this diocese directly sought, and received, advice and suggestions on how to do affirmative as well as negative responsible investing. The diocese's team was able to get answers to their questions. Perhaps we should expect that dioceses and parishes generally will persevere until they get help, but the larger Church could make access to such information and counsel more readily available.

What are Episcopal values?

The Episcopal Church in Connecticut declares its Values Fund is managed to "reflect the values of the Episcopal Church in areas of environmental stewardship, social responsibility and corporate governance ('ESG' Performance)."

As we listened to leaders of institutional investors in the Church, we frequently heard the term "Episcopal values." Often, too, we were asked "what are Episcopal values?" Sometimes those very words were used, sometimes the question was stated differently. However, they phrased it, institutional leaders wanted to know what values Episcopal Church institutions should apply in investing. They were asking for help in developing a theology of investing. Again, some, but not all, asking "what are Episcopal values" were among the less well-resourced investors.

Almost all these institutional investors were aware of the exclusion policies/negative screens that have been mandated for DFMS – and recommended for the Church at large – by Convention and Council over the last decades. They found those negative screens (or no-buy lists) on DFMS's website. They valued this negative policy guidance, and many adopted it.

What they did not find was guidance from the Church on what "Episcopal values" to apply when making affirmative or positive investment decisions, rather than excluding or divesting investments. They did not find advice to parishes and dioceses on discerning what the Church's faith said about questions of investing that were not covered by existing negative screens.

Clearly the Church has "values," and the Church speaks and acts on them. The Church has recommended divestment as the appropriate response in faith to a handful of investment issues. However, the Church now lacks an organized means to help Church investors draw out more affirmative implications of the values expressed in the Church's faith and teachings. Church investors would benefit if the Church had such means.

The institutions whose stories we tell in this report did not stop because they could not find denominational guidance on "Episcopal values." They acted, in faith, to develop their own expressions or understandings of positive values for investing. To do this, these parish churches and dioceses, and Episcopal Relief and Development, themselves drew on scripture, the Church's teachings and their own reading of Church policy statements.

Three of the dioceses received proposals in diocesan convention that focused on fossil fuel divestment. Drawing on volunteer and professional expertise within the diocese and applying their understanding of the Church's ethical teachings as well as of responsible investing, these dioceses were able to develop statements of values to support *affirmative* responsible investment policies. Then they were able to build consensus, often through formal convention action, for diocesan investing based on these values, using ESG. The results – their "own" theologies for investing – now will support negative decisions, to divest to avoid harms, as well as affirmative decisions to invest for positive social and environmental outcomes.

Four parishes completed a congregational planning process before addressing responsible investing and ESG. Typically, members of a congregation would work together to define a parish's vision, mission and values based on scripture and the Church's teachings. Having established a congregational consensus on values, these parishes then undertook a further step. Often aided by expert members of the congregation, they worked to apply parish values affirmatively to their portfolios, through adopting responsible investing using ESG. Self-consciously they made investment policy based on the values they had recently identified.

Instances drawn from some of the stories may be instructive.

To define its values ***Trinity Church Wall Street*** turned to well-established Episcopal Church resources. Through a parish strategic planning process Trinity identified its six core values, defining them by reference to scripture and the Baptismal Covenant. For example, Trinity Wall Street defined one of these – *inclusiveness* – in part as follows:

> *There is neither Jew nor Greek, there is neither slave nor free, there is neither male nor female; for you are all one in Christ Jesus. – Galatians 3:28*
>
> *We will embrace diversity and will respect the dignity of every human being.*
>
> *At Trinity Church Wall Street, all are welcome. We seek to honor the God-given dignity and learn from the experience of every human being.*

After identifying its six core values, Trinity turned to applying them affirmatively to its investments. The Trinity investment committee concluded that responsible investing would provide the framework for the investment team to evaluate investment opportunities *through the lens of Trinity's core values*, such as *inclusiveness*. The committee prepared a new Investment Policy Statement (IPS) embodying its conclusions, and the vestry approved the IPS. Following vestry approval, Trinity's policy has been that all investments in the diversified portfolio are to be made consistent with principles of responsible investing, *in light of Trinity's core values* and in support of Trinity's strategic imperatives/areas of strategic focus.

In its Diocesan Convention the ***Diocese of Oregon*** received a proposal to divest from fossil fuels. Instead of voting whether or not to divest, the Convention and Diocesan leadership developed a proposal including a request to Convention delegates to choose ethical values for investing. Then the Diocese would build a portfolio to apply the chosen values.

The Diocese asked Diocesan Convention delegates to place dots on a display board to indicate their positive *and* negative *socially responsible investing and gospel values priorities* (SRI/Gospel value priorities) among multiple possibilities identified on the display board. After further work, the Convention approved a new diocesan socially responsible investing fund (SRIF) for parishes and other institutions in the Diocese. Convention also established a Stakeholder Advisory Committee (SAC) to help set up the SRIF and to connect investors and others with it.

Then the Diocesan investment committee and the SAC, with a consultant, used the delegates' SRI/Gospel value priorities to design and construct a portfolio for the SRIF that met the affirmative socially responsible investment priorities of the delegates and avoided what the delegates sought to avoid. They also worked to explain the portfolio they had crafted and the choices they made to realize the values Convention delegates chose. Since the SRIF has been up and running, the SAC and the investment committee have continued to work with investing parishes and others in the Diocese to assure the SRIF reflects the Gospel value choices of Convention delegates and also achieves the financial and socially responsible results intended.

Like Trinity Wall Street, ***Trinity Church, Indianapolis*** first set out to articulate its mission priorities and then identified how its endowment might be invested in support of each of those priorities and in alignment with the parish's values. In its new Investment Policy Statement (IPS) Trinity Indy stated its purpose clearly:

> *Ethical investment considerations form an integral part of Trinity Church's mission and witness. Through a faith-based investment policy, Trinity Church seeks a constructive engagement with the corporate world in order that responsible environmental and business practices and high standards of corporate behavior are encouraged and supported …. An important component of an ethical investment policy is the use of positive ethical criteria in assessing companies.*

Consistent with the description two pages above, Trinity Indy did not find positive ethical criteria (that is, guidance on "Episcopal values") available from the Episcopal Church. Instead, Trinity turned to the Church of England. Trinity Indy's IPS adopts positive criteria developed by that Church's *Ethical Investment Advisory Group (EIAG)*, summarized in Trinity's IPS as follows:

- Responsible employment practices
- Best corporate governance practices
- Conscientiousness regarding human rights
- Sustainable environmental practices
- Sensitivity toward the communities in which businesses operate

According to the Church of England, "the purpose of the EIAG is to enable [the investors the EIAG advises] *to act as distinctively Christian – and Anglican – institutional investors*. [Emphasis supplied] The EIAG develops ethical investment policy recommendations which, once agreed by the [institutions it advises], are adopted by them, communicated to the wider Church and implemented." More on the Church of England is found in the Context section of this report.

The two parishes and one diocese discussed immediately above, and others in our study, demonstrated independence of spirit and creativity in finding, without denominational guidance on "Episcopal values," their own ways to an affirmative investment policy grounded in their understanding of the Gospel and the Church's teachings. However, the Church could do more to support parishes and dioceses as they seek to be affirmative as well as negative investors of faith. The Trinity Indy story suggests we might learn from the Church of England.

Church institutional investors by definition have assets to invest, but all are not alike. Few investors have available the human and financial capital that Trinity Indy has, not to mention Trinity Wall Street. The whole Church could help individual institutional investors become better, more faithful and more responsible investors. As their stories show, the parishes and dioceses discussed here have developed expertise in faithful, responsible, affirmative investing. They could apply their experience to help the Church support other Church investors.

Drawing on the experience of these dioceses and parishes, the Church could devise means to help investors in the two ways the above account suggests it has not. First, the Church, as the Church, could make “ethical investment policy recommendations” to investors that reflect affirmative “Episcopal values.” Second, the Church could give practical support for applying those recommendations. Providing recommendations on the principles to apply and guidance for applying them could yield real support for institutions seeking to invest responsibly and faithfully. In short, the Church could help its institutions to use faithful, responsible investing both to achieve positive ethical outcomes and to take stands against harmful policies and practices, while prudently achieving financial returns needed to support the Church’s mission.

Recommendations

We make the following recommendations:

(1) We recommend that General Convention give thanks for and affirm the work and witness of these fifteen institutions as faithful and responsible investors, and commend them to institutional investors across the Church as examples of how faithful and responsible investing can be done: Episcopal Relief and Development; All Saints Church, Pasadena; The Episcopal Church of the Ascension, Hickory, North Carolina; St. Bartholomew's Episcopal Church, Baltimore; St. James Episcopal Church, Black Mountain, North Carolina; St. Stephen's Episcopal Church of Ridgefield, Connecticut; Trinity Episcopal Church, Indianapolis; Trinity Church Wall Street; Episcopal Diocese of California; Episcopal Church in Connecticut; Episcopal Diocese of Massachusetts; Episcopal Diocese of Michigan; Episcopal Diocese of New York; Episcopal Diocese of Oregon; and the Episcopal Church in Vermont.

(2) We recommend that General Convention affirm to all institutional investors in the Church the value and importance of faithful investing (defined as investing institutional assets consistently with the Church's faith and teachings and the Church's mission) and of responsible investing (defined as addressing ethical concerns for social, environmental and governance matters (ESG), including climate change and human rights).

We further recommend that Convention recommend that all institutional investors in the Episcopal Church consider adopting faithful investing and responsible investing for their investment programs and portfolios and managing their investment assets using the following elements of responsible investing: applying ethical and theological guidelines, including ESG, in investment selection and management; shareholder engagement, including voting proxies; and investing for responsible social and environmental outcomes as well as for financial return.

Note: to give an overview, at the top of each story appear four headings. These identify the three elements General Convention assigned to be examined – "[1] applying ethical guidelines in investment selection and management, [2] shareholder activism, and [3] investing for responsible social and environmental outcomes as well as financial return" – plus ESG, because ESG is often used to implement guidelines.

Stories

Episcopal Relief and Development

Investing as program yields program results and financial returns to support additional program

Ethical Guidelines	ESG	Engmnt-Vote Prxies	Rspnsble Outcmes & Return
Yes	**DFMS**	**DFMS**	**Yes**

Lord, when was it that we saw you hungry and gave you food? we saw you thirsty and gave you something to drink? we saw you a stranger and welcomed you? we saw you sick and took care of you? we saw you in prison and visited you?
"Truly I tell you, just as you did it to one of the least of these, you did it to me."

Matthew 25:37-40 (NRSV)

Background

In 1940, the National Council (the Executive Council under its former name) directed the formation within the Church of the Presiding Bishop's Fund for World Relief (PB Fund) to support and carry out war relief. Initially, the PB Fund assisted refugees and, after the conflict ended, helped re-build Anglican institutions damaged in World War II. Then the PB Fund expanded its mission to support humanitarian aid worldwide, including at home in the United States. The PB Fund provided disaster relief, and rehabilitation and development assistance, and continued to support resettlement of refugees in the United States.

Through the next decades the needs for refugee resettlement, disaster relief and development aid all increased, and the PB Fund expanded its efforts, with the support of donors across the Church. In 1988 Episcopal Migration Ministries became an independent organization to support refugee resettlement, while the PB Fund concentrated on relief and development.

In 2000 the PB Fund was renamed *Episcopal Relief and Development*, to reflect its two main efforts, while continuing as a Church program. *In 2001, the organization for the first time supported a microcredit program as part of disaster recovery and development work in Belize.* In 2002, Episcopal Relief and Development (Episcopal Relief & Development) was separately incorporated and received recognition from the Internal Revenue Service as a tax-exempt charitable organization. As an independent entity, Episcopal Relief & Development continues to be closely affiliated with The Episcopal Church, as *TEC's* relief and development organization.

Episcopal Relief & Development holds trust funds currently valued at approximately $20 million. These trust funds are held and managed for Episcopal Relief & Development by The Domestic and Foreign Missionary Society of the Protestant Episcopal Church in the United States of America (DFMS), the corporate entity holding and managing investment assets for The

Episcopal Church as a denomination. As well as holding and investing assets for itself, DFMS, in a manner similar to that of a mutual fund, holds, in a custodial relationship, and invests assets for numerous entities related to TEC, including Episcopal Relief & Development.

In addition to its trust funds, Episcopal Relief & Development has other financial assets that it invests for itself. These are program assets, *used programmatically as investments* for economic development and recovery. Investing these assets is the subject of this discussion.

From the beginning Episcopal Relief & Development's principal tool for supporting and guiding both disaster recovery and economic development has been making grants to be expended by partner organizations working in communities, in the U.S. or abroad, that need aid. Along with grants, the organization has provided training and technical support to help grow local capacity.

Today, grants, with training and support, continue to be Episcopal Relief & Development's main tools for disaster relief, recovery and development. However, as noted above, in 2001 the organization first used microcredit to support recovery and development work, and the use of such programmatic investing has increased down to the present.

Episcopal Relief & Development Programmatic Investing

Since its first microlending effort in Belize in 2001, Episcopal Relief & Development has gained experience *using investments programmatically* (programmatic investing or investments as programs) both in the United States and across the globe. The organization has learned that, in some contexts, such investing, through the use of financial tools such as guarantees, fund capitalization, loans, and equity investments, can help leverage and expand resources available for community development on the ground much more than donor grants could do alone.

Following Hurricane Katrina, Episcopal Relief & Development worked with local partners in the U.S., including the Diocese of Mississippi and Hope Community Credit Union, to use Episcopal Relief & Development financial assets to support and structure a housing loan guarantee fund. Episcopal Relief & Development's commitment of capital helped create a pool to support second mortgages for 250 homeowners living below the poverty line on the Gulf Coast of Mississippi, enabling them to rebuild their homes.

From the beginning Episcopal Relief & Development has emphasized support for local microfinance programs in its efforts to supply capital beyond what is possible through grant-making. The organization has found that microfinance lending leads to asset growth primarily in communities where people are also saving.

This learning led Episcopal Relief & Development, at the beginning of the second decade of the 21st Century, to launch a program with partners in 16 countries that combined training in savings with increased access to lending capital for women living on under $2 a day. Over seven years, the organization "invested" around $2 million in grants for training and facilitation and provided an additional $2 million in loan capital for revolving funds. These programs enabled its partners to provide credit in their own communities. During the period Episcopal Relief & Development and its partners helped in the formation of nearly 2,500 Savings Groups with over 52,000 members across those countries. The participants, nearly all women, saved more than $8 million in their own capital as part of the program and loaned more than $5 million from their own savings in mutual support to one another, in addition to what Episcopal Relief & Development provided. After the end of the organization's direct engagement in the effort, the collective funds have continued to revolve in the participants' communities.

In addition to its work with savings groups and loan circles, Episcopal Relief & Development has gained experience with a "pay it forward" fund working between "receivers" and "givers" in community. The organization, with other grantors, has supported the ECARE program managed by the Episcopal Church of the Philippines. In such a "pay it forward" arrangement, a "loan" recipient does not pay "back" the amount of the "loan" to a "lender," but passes it "forward" to another recipient/borrower, who is expected, in turn, to pay "forward" the "loan" to another recipient, who is expected to continue passing the "loan" assets forward, and so on.

Drawing on all these experiences since 2001, in November 2016 the Board of Directors of Episcopal Relief & Development adopted a new strategic plan for 2017-2021, for "unlocking abundance," with one objective to launch and learn from at least three additional programmatic investment experiences during the period. The intention of this current work is not only to invest in loans, revolving funds and other financial inclusion activities which provide capital for the participants, but also to deepen understanding and utility with "earning" gained and returned to the organization: how *investing as program can yield financial returns which can then be reinvested for more program results without raising further donor dollars.*

In this five-year cycle the organization continues its support for savings and loan circles and also has closed a new loan in Colombia. In this transaction it has invested alongside ECLOF Colombia, a microfinance fund affiliated with the global organization ECLOF (ECLOF, formerly known as the Ecumenical Church Loan Fund, is an offshoot of the World Council of Churches). This investment, in farmers' irrigation and water system infrastructure, will not only make a needed improvement in rural livelihoods, but the principal together with nominal interest also will be returned after a time for redeployment by the ECLOF Colombia microfinance program. In addition, Episcopal Relief & Development continues its support for the ECARE "receivers to givers" program in the Philippines and is reviewing additional investments to support smallholder farmers and fishermen in both the Philippines and Sri Lanka.

Sustainable Development Goals

During this strategic plan period, Episcopal Relief & Development is seeking intentionally to learn from its past and current efforts in order to become more effective at programmatic investing and to leverage the impact of that investing. It knows the challenges facing development organizations are growing. The organization also knows the resources that can be expected to be available to meet those challenges through traditional grant and support programs are likely to fall short. More and more, the monies available for development are expected to be a “blend” of traditional grants by aid and philanthropic organizations and *investments* by banks, financial institutions and others with assets to invest.

In September 2015 the United Nations General Assembly adopted the Sustainable Development Goals (SDGs) as successors to the earlier Millennial Development Goals (MDGs). The MDGs were adopted in 2000 with a target date for achievement of 2015; the MDGs were not achieved by that year, but that year the UN adopted the SDGs, with a target date for achievement of 2030. The General Convention endorsed the SDGs in 2018, asking that TEC institutions support achieving the SDGs by devoting 0.07% of their budgets to development.

The global development community broadly agrees that achieving the SDGs will require around $5-7 trillion in grants, investments, and other aid be put into development by 2030. In that period, national governments, other governments, international agencies and philanthropy will provide trillions of dollars, but far less than is needed. Grants alone cannot do the job.

The logical source for the large amounts of additional capital needed would be investors seeking to profit from achieving the SDGs. In 2016 the Business and Sustainable Development Commission (BSDC) was launched under the auspices of the UN to bring together leaders from business, finance, civil society, labor, and international organizations to work together to support achieving the SDGs and to identify how businesses could contribute to that end. The BSDC estimates that achieving the SDGs could open up $12 trillion of market opportunities in food and agriculture, cities, energy and materials, and health and well-being and create 380 million new jobs by 2030. Accordingly, the nongovernmental and philanthropic aid community wants to participate alongside for-profit companies in support of sustainable development.

Episcopal Relief & Development knows achieving the SDGs will require it and others to step beyond traditional grant-making. It believes it should help unlock funding for development and social impact by using its assets through aid efforts that “blend” philanthropy and leverage a variety of financial tools. Now Episcopal Relief & Development is seeking to learn from its two decades of programmatic investment experience, and from the experience of others, to develop more such tools for relief and development and then to use them more effectively.

Note: to give an overview, at the top of each story appear four headings. These identify the three elements General Convention assigned to be examined – "[1] applying ethical guidelines in investment selection and management, [2] shareholder activism, and [3] investing for responsible social and environmental outcomes as well as financial return" – plus ESG, because ESG is often used to implement guidelines.

Congregations and Parish Churches

All Saints Church, Pasadena

Seeking fossil fuel divestment leads to ESG investing

Ethical Guidelines	ESG	Engmnt-Vote Prxies	Rspnsble Outcmes & Return
Yes	**Yes**	**Yes**	**Yes**

All Saints Church was organized in the 1880s and has grown substantially. Now All Saints has one of the larger congregations in Episcopal Diocese of Los Angeles and in The Episcopal Church, with about 4,000 members. For eight decades All Saints has been known to be one of the more activist congregations in TEC, deeply engaged and committed to advocating and acting for racial and social justice, for human rights and for care of creation.

For the size of its congregation, the parish has an endowment that may appear modest, amounting to about $2.5 million. Historically, All Saints invested its assets in the Diocesan Investment Trust of the Diocese of Los Angeles. About 2010 the vestry and its investment committee began to look for alternative investment vehicles for All Saints. They hoped to enable the parish to better reflect its faith commitments in its investments, particularly by excluding fossil fuel companies from its portfolio.

In 2016 All Saints engaged the Church Investment Group (CIG) as investment manager. CIG is a not for profit investment manager that serves institutional investors related to the Episcopal Church; CIG is now a signatory of the UN Principles for Responsible Investment (PRI). In response to All Saints' requirements, CIG created its *Fossil-Fuel Free ESG Multi-Asset Fund* (the Fund). All Saints became the first investor in the Fund in October 2016.

The Fund incorporates environmental, social and governance (ESG) factors in its security selection. The Fund takes into account "positive environmental practices, resource efficiency, sustainable business practices that include safe and supportive work environments, product and service safety, strong corporate governance, good relationships with stakeholders including employees, customers and communities and other activities that enhance the long-term sustainability of its investments." Through ESG screening, the Fund "seeks to maximize long-term performance" and emphasize "investments with sustainable and responsible practices."

The Fund excludes tobacco companies and "companies for which the manufacture of firearms represents at least 10% of annual revenue." Finally, the Fund does not invest in companies with "substantial in the ground fossil fuel resources as reflected by the following MSCI subindustry classifications: Integrated Oil and Gas, Oil and Gas Exploration and Production, and Coal and Consumable Fuels."

The Fund makes investments that combine responsible social and environmental outcomes with financial return. For example, through the bond portfolio in the Fund, All Saints is financing wind and solar energy, public education with University of California bonds, and job creation and economic development with the Michigan Strategic Fund. In addition, separately All Saints has funds on deposit with the Diocese of Los Angeles credit union that provide collateral for loans to documented and undocumented immigrants for payment of legal fees.

The investment committee believes the Fund meets All Saints' needs. Committee members are pleased that the Fund provides an affirmative approach to environmental and other issues in investing. The committee is now being reconstituted to enhance the congregation's engagement with investment issues.

The Episcopal Church of the Ascension, Hickory, North Carolina

Following Jesus' two great commandments – and being led to ESG investing

Ethical Guidelines	ESG	Engmnt-Vote Prxies	Rspnsble Outcmes & Return
Yes	**Yes**	**No**	**Yes**

The Episcopal Church of the Ascension was founded in 1873 in Hickory, North Carolina. Part of the Episcopal Diocese of Western North Carolina, Hickory is a small city of 40,000. For years Hickory was a center for furniture making, and that continues to be its major industry.

By its mission statement Ascension is committed "to love, think, and act as the body of Christ in the church, our community, and the world."

Ascension has nearly 400 members and an average Sunday attendance of over 90. The parish's annual budget is around $500,000. The Ascension endowment has a value of about $3 million, and the annual draw, set at 4% of a three year average rolling market value, yields about $100,000 to support the budget. In accordance with the terms of the original gift instruments, 56% of the endowment draw is used to support outreach efforts.

In 2016 Ascension found itself looking for a new advisor for managing its endowment. In November the rector attended a program at the Diocesan Convention about responsible investing and the application of environmental, social and governance (ESG) factors in investment management. The rector was taken by the idea that, if the parish invested with social and environmental outcomes in mind, as well as financial returns, it was possible Ascension could do as much or more to support God's kingdom through investing as it was doing with its direct outreach. Because a portion of its endowment was given to support outreach, it seemed important for Ascension to consider how the money was invested.

The rector shared her insights with Ascension's financial leadership. After study and discussion, the lay and clergy leaders made the decision to shift some of Ascension's portfolio into affirmative ESG investing.

The team interviewed several candidates for investment advisor, specifically asking about their experience with and commitment to ESG investing. The team selected a local firm and asked the firm to design an approach combining two components. After the firm made its presentation to the vestry, the vestry approved the new approach.

The bulk of the endowment, 70% by value, is invested to screen out companies involved with fossil fuels, tobacco, weapons, gambling, adult entertainment, and with poor environmental records. About 8% is in mutual funds that cannot be screened. The remainder, nearly 22%, is managed for ESG outcomes by a firm committed to an active ESG program.

The *financial* effect of the new approach has been positive. Ascension's financial advisor says "… there is ongoing debate about the impact of ESG mandates on performance. There is more and more belief that it can be done without sacrificing return. And hope that it could positively impact return. … It will take time for these positive social and governance mandates to fully play out. But they have certainly played out positively over the last three years."

The rector says that, in making this change, the parish was guided by its formal mission statement, to love, think, and act as the body of Christ in the church, community, and world. She adds: "We were also following Jesus' two great commandments: to love God with all our hearts and minds, and to love our neighbor as ourselves."

St. Bartholomew's Episcopal Church, Baltimore

Called to use all financial assets – including investments – as tools of mission at the same time they yield funding for mission

Ethical Guidelines	ESG	Engmnt-Vote Prxies	Rspnsble Outcmes & Return
Yes	**Yes**	**Yes**	**Yes**

Background

St. Bartholomew's Episcopal Church was formed by Whites in 1857, just before the Civil War. Maryland was a chattel slave holding state yet had a significant population of free Black people. The state remained in the Union in part due to intervention by President Lincoln. In the last century Maryland became more urban, led by the growth of Baltimore (and Washington, D.C.), and the state became more diverse, culturally and economically. St. Bartholomew's built its current church in 1931 in a suburb within city limits. Today the parish is extremely diverse, drawing people of many backgrounds from Baltimore and the suburbs beyond.

St. Bartholomew's (St. B's) has over 300 members; its budget approaches $600,000 annually.

Vision, Mission and Core Values

In 2005, after a year-long effort to set parish goals, the vestry adopted the following statement of St. Bartholomew's Vision, Mission, and Core Values:

> ***Vision***
>
> *We will, with God's help, be a vibrant faith community that is a blazing beacon of God's transforming love in the world.*
>
> ***Mission***
>
> *God is calling us to take righteous risks. We accept this call, and will respond by seeking and serving Christ in all people.*
>
> ***Core Values***
>
> *St. Bartholomew's Episcopal Church*
>
> - *places worship at our center*
> - *promotes inclusivity and openness*
> - *has a strong commitment to pastoral care*
> - *is dedicated to education, both learning and teaching*
> - *empowers the laity for leadership and ministry*
> - *is deeply committed to outreach and service*

Budgeting and Investing

The St. B's annual operating budget is met through current pledges and gifts and other current revenues, not from income or other proceeds of the parish's investment assets. Each annual budget by design includes more projected expenditures than revenues; thus each has a "deficit." These annual deficits have gone as high as 15%, but usually the percentage is far smaller. Each year the parish is challenged to meet the actual monetary needs to sustain its life and mission. Historically more often than not the parish has met those needs.

Some years annual revenues have exceeded annual expenses. By policy an annual operating surplus may not be rolled over into the next year's budget but must be put into a cash reserve, so the next budget will start with a deficit. Such short-term cash reserves are then used only by specific vestry decision to fund grants for stated purposes. Grants may be made from cash reserves for mission, for improvements to parish property or to cover a prior year's unmet "deficit." Annually St. B's cash account runs in the range of $100-150,000. Depending on the year, up to about $50,000 of that may be short term cash reserves.

The value of St. B's long term investments has reached almost $1 million. As noted, investment proceeds of long term investments by policy cannot be used to support the St. B's operating budget. Endowment proceeds can only be expended by specific vestry decision and solely to support grant-making. Annually, on recommendation of the Funds Committee, the vestry may grant up to one-third of the endowment draw for specific property improvements, one-third for program initiatives, and one-third for outreach opportunities.

Called to Faithful Stewardship of Financial Assets

The Funds Committee at St. B's acts as an investment committee as well as participating in grant making. The Committee includes parish members who are investment professionals.

In 2020, after months of work by the Funds Committee, on recommendation of that Committee the St. B's vestry approved a new Investment Policy Statement (IPS).

At the very top of the new IPS the vestry has placed St. B's Vision and Mission statements. Thus, the IPS immediately affirms that, in handling its assets, the parish accepts *God's call* to "take righteous risks" and to respond "by seeking and serving Christ in all people."

Right after the Vision and Mission statements, the IPS places the following:

> *"St. Bartholomew's Statement of Social Responsibility: St. Bartholomew's is called to exercise faithful, competent and socially responsible stewardship in how it manages its financial resources."*

This statement repeats the language of "call." The statement also makes explicit that the call extends not only to St. B's investment assets but to *all* parish "financial resources." Moreover, St. B's is called to exercise *socially responsible* stewardship for all these resources.

Long before this IPS was adopted, St. B's exercised responsible stewardship in its financial operations by using banking as an instrument for mission. For years the parish has done its banking through credit unions that support community development. And St. B's has held its reserves in accounts with such credit unions.

Long term investment assets necessarily are included in the financial resources that the IPS requires to be managed faithfully, competently and with socially responsible stewardship.

In 2014, well before the new IPS was written, a member of the parish proposed to the Funds Committee that the parish consider investing a fraction of the parish's endowment responsibly, using environmental, social and governance (ESG) factors. The parish member was surprised by the committee's response. Instead of agreeing to invest a fraction of assets using ESG, the committee immediately decided to invest *all* the parish's endowment assets using ESG.

In line with that decision, in 2014 St. B's shifted its endowment fund to a customized, separately managed account (SMA) with 100% of holdings in ESG investments. The SMA is held with and managed by 1919 Investment Counsel (1919), a Baltimore based investment firm that is owned by Stifel Investment Corp. (which is based in St. Louis). 1919 also votes the proxies associated with the St. B's investment assets consistent with ESG principles. The Funds Committee oversees the performance of 1919 and its application of ESG.

The new IPS specifies that all assets are to be invested in the "SRI/ESG asset classes" listed in the IPS. The IPS provides that performance is to be measured against the following benchmarks: the MSCI KLD 400 Social Index and the Dow Jones Sustainability United States Index. St. B's assets currently are held in traditional stocks and bonds and ESG mutual funds and exchange traded funds (ETFs) and may be held in ESG alternative investments.

Community Investing

Since 2015 St. B's has allocated a portion of parish outreach program funds to micro-lending outside the United States through the web portal kiva.org. A parish team has met bimonthly to review opportunities and make loan decisions. Because the loans are paid back, the pool of capital for loans keeps growing. Lately the team has had close to $1000 to loan at every meeting. Through these loans, St. B's has helped individuals and groups around the world create and run small businesses in trade and agriculture and improve community facilities. Given the success of the team's efforts, St. B's has begun considering developing a similar micro-lending program for neighborhoods near Saint Bartholomew's.

Investor Engagement

In 2016 St. B's met with its investment manager, 1919. At that meeting St. B's raised its concern that 1919 had not demonstrated a commitment to diversity in its Baltimore operations, something that St. B's expected of its suppliers in the community. St. B's noted that 1919's parent, Stifel Financial Corp. (Stifel), had been the recipient of a shareholder proposal from a major investment firm asking Stifel to prepare and disclose an annual diversity report on the percentage or number of women and persons of color working for Stifel in major EEOC job categories and also a description of Stifel's policies and programs focused on increasing gender and racial diversity in the workplace.

After that meeting St. B's learned that Stifel had added two women to its board. Then St. B's re-stated its concerns in a November 2017 letter to 1919's management and a similar letter to the CEO of Stifel. In those letters St. B's wrote:

It is essential that our investments align with our vision and practices at St. Bartholomew's Episcopal Church. Diversity is at the core of our understanding of God, and leads our commitment to justice. We look forward to your commitment towards positive change for African-Americans and women in Baltimore, and to hearing about your platform for diversity, transparency, and social impact.

The CEO finally responded to St. B's in March 2018 and promptly directed two senior Stifel and 1919 executives to meet with St. B's "at the earliest mutually convenient time."

After that meeting, Stifel/1919 told St. B's that St. B's had made the business case for diversity.

Since then 1919 has kept St. B's informed of its efforts to hire women and people of color in Baltimore. Stifel has added a person of color to its board.

St. B's believes the engagement was reasonably successful. And it was the right thing to do.

St. James Episcopal Church, Black Mountain, North Carolina

As the parish begins to address White privilege and racism, the vestry moves cash from a bank to a community development credit union

Ethical Guidelines	ESG	Engmnt-Vote Prxies	Rspnsble Outcmes & Return
Yes	**No**	**No**	**Yes**

The first services for the congregation that became St. James Episcopal Church were held in 1907. The congregation completed its first church building in 1912. A parish of the Episcopal Diocese of Western North Carolina, St. James moved to its current site in 2000. Black Mountain is a small town of about 8,000 in Buncombe County, at the foot of the Blue Ridge Mountains. Tourism and recreation play prominent roles in the town. The population is about 90% White.

St. James has about 350 members and an average Sunday attendance of about 200. The parish's annual budget is around $350,000. The parish established the St. James Foundation in 2003, not to support the church's budget, but to help the church be present to the world by making grants for religious, charitable, and educational purposes. The Foundation generally funds programs in Black Mountain and the surrounding area and supports initiatives in the Diocese of Western North Carolina. The endowment has a value of about $500,000.

St. James traditionally has done its banking with a large commercial bank. For some time the vestry has been considering making a deposit with Self-Help Credit Union to support Self-Help's community development lending and advocacy. The Diocese and about a dozen parishes in the Diocese have made deposits totaling over $700,000 with Self-Help. Self-Help is member-owned, federally-insured, and a major force for community development and economic empowerment in Western North Carolina.

On June 4, 2020, the St. James vestry met for the first time after the killing of George Floyd and the clearing of Lafayette Square of Black Lives Matter protestors to permit a photo opportunity at St. John's Episcopal Church for the President. The vestry made the following decisions:

> *The vestry will disseminate the following statement on behalf of our church:*
>
> > St James Episcopal Church will listen and discern ways to ally with people of color for justice. We commit to dismantling white privilege in ourselves, in our church and town, and in our world. Black lives matter.
>
> *The vestry voted to immediately move $50k in parish deposits to Self Help Credit Union.*
>
> *The vestry asked the St. James Foundation to educate the vestry on the current portfolio with an eye toward whether there are holdings in contradiction to the role and purposes of church mission and to explore what competitive options exist that positively impact racial equality while maintaining the fiduciary responsibility of the Foundation.*

In communicating these decisions to the parish, the senior warden and the rector began their letter by saying "we understand that racism is not limited to individual acts perpetrated by one person but a system of advantage in our world based on race. We acknowledge this work is long overdue. This is only our beginning." And they closed their letter: "In the words of our Presiding Bishop, Michael Curry: If it's not about love, it's not about God."

Since the vestry voted those actions, the deposit has been made, the statement has been released to the public, the congregation has engaged in reflection, study and action, and the vestry has opened dialog with the Foundation board.

St. Stephen's Episcopal Church of Ridgefield, Connecticut

Youth lead the way to incorporating parish values into parish investing

Ethical Guidelines	ESG	Engmnt-Vote Prxies	Rspnsble Outcmes & Return
Yes	**Yes**	**Yes** (with new OCIO)	**Yes**

Background

St. Stephen's Episcopal Church was founded in 1725. Ridgefield was then a small New England farming settlement. In 1777 Ridgefield was the site of the only Revolutionary War battle fought inland in Connecticut; in the engagement the British burned St. Stephen's, where the

Continental forces had stored supplies. Ridgefield now is a largely residential community, just off the beaten path, but close to towns and cities in-state and to New York City, 50 miles away. St. Stephen's has over 400 members and an endowment valued at about $12.5 million.

For a few years St. Stephen's had felt unsure about how to be the church the world needed now. The parish last addressed its mission in the 1990s. Through Episcopal Church Foundation *Vestry Papers* and diocesan networks, St. Stephen's leaders had found other parishes' stories about re-imagining themselves for the 21st century. In 2016 the vestry decided to undertake a new visioning effort with the help of an organizational consultant who was a parish member.

Vision – Mission – Core Values

In January 2017 the parish began a year-long process that required vestry members and parishioners to listen to and engage with each other to discern what St. Stephen's should be. They began with a parish survey, followed by "town hall" sessions to listen to each other and share survey results and other resources. Then the parish held "visioning" sessions for small groups to imagine how St. Stephen's might "do church" differently. As they worked, the congregation began to realize they would have to re-imagine not just their life together but also how they used their financial and property assets.

At the end of 2017 the product was a three-fold statement:

Vision

A world made whole through God's transforming love in action.

Mission

Embracing and living God's commandment to love our neighbors – through worship, stewardship, and service to others.

Core Values

Faith-based Community

We are an inclusive, welcoming community that nurtures the spiritual development of all members in the recognition that often God is revealed to us through love, respect, and care for others.

Service

In the spirit of the example set by our Lord Jesus Christ, we are committed to using our gifts in service to our neighbors and others in God's created world.

Stewardship

We are committed to using our assets and blessings with great care in order for our beautiful, historic church to remain relevant and sustainable for this generation and those that follow.

Global Philanthropy Leaders

At the outset of the visioning effort, in February 2017, the rector attended the Consortium of Endowed Episcopal Parishes (CEEP) annual event . She learned how some TEC parishes were using environmental, social and governance (ESG) factors to invest faithfully, and how some invested assets to yield both financial return and positive social and environmental outcomes.

The same month a new parish member discussed with the rector a program in his prior church that, when he explained it, brought to mind her CEEP learnings. Adults and one youth of that parish had made small investments to fund microcredit loans in developing countries through a web portal called kiva.org. Although the loans paid no interest to the investors, the principal was repaid and re-loaned, repeatedly, so their small amounts of capital had growing impact.

The two brought the youth minister into their conversations. In a few weeks the three had designed a new program – for youth – called *Global Philanthropy Leaders* (GPL). St. Stephen's high school youth would be asked to use kiva.org to make microloans to enable people in developing countries to start or expand small businesses. The high school youth would lead the parish to respond to poverty on a global scale through making small investments that could make a big difference in people's lives.

The program launched at St. Stephen's at the start of the 2017 school year. Each high schooler was responsible to manage $225 in capital. They contributed $25 of their own money, and St. Stephen's vestry made the rest available. Wherever the assets came from, the young leaders understood that they were responsible to St. Stephen's for the program and the capital.

Together the high schoolers studied Jesus' words about the poor and about stewardship. They learned how faith can inform action. They studied the global economy and microfinance and learned how microloan programs work. They got a glimpse into the lives of the poorest of the poor. They saw that initial seed money could be re-paid and used again and again. They learned financial metrics and how to evaluate loan proposals. They learned to make decisions on where to put money. Most of all, the youth learned – by doing – what it means to be entrusted with investing funds. And they also learned how to talk to adult audiences about what they had learned and accomplished.

(In the first three years St. Stephen's GPL made 208 loans of $25 each, of which 133 were fully repaid in that time. Loan losses and delinquencies were well below the average for *Kiva*: only 0.35% was lost in currency exchange, and there were no defaults. In 2018, the St. Stephen's youth took GPL to parishes in Bridgeport and Darien, and in 2019 to half a dozen more parishes, with a matching grant from the Episcopal Church in Connecticut to help fund new participants. Through GPL about 65 high school students from nine congregations have invested $10,000 in the developing world, one $25 loan at a time. The loans have had a 99% repayment rate.)

Parish Values Investing

Soon after the parish had adopted its new Vision, Mission and Core Values, in February 2018 the investment committee chair made a presentation to the committee on sustainable investing using ESG. He asked: "Shouldn't our investment philosophy also dovetail with our Vision, Mission, and Core Values?" The committee members responded favorably.

Then in April 2018 the young Global Philanthropy Leaders reported to the adults of the parish for the first time. The report on GPL resonated with the parish and its leaders – they saw that through GPL the youth had been investing in a manner consistent with the parish's values.

The success of GPL inspired a common understanding among the rector, vestry and investment committee that the parish should align all the parish's investments with the parish's values.

The investment committee educated itself and made presentations to the vestry. In March 2019 the Vestry authorized the investment committee to begin a process to integrate ESG into the St. Stephen's portfolio and to seek a new investment manager. At a September 2019 "town hall" meeting for the entire parish, the investment committee presented a discussion of ESG and the committee's work and plans. In November the investment committee prepared a new Investment Policy Statement (IPS) incorporating the use of environmental, social and governance factors. The vestry approved the new IPS in December 2019.

The St. Stephen's IPS says:

> *St. Stephen's is a mission-driven entity. Our mission is "embracing and living God's commandment to love our neighbors – through worship, stewardship, and service to others." Our investment philosophy seeks to incorporate our values in our investments. Therefore, in addition to financial analysis, we will strive to implement an investment approach that incorporates ESG factors for 100% of the investments (as practical and cost-effective).*

Confident that ESG can work for St. Stephen's, the IPS goes on to say "St. Stephen's expects performance of its portfolio to perform as well, if not better, than a portfolio that does not incorporate ESG factors, *although we understand this is not guaranteed*." (Emphasis original.)

Parish Values Investing – Implementation and Returns

The current money manager took some time to develop an understanding of the new IPS. In March 2020 the manager agreed to it, and the investment committee began implementation.

For the period of transition to a new investment manager, the committee decided to move St. Stephen's assets to an ESG portfolio with the current manager. Due to record market volatility, that move was not completed until the end of August. As of August 31, 99.6% of the St. Stephen's portfolio was held in ESG compliant investments.

In September St. Stephen's issued a request for proposals (RFP) for an Outsourced Chief Investment Officer (OCIO) to manage St. Stephen's assets consistent with the parish's values. (The current manager was invited to make a proposal.) The proposals were to be received in October. After reviewing the proposals, the committee expected to hold an interactive meeting by Zoom with the top two respondents. In early December the investment committee expected to issue a recommendation to the vestry for hiring St. Stephen's new OCIO.

Other than its GPL investments through *Kiva*, St. Stephen's does not have any alternative investments. The current ESG portfolio includes at least one fixed income impact investment, and the investment committee chair anticipates that St. Stephen's may make more once the new OCIO is in place.

In the meantime, St. Stephen's youth and their mentors were gearing up for their fourth year of GPL. And the rector reports that "we're still inspiring and encouraging one another to live into our Vision, Mission, and Core Values."

Trinity Episcopal Church, Indianapolis

Aligning investments with parish values, to support parish priorities

Ethical Guidelines	ESG	Engmnt-Vote Prxies	Rspnsble Outcmes & Return
Yes	**Yes**	**Yes**	**Yes**

Background

Trinity Episcopal Church now has more than 700 members. The parish was founded in 1919. The new parish bought an empty church building in the then northern suburbs. As the city changed and the congregation grew, the parish stayed in the neighborhood, about three miles north of the city center, the Soldiers and Sailors Monument at Monument Circle. The cathedral of the Episcopal Diocese of Indianapolis, Christ Church Cathedral, is located on the Circle.

In 1960 Trinity Indianapolis (Trinity Indy) opened St. Richard's Episcopal School, one of the first integrated schools in Indianapolis. Today the school is an independent organization recognized as a Section 501(c)(3) charity. The school and the parish share a commitment to urban mission and remain located together in a campus setting extending over a city block.

In the 1960s Trinity created an endowment fund to support its mission. At his death in 1977, Eli Lilly, a resident of Indianapolis, a major philanthropist, and a lifelong Episcopalian, made a number of significant bequests, including to the Diocese, to Christ Church Cathedral, to St. Paul's Episcopal Church, and to Trinity. Trinity added its gift – stock in Eli Lilly and Company valued at the time at about $4 million – to its endowment fund. With additions and net investment gains, the endowment has grown; currently the fund is valued at about $20 million.

The 2008-9 financial contraction spurred Trinity to better align its investment management with its mission and faith. By 2015 Trinity had concluded it should replace the traditional endowment investment model with an approach focused on its own mission priorities and values. After issuing a request for proposals and interviewing respondent organizations, Trinity engaged the Church Investment Group (CIG) as investment manager to help develop and implement such a new way. CIG is a not for profit company that serves institutional investors related to the Episcopal Church, and CIG is a signatory of the UN Principles for Responsible Investment (PRI). In November 2018 Trinity's vestry formally adopted its new policy, embodied in a new investment policy statement (IPS): *A Faith and Goals Based Approach to Investment*.

Faith and Goals Based Investing – Mission Priorities and Values Alignment

Under the traditional model Trinity would seek to maximize risk-adjusted return on its whole endowment and apply a single spending formula to determine the endowment's share of budget support. Now Trinity seeks to have everything the parish does – in mission/program and in investing -- reflect its values. To that end, Trinity has articulated its mission/program priorities and identified how its endowment *may be invested in support of each of those priorities and in alignment with the parish's values*.

Mission Priorities

Through a parish-wide review of its mission/program actions and expenditures, and with the advice of CIG, Trinity Indy has identified the following mission areas as community priorities:

A. Ministry, defined broadly as operational support for the worship, spiritual formation and pastoral programs of the parish;
B. Outreach and Justice (programs, including grant making);
C. Capital Expenditures for Buildings and Properties;
D. Direct Mission Investments (community investments, e.g., for renovation of neighborhood properties and/or to provide housing to homeless members of the LGBTQ community);
E. Funds for Future Generations (assets for use 30 to 100 years in the future, not now).

The IPS recognizes that these priorities will require different portfolios and asset allocations in order to support each of these priorities appropriately, and that these portfolios may be managed separately and independently.

The IPS identifies the following as primary investment goals for the portfolios for Ministry, Outreach and Justice and Capital Expenditures for Buildings and Properties:

- *Maintain the spending distribution rates of the individual portfolios, recognizing that a payout percentage will be set annually.*

- *Over a rolling three- to five-year period attain an average annual total return (net of fees) at least equal to the spending rate plus inflation to preserve purchasing power.*
- *Achieve positive social and environmental impacts.*
- *Avoid investing in companies whose negative environmental or social impacts clearly conflict with the values of the Episcopal Church.*

The IPS notes that these objectives lead to an equity-oriented investment strategy, which in turn implies that the total market value and amount available for spending may fluctuate. For 2020, the Ministry portfolio is targeted at 60% equities and 40% fixed income; the Outreach and Justice portfolio is targeted at 73% equities and 27% fixed income; and the Buildings and Properties capital portfolio is targeted at 50% equities and 50% fixed income.

The IPS identifies the following as primary investment goals for the portfolios for Direct Mission Investments and Funds for Future Generations:

- *Direct Mission Investments -- achieve an acceptable rate of return while producing impacts beneficial to the missions of Trinity Indy.*
- *Funds for Future Generations -- maximize the real return (nominal return less inflation) of the assets over a complete market cycle.*

For 2020, the Direct Mission investments portfolio is 100% fixed income, and the Future Generations portfolio is 99% equities, 1% fixed income, with a goal of capital appreciation over a 50 to 100 year time horizon.

In the past Trinity's portfolio included some alternative investments. Trinity does not now expect to own alternative investments, except through its Direct Mission Investments.

The most recent Direct Mission Investment is a loan to support the establishment and operation of Trinity Haven. Trinity Haven, located in Trinity Indy's neighborhood, is the first residence in Indiana dedicated to LGBTQ youth at risk for homelessness. Beginning in 2017-18, Trinity Indy created and incubated the organization. Now Trinity Haven is an independent Section 501(c)(3) charity and a designated Cooperating Ministry of the Diocese of Indianapolis.

Values Alignment

Trinity Indy's IPS identifies its explicit values orientation as follows:

> *Ethical investment considerations form an integral part of Trinity Church's mission and witness. Through a faith-based investment policy, Trinity Church seeks a constructive engagement with the corporate world in order that responsible environmental and business practices and high standards of corporate behavior are encouraged and supported. Trinity Church is also mindful of the need to avoid undermining the credibility, effectiveness and unity of the Trinity Church's mission by profiting from, or providing capital to, activities that are materially inconsistent with Episcopal values.*

Without using the term "environmental, social and governance (ESG) factors," this paragraph clearly adopts ESG and responsible investing as Trinity's overall approach. The paragraph also acknowledges the need to use negative screens (no-buy lists) as well as positive screens.

The IPS then states "An important component of an ethical investment policy is the use of positive ethical criteria in assessing companies." As an Episcopal church, Trinity seeks to be ethical as a Christian institution and to use positive Christian ethical criteria to assess ESG factors affecting its investments.

For positive Christian, and Anglican, ethical criteria, Trinity takes the Church of England as its guide. The IPS adopts the criteria developed by the Church of England's *Ethical Investment Advisory Group (EIAG)*, summarized as follows:

- Responsible employment practices
- Best corporate governance practices
- Conscientiousness regarding human rights
- Sustainable environmental practices
- Sensitivity toward the communities in which businesses operate

Trinity Indy's IPS goes on to make explicit that, in exercising its fiduciary duty by following these Church of England criteria, Trinity Indy will "integrate Environmental, Social and Governance (ESG) investment criteria into Trinity Church's investment management process."

(See the Context section at the end of this report for more on the Church of England's EIAG.)

Faith and Goals Based Investing – Implementation and Returns

As noted above, Trinity Indy engaged CIG to help Trinity Indy both to develop and to implement its faith and goals based investment program. With CIG's advice, Trinity has engaged an Outsourced Chief Investment Officer (or OCIO) to manage, consistent with the Trinity IPS, all the Trinity portfolios described above, except the Direct Mission Investments. The Trinity vestry and investment committee directly manage the DMI.

Following implementation of the new IPS beginning at the end of 2018, and in spite of volatility since the pandemic hit, Trinity's portfolios have performed in line with expectations, both with respect to ESG and financial return. Trinity's leaders are happy with the results.

Trinity Church Wall Street

Investing responsibly, applying core values and strategic focus to evaluate opportunities along an investing spectrum, because no investment category yields purely financial or purely social return

Ethical Guidelines	ESG	Engmnt-Vote Prxies	Rspnsble Outcmes & Return
Yes	**Yes**	**Yes**	**Yes**

Background

Anglicans worshipped in New Netherland when it was Dutch and in New York when it was English. In 1697 the English Royal Governor granted a charter to Trinity Church, which then built the first Church of England parish church in Manhattan, at the head of Wall Street. The governor also leased Trinity a 215-acre tract north of Wall Street, the King's Farm. In 1705 Queen Anne granted the tract outright to Trinity, thus providing the basis for Trinity's wealth.

Until the American Revolution, Trinity Church helped lead the development of the Church of England in the colony of New York. After the Revolution, Trinity Church was among those that navigated a path to an independent Anglican presence in the new nation. Trinity helped in the creation of the Diocese of New York and the Episcopal Church and their subsequent growth, down to the present. In the last half century Trinity has been more and more engaged across the Anglican Communion through Trinity's grants and leadership programs. In addition, from the 18th Century into the 21st, Trinity Church Wall Street has played a role from time to time in the business and residential areas in lower Manhattan and in the larger City called New York.

By the 20th Century, through sales and other dispositions, Trinity Church Wall Street's holdings had been reduced to about 14 acres of the former King's Farm, in what is now called Hudson Square. On the West Side, not far from Wall Street and the new, rebuilt World Trade Center, Hudson Square has become a focus of interest for real estate developers.

Norges Bank Investment Management (NBIM) is the investment management unit of Norges Bank, Norway's central bank. NBIM manages the Government Pension Fund Global, commonly known as the oil fund, for the Ministry of Finance, which owns the fund on behalf of Norway's people. In 1990 the government created the fund as a policy tool to support long-term management of tax, license and other revenues from Norway's North Sea petroleum fields. The oil fund is the world's largest sovereign fund, with assets of over $1 trillion.

Norway has set two principles for NBIM: All assets are to be invested outside Norway to keep the fund independent of Norway's economy. And all fund assets are to be invested ethically.

NBIM aims for real estate to comprise about 5% of oil fund investments. In late 2015, Trinity sold to NBIM a minority interest in a joint venture holding Trinity's commercial office buildings. In April 2016, the joint venture brought in Hines, the global real estate manager, as operating partner, with a 1% stake; NBIM holds 48% and Trinity 51%. Through this transaction, NBIM increased its exposure to real estate in New York City, while Trinity reduced its New York City real estate exposure and increased the liquidity and diversification of its investment portfolio.

In April 2016 Trinity engaged its first Chief Investment Officer (CIO), who had served as co-CIO of the Carnegie Corporation of New York, a foundation with about a $3 billion endowment. Trinity tasked the CIO to create a professional investment management team and then diversify Trinity's non-real estate portfolio to include substantially all asset classes and markets. That portfolio's exposure to scale private equity had to be built essentially from scratch.

At the end of 2019 Trinity's direct real estate and diversified financial investments had market values of about $3.1 billion and $3 billion, respectively, for an aggregate of about $6.1 billion.

Of the $3 billion in diversified assets, private equity represented a little under 6%. Over the next few years Trinity expects to grow that to 15-20% of diversified assets. Trinity's real estate holdings are comparable to investments that peer investors include in their private/illiquid exposures. Taking direct real estate and diversified private equity into account, at year end about 53% of the aggregate $6.1 billion was in private/illiquid exposures.

Strategic Planning and Responsible Investing

In 2014, the year before the formation of the Trinity-NBIM joint venture, Trinity began a strategic planning effort. The congregation, vestry, staff, faith and community groups, service organizations, and others in the City were engaged in the process. That work has continued through implementing phases in 2019-20.

Through this process Trinity identified its six core values – *faith, integrity, inclusiveness, compassion, social justice* and *stewardship*. In defining the values Trinity was guided by reading scripture and the Baptismal Covenant. Here are Trinity's statements for three of these values:

> *Inclusiveness*
>
> There is neither Jew nor Greek, there is neither slave nor free, there is neither male nor female; for you are all one in Christ Jesus. – *Galatians 3:28*
>
> *We will embrace diversity and will respect the dignity of every human being.*
>
> At Trinity Church Wall Street, all are welcome. We seek to honor the God-given dignity and learn from the experience of every human being. Everyone is invited to participate in worship, join activities, work together, and lend their voices to build a better world where everyone is seen and known as a child of God.
>
> *Social Justice*
>
> He has shown you what is good; and what the Lord requires of you: to do justice, and to love kindness and to walk humbly with your God. – *Micah 6:8*
>
> *We will strive for justice and peace among all people.*

> Social justice is the love of God in action. God calls us to live justly for the good of the whole human family. With Trinity's focus on community building, we continue to live out the Gospel imperative of love that does justice.
>
> *Stewardship*
>
> There will come seven years of great plenty throughout all the land of Egypt. After them there will arise seven years of famine, and all the plenty will be forgotten in the land of Egypt; the famine will consume the world. – *Genesis 41:29-30*
>
> *We will sustain the gift of joy and wonder in all Your works.*
>
> Stewardship is the careful and faithful management of what has been entrusted to our care. Trinity's resources have been put to use for more than 320 years to support other churches, hospitals, and schools and to empower emerging leaders and support sustainable ministries in the neighborhood, the city, and the world.

Addressing these six values, Trinity identified its strategic mission to be building neighborhoods, leadership and capacity in New York City and across the Church, including the Anglican Communion. To carry out the elements of that strategic mission, Trinity identified five major initiatives: the building/facility it calls Trinity Commons, racial justice, housing and homelessness, leadership development and mission real estate development.

In the course of the planning process, as noted above, early in 2016 the vestry engaged Trinity's first CIO. Later that year the vestry and its investment committee addressed the role of responsible investing for Trinity's diversified portfolio. At its September 2016 meeting, the investment committee concluded that responsible investing would provide a "holistic framework" for Trinity's CIO and investment team to evaluate investment opportunities through the lens of Trinity's core values. Further, Trinity's strategic imperatives/areas of strategic focus – building neighborhood, leadership, and capacity – would provide a context to guide investment decisions, including in evaluating outside managers and how they achieved their results. The investment committee agreed Trinity should work with like-minded investors to support engagement and change in areas that fit with Trinity's values. Similarly, Trinity would seek to partner with peers to build capacity in responsible investing.

The investment committee prepared a new Investment Policy Statement (IPS) embodying its conclusions and recommended it to the vestry. In December 2016 the vestry approved the IPS.

Implementing Responsible Investing

Following vestry approval of the IPS, Trinity's policy has been that all investments in the diversified portfolio are to be made by the CIO and investment team *consistent with principles of responsible investing, in light of Trinity's core values and in support of Trinity's strategic imperatives/areas of strategic focus*. Since that time the investment team and CIO have been working with the investment committee, the vestry, the clergy and other staff, particularly the grants staff, to develop common understandings of how Trinity should implement its approach.

To support the approach, under the guidance of the investment team Trinity made three organizational commitments in 2019. In January Trinity joined the Interfaith Center on Corporate Responsibility (ICCR), the premier interfaith shareholder engagement organization in the United States. In February Trinity joined the Global Impact Investing Network (GIIN), the leading organization for impact investors worldwide. In December Trinity put in place with Glass Lewis & Co., LLC (Glass Lewis), the proxy-voting organization, arrangements for Glass Lewis to vote proxies for Trinity with public companies using environmental, social and global (ESG) factors and following guidance from ICCR and the Committee on Corporate Social Responsibility (CCSR) of Executive Council. Through ICCR Trinity can develop strategic partnerships with other engaged shareholders on issues that matter to Trinity. Through GIIN Trinity can develop impact investing opportunities with other investors. Through Glass Lewis Trinity can make its shareholder votes count.

Mission Investing Spectrum

Trinity seeks to advance its core values of faith, integrity, inclusiveness, compassion, social justice, and stewardship through both its programs and its investments – and to manage its programs and its investments to advance those values. In so doing, Trinity need not be constrained by traditional views of what constitutes an institutional asset or how assets can be deployed. For example, Trinity's engagement in ministry can be viewed as an expression of commitment to Christian values and a kind of asset embodying those values. Trinity's reputation also can be viewed as an asset: Trinity can "invest our name and reputation to convene, persuade and advance our mission."

Working with Trinity's vestry and investment committee and its clergy, investment staff, program staff, and grants staff, Trinity has developed a descriptive tool, the *Mission Investing Spectrum*, to help guide Trinity as it both carries out its programs and manages its investments. The tool sets forth a spectrum or continuum of categories of asset running from *reputation* through *ministry* and *grants* and then commonly recognized sorts of investment, including *program related investments*, *mission related investments*, *sustainable investments*, and traditional "purely" *financial investments.*

The institutional assets identified by these categories can be deployed – or invested – in a variety of strategic ways to advance Trinity's core values. The Mission Investing Spectrum relates these categories of asset to each other guided by the principle that none of these strategic investment categories yields purely financial return or purely social return.

Trinity Mission Investing Spectrum

Trinity Church Wall Street: Mission Investing Portfolio Categories						
Investing with, and in, our core values						
Commercial/ Traditional Investments	Sustainable Investments/ Socially Responsible Investments (SRIs)/	Mission Related Investments (MRIs)	Program Related Investments (PRIs)	Grants	Ministry	Reputation
Investments where the potential for attractive risk-adjusted financial returns is the primary reason for investing. At Trinity Church Wall Street, all investments are subject to a values screen	SRIs originally referred to investments that employed negative screens so that an organization could avoid investments in conflict with its values and/or mission. ESG investments adhere to good Environmental, Social and Governance practices. Can include: pro-actively seeking out ESG-aligned and/or sustainability focused funds; divestment from certain industries (e.g. "sin stocks"); proactive engagement through shareholder resolutions and/or proxy voting. With sustainable investments, investors are seeking investments that are aligned with the organization's values	Investments that expect mission/social impact as well as financial return. Targets risk-adjusted market rate returns though willing to consider lower risk-adjusted returns if the mission alignment benefits justify the investment. With these opportunities alignment with non-financial interests are the primary consideration and financial return/impact is important but secondary With MRIs investors are seeking investments that are aligned with the organization's mission.	Investment designed to advance mission work. IRS guidance states that PRIs must have the primary purpose of accomplishing a charitable purpose and production of income may not be a significant purpose. But unlike grants, which cannot be recovered, principal of a PRI is recoverable and the investment may earn interest or other returns.	Investment in an organization or project with no expectation of a financial return – the investor's sole interest is social return.	Investing in people and their lives and faith.	Trinity reputation is another form of endowment: We can invest out name and reputation to convene, persuade and advance our mission.
Investment Committee & relevant subcommittees		Grants Committee Investment Committee	Grants Committee		Clergy	

The Mission Investing Spectrum is a work in progress; see the version above. At the bottom of the columns the spectrum identifies vestry committees and clergy with roles relating to the portfolio categories listed above them.

Accordingly, the investment team applies the *Mission Investing Spectrum* as it develops Trinity's diversified portfolio, and the grants staff develops grants programs. In doing so, the investment team and the grants staff identify and apply a variety of benchmarks of financial and social return to assess performance.

The investment team describes how, with grants staff and others, the team applies the *Mission Investing Spectrum*, as follows:

> In the Investment Portfolio (commercial/traditional investments) we look to partner with managers whose values align with Trinity's, seek market-rate returning opportunities related to Trinity's strategic focus areas, and managers who incorporate ESG issues into investment analysis and decision-making and ownership policies and practices, and avoid investing in certain businesses that are in direct conflict with Trinity's core values (socially responsible investments). Assuming the risk-adjusted return of a positive impact investment

is at least equal to that of other available investments, we would choose the positive impact opportunity over investments that are not values aligned.

With socially-focused grants we look to fund organizations and dioceses that have the ability to spend grant funds responsibly and well.

In the middle of the spectrum, we seek opportunities to blend social and financial return with mission related investments that expect mission/social impact *as well as* financial return. These investments target risk-adjusted market rate returns, but we would be willing to underwrite lower return/higher risk if the mission alignment benefits justify the investment and meet the benchmark. With these opportunities alignment with non-financial interests are the primary consideration and the financial return/impact is also important to our holistic values investing strategy.

In 2018 Trinity made an impact investment to finance healthcare facilities in underserved communities, and in 2019 it made two impact investments, both in affordable housing funds. In August 2020, 69% of assets under management in Trinity's securities portfolio were invested with managers that use at least one form of sustainable investing. The Trinity investment team expects to make many more such investments as it works with others to continue to develop Trinity's diversified portfolio and improve the usefulness of the *Mission Investing Spectrum*.

Note: to give an overview, at the top of each story appear four headings. These identify the three elements General Convention assigned to be examined – "[1] applying ethical guidelines in investment selection and management, [2] shareholder activism, and [3] investing for responsible social and environmental outcomes as well as financial return" – plus ESG, because ESG is often used to implement guidelines.

Dioceses

Episcopal Diocese of California

Investing Diocesan assets with DFMS

Ethical Guidelines	ESG	Engmnt-Vote Prxies	Rspnsble Outcmes & Return
DFMS	**DFMS**	**DFMS**	**DFMS**

The Episcopal Diocese of California has investment responsibility for about $28 million in assets. About half, or about $14 million, consists of assets belonging to the Diocese. Income and proceeds from these assets are used to support the annual diocesan operating budget and other Diocesan funded purposes and programs. The other half, also about $14 million, is comprised of assets held by the Diocese for the benefit of third parties, such as congregations, camps, and other institutions. Income and proceeds of these assets support those institutions.

In 2015 the Diocesan Investment Committee undertook to determine how the Diocese should invest these assets in a socially responsible manner, such as by using environmental, social and governance (ESG) factors in management.

As called for by a resolution passed by Diocesan Convention in 2015, the Diocese formed a task force on socially responsible investing. The task force studied the issues, met with numerous interested parties and bodies, did a diocesan-wide online survey of views on socially responsible investing and considered the impact of resolutions passed by Diocesan Convention. Both actions of Diocesan Convention and the results of the survey provided support for implementing responsible investing. The investment manager previously engaged to manage most of the Diocesan assets was not then using ESG. It appeared that some time could be expended and cost incurred if the Diocese sought to remain with this manager while this manager developed ESG capacity or found another solution.

The Diocesan Investment Committee considered the work of the task force and discussed possible actions. As a result of this effort, the Committee recommended that the Diocesan Executive Council cause the Diocese to invest all the assets held by the Diocese with The Domestic and Foreign Missionary Society of the Protestant Episcopal Church in the United States of America (the Domestic and Foreign Missionary Society or DFMS), the corporate entity holding and managing investment assets for The Episcopal Church as a denomination. As well as holding and investing assets for TEC itself, DFMS, in a manner similar to that of a mutual fund, holds and invests assets for numerous entities in TEC.

The Investment Committee found DFMS's returns to be competitive over several years. The Committee felt administration would be readily managed and cost-effective. The Investment Committee decided that the Diocese would have the benefit of DFMS's socially responsible investment actions, because DFMS was supposed to invest in accordance with socially responsible guidelines or mandates adopted by General Convention and Executive Council.

Diocesan Executive Council approved the move recommended by the Investment Committee. The Diocese moved its investment assets to DFMS at the end of 2016.

Episcopal Church in Connecticut/Episcopal Diocese of Connecticut

Reflecting the values of the Episcopal Church in environmental stewardship, social responsibility and corporate governance (ESG)

Ethical Guidelines	ESG	Engmnt-Vote Prxies	Rspnsble Outcmes & Return
Yes	**Yes**	**No**	**No**

In 1863 the Episcopal Diocese of Connecticut/Episcopal Church in Connecticut (ECCT) established a separate corporation, Donations and Bequests for Church Purposes, Inc. (D&B), to hold and invest assets of the Diocese and of parishes and organizations in the Diocese. D&B has about 130 participants, consisting of about 120 parishes and 10 other organizations, including ECCT and organizations related to ECCT. The Fund's assets have a combined market value of about $128 million, of which ECCT owns about $55 million and parishes and other institutions own about $72 million.

D&B maintains two pooled investment funds: the Balanced Fund and the Values Investment Fund (Values Fund). The first has assets totaling about $123 million as of June 30, 2020, and the second has assets totaling about $5 million as of that date.

In 2018, in response to advocacy by D&B Trustees, ECCT and D&B created the Values Fund as an alternative vehicle for D&B investors. The Values Fund is managed to "reflect the values of the Episcopal Church in areas of environmental stewardship, social responsibility and corporate governance ('ESG' Performance)."

The Values Fund became operational with ECCT's transfer of some $4.6 million of ECCT assets from the Balanced Fund to the Values Fund. ECCT, the D&B Trustees and Balanced Fund investors are pleased with the performance of the Values Fund, showing a small measure of out-performance versus the Balanced Fund. Consideration may be given in the future to transferring additional ECCT assets to the Values Fund and to encouraging parishes and other investors to become ESG investors through switching from the Balanced to the Values Fund.

Episcopal Diocese of Massachusetts

The Trustees of Donations respond to Diocesan Convention and, to address a moral concern, create a fossil fuel free alternative stock fund for Diocesan Investment Trust participants

Ethical Guidelines	ESG	Engmnt-Vote Prxies	Rspnsble Outcmes & Return
Yes	**Yes**	**Yes**	**Yes**

In the Episcopal Diocese of Massachusetts, the Diocesan Investment Trust (DIT) provides management of investment assets for the benefit of the Diocese, the Cathedral Church of St. Paul, 131 congregations (out of the 184 in the Diocese), and 14 other organizations affiliated with the Diocese. The 147 participating institutions have over 900 separate accounts in the DIT, which was organized in 1939. The DIT is managed and operated by the Trustees of Donations to the Protestant Episcopal Church (TOD), a corporation founded in 1810 that is separate from but related to the Diocese. Due its corporate history, including the merger of a Diocesan corporation into the TOD more than half a century ago, the TOD has a board of trustees, 28 in number, the members of which are chosen in various ways. Three of these are officers of the Diocese who serve on the TOD board *ex officio*. Of the others, five are appointed by the Bishop, five are chosen by Diocesan Convention, and the remaining 15 are self-perpetuating.

Assets invested in the DIT with respect to any participant may be of two types, depending on the ownership of the assets. Such assets may be (1) trust fund assets, if they are assets benefiting a participant that are subject to a trust for which TOD is the trustee, or (2) “agency” fund assets, if they are owned outright by the participant. The difference may be described in a somewhat more legalistic way as follows: With “agency” fund assets, both legal and beneficial ownership lie with the participant organization. With trust fund assets, beneficial ownership lies with the participant organization, while legal ownership lies with the TOD.

A parish, congregation or other institution that decides to invest its own assets in the DIT does so by opening an “agency” account. The organization exercises complete discretion over such an account. Such an account can be closed by the owner at any time, and the owner is free to allocate assets in the account in and among the DIT’s three investment alternatives.

The DIT’s trust fund accounts were established differently. These accounts, the oldest of which dates back to 1810, were created by grantors who named the TOD as trustee for a named beneficiary, such as the Diocese or a parish. As indicated above, the TOD is the legal owner and the participant organization is the beneficial owner. As trustee, TOD is responsible for allocating the balances in trust accounts in and among DIT investment alternatives. TOD also is required to assure that distributions are made in accord with the governing trust instruments.

As of June 30, 2020, the DIT managed assets with about $237 million in total value. Of this, five percent, approximately $12 million, represented assets for the benefit of the Cathedral. Thirtyone percent, about $73 million, represented assets for the benefit of the Diocese. The remainder, valued at just under $152 million, represented assets for the benefit of participating parishes/congregations and other participating organizations.

Of the $237 million in total assets, just under $100 million, or about 42% were trust fund assets. The remaining 58% were agency fund assets. Of the $73 million in assets for the benefit of the Diocese, about $30 million were Diocesan agency funds and about $43 million were trust funds.

Before 2015, the TOD offered participants two funds, the Stock Fund and the Income Fund, the latter focused on bonds. Also, before 2015, the DIT excluded gambling, tobacco and coal mining companies from the Stock Fund. These exclusions may be seen as traditional "sin stocks," but they were based on ethical views recognized by the Diocese and also by the TOD.

In November 2013 Diocesan Convention passed a resolution that "called upon" the Trustees of Donations to "design an alternative investment vehicle" for DIT participants "that is free from fossil fuel production companies, …[and] might also include companies that… invests [sic] significantly in clean renewable energy." In the next two years the Diocese and TOD took steps to respond affirmatively to that call from Diocesan Convention.

In November 2015, with an $8 million pledge by the Diocese in hand, the TOD and the DIT launched the Diocesan Fossil Fuel Free Fund. The new fund excluded the same gambling, tobacco and coal mining companies already excluded from the Stock Fund. To be fossil fuel free, the new fund screened out companies deriving more than five percent of revenues from fossil fuel production and also affirmatively allocated five percent of assets to companies that produce alternative energy, "green" buildings, and energy efficiency and pollution prevention technologies. This alternative was designed to be managed passively and to track a custom benchmark selected by the Financial Advisory Committee of Diocesan Council.

In November 2015, in explaining the new Fossil Fuel Free Fund to participants, the TOD wrote that the new fund had been created "to address a moral concern":

> *Participants should keep in mind that the Diocesan Fossil Fuel Free Fund has been created to address a moral concern and that its returns will be affected (for better or worse) by the absence of investments in most of the Energy sector, a sector whose stocks comprise a large segment of the investable universe. In addition to our own Diocese's decision to invest a portion of its assets in this new fund, you should also be aware that the National Church has voted to divest its endowment from fossil fuels. While as trustees, we are legally required to make recommendations based on investment merit alone (a constraint that prevents us from investing trust fund assets in this new fund), we are pleased to offer this Stock Fund alternative to agency fund participants who wish to direct a portion, or all, of their Stock Fund investments to it.*

As the above indicates, DIT trust fund assets are only invested in, and allocated between, the Stock and Income Funds. Owners of agency funds may invest them in the Fossil Fuel Free Fund.

As of June 30, 2020, the three funds offered by the TOD and DIT had the following approximate values, respectively: the Stock Fund, $136 million; the Income Fund, $85 million, and the Fossil Fuel Free Fund, $16 million. Of the $16 million in the Fossil Fuel Free Fund, the Diocese's agency assets comprise just under $10 million, or about 63% of the Fossil Fuel Free Fund. The remaining 37% is held by congregations/parishes and other institutional participants in the DIT.

TOD is a member of the Interfaith Center on Corporate Responsibility (ICCR), the premier interfaith shareholder engagement organization in the United States. TOD votes its proxies for companies in both the Stock Fund and the Fossil Fuel Fund in line with the work of ICCR and the guidelines on proxy voting maintained by the Executive Council's Committee on Corporate Social Responsibility (CCSR) and DFMS.

The Fossil Fuel Free Fund includes investments made for responsible social and environmental outcomes as well as financial return. These may be considered "impact investments."

Episcopal Diocese of Michigan

With a history of commitment to community investing, choosing low cost mutual funds and ETFs that have sustainability/ESG values acceptable to the Diocese

Ethical Guidelines	ESG	Engmnt-Vote Prxies	Rspnsble Outcmes & Return
Yes	**Yes, through fund selection**	**Yes, through selected funds**	**Yes**

In 1932 the Episcopal Diocese of Michigan established a separate corporation, the Trustees of the Protestant Episcopal Church for the Diocese of Michigan (the Trustees Corporation), to hold, manage, and invest assets of the Diocese as well as assets of parishes or congregations and agencies related to the Diocese. The governing board of the Trustees Corporation is its board of trustees. The governing board members (styled as the Trustees) include the Bishop *ex officio* and 16 others, four clergy and 12 lay, who are elected by the Diocesan Convention.

In 1967 the Trustees Corporation established the Growth and Income Fund (the Fund) as a collective trust fund to hold and invest assets committed to the Trustees Corporation. The Fund currently has 54 participants, consisting of the Diocese and two Diocesan entities, four agencies related to the Diocese, and 47 congregations. The Fund has a combined market value of about $40 million, of which the Diocese (and its entities) own about $22 million, while the remaining $18 million is owned by the other participants, the congregations and agencies.

A decade or so ago the Fund's assets were under active management and largely held directly in equity and fixed income securities. Since then the Trustees have transitioned the Fund to a passive investment model with a broadly diversified portfolio. Now the Fund is invested entirely in low cost, good performing mutual funds, including index funds, and exchange traded funds (ETFs). With advice and support of an investment consulting firm, the Trustees themselves have designed the portfolio and selected the mutual funds and ETFs to be held by the Fund. The Trustees regularly review the asset allocations among mutual funds and ETFs, and the performance and costs of these funds, and change allocations and funds as they determine appropriate.

The Trustees created this portfolio to meet the growth and income expectations of the Fund's participants at low cost and to simplify administration. As suggested above, the use of ETFs and mutual funds not only keeps costs low, but by investing in a selection of such funds the Trustees can establish a diversification spread that could be difficult to achieve with direct investments and then only with much higher expenses.

In 2003, before adopting a passive investment model, the Trustees adopted socially responsible investment guidelines for all assets held in the Fund. When adopted, these guidelines were incorporated into the Investment Policy Statement (IPS) for the Fund. These guidelines set negative screens for the Fund portfolio by reference to the no-buy lists maintained by DFMS based on the work of Executive Council's Committee on Corporate Social Responsibility (CCSR).

As noted above, all the Fund assets are held in passively invested mutual funds and ETFs, that is, pooled investment vehicles. Investors in such vehicles cannot screen anything out of any such vehicle, whether an ETF or mutual fund, because an investor has no say over what is put into the pool by the manager of the vehicle. Therefore, the Fund's negative screens cannot be directly applied to investments of the sort in the current portfolio.

However today there exist many ETFs and mutual funds, including index funds, created to apply environmental, social and governance (ESG) factors and sustainability analyses in their design and operation, both negatively and positively. Accordingly, an investor who wishes to do so may find a number of such funds to choose from. The Trustees thus can choose among a number of pooled sustainability/ESG vehicles with different philosophies and goals.

In designing the Fund portfolio and choosing funds and ETFs, the Trustees look at the asset classes available and the financial performance and costs of the pooled vehicles they are considering. They also look at the ESG/sustainability philosophy and performance of such pooled vehicles, applying the Fund's negative criteria.

For some years the funds in the Fund's portfolio have included some sustainability/ESG funds and/or ETFs that invest in alternative energy companies. The Trustees may have chosen them because, in their judgment, the funds fit the negative screens of the Diocese, but in fact the funds make affirmative uses of the assets in their pools. Accordingly, the Trustees must, at least, find those affirmative uses acceptable, ethically, to the Diocese, even if they are not the basis of the Trustees' choices. Thus, the Fund and the Diocese, investing purely passively, have become both negative and positive sustainability/ESG investors.

Separately from the Fund, the Diocese holds investment capital in Opportunity Resource Fund (OppFund), a tax-exempt, nonprofit community development financial institution (CDFI). The Bishop is a member of the OppFund advisory board.

In 1988, following action at the General Convention (which met that year in Detroit), the Diocese formed the McGehee Economic Justice Fund as an economic justice ministry. This fund was named after Bishop Coleman McGehee, then Diocesan Bishop, who was a strong proponent of the ministry. The McGehee Fund thereafter became an interfaith loan fund and then in 2004 merged with the Michigan Housing Trust Fund to form the Michigan Interfaith Trust Fund (MITF). In 2010 MITF became Opportunity Resource Fund.

OppFund uses investor capital, including that provided by the Diocese, to finance community development loans to individuals and organizations that have historically been denied access to capital by traditional institutions. At the end of 2019, OppFund had in place across Michigan over $13 million in loans for affordable housing, small business creation and other forms of community development.

Episcopal Diocese of New York

In response to the Gospel, applying responsible investing comprehensively to promote the Diocese's mission: to contribute to a more just, sustainable and peaceful world

Ethical Guidelines	ESG	Engmnt-Vote Prxies	Rspnsble Outcmes & Return
Yes	**Yes**	**Yes**	**Yes**

Background

In the Episcopal Diocese of New York there exist two sets of investments under oversight of the Diocesan Convention and Bishop. The Diocesan Trustees manage assets owned by the Diocese. The Trustees of the Diocesan Investment Trust (DIT) manage assets held by the DIT in trust for the benefit of parishes and other institutions that have entrusted them to the DIT. About half the Diocesan Trustees are elected by Convention and about half appointed by the Bishop, while Convention elects DIT Trustees. Serving *ex officio* as a trustee of each body, the Bishop presides over each. Diocesan assets stand at about $54 million, while DIT assets add up to about $91 million. For years the Diocesan Trustees have invested some Diocesan assets in the DIT. Now that amount is about $11 million, so without overlap the two funds total about $134 million.

As outlined below, both the Diocese and the DIT have committed to sustainable investing and to applying environmental, social, and corporate governance ("ESG") factors in managing their investment assets, and the Diocese has created a community development investment program.

In 2013 climate change, the burning of fossil fuels, and fossil fuel divestment were issues in the Diocese. The Committee on the Environment (now the Committee on the Care of Creation) of the Diocesan Social Concerns Commission was addressing these matters through a number of measures, including a program of energy audits and energy efficiency improvements for parishes and through advocacy within and without the Diocese.

In November the Committee proposed a resolution to the 237th Diocesan Convention that did not mention divestment or any issue but took a broad approach. In adopting the Committee's proposal, Convention asked the Bishop, "in consultation with the Committee on the Environment and the Diocesan Investment Trust, to appoint a Task Force to study the merits of socially and environmentally responsible investing for The Episcopal Diocese of New York."

Task Force on Socially and Environmentally Responsible Investing

The Bishop appointed the task force in 2014. As directed by Convention, the Bishop consulted with the Committee on the Environment and the DIT. The membership of the task force reflected the diversity of the people of the Diocese. The Bishop appointed a former President of the DIT and a Trustee of the Diocese, both of whom were lay people with experience in socially and environmentally responsible investing (SERI). In addition, the Bishop appointed a lay non-Trustee member of the Investment Committee of the Trustees, the chairs of the Committee on the Environment and of the Social Concerns Commission (both priests), two younger members of the clergy, and a younger lay person. The Bishop also appointed a professor of environmental medicine and another lay person with experience in SERI, who was appointed chair. The task force included, *ex officio*, the Treasurer, the Chancellor, and the Diocesan Chief of Finance and Operations.

As noted, the resolution did not mention any issue but directed the task force to "study the merits of socially and environmentally responsible investing." Accordingly, the task force undertook a comprehensive study of investors' use of SERI to engage with issues broadly.

The members reviewed literature and did research. The professor taught the others about the effect of burning fossil fuels on human health. The chair prepared a report on the social and environmental issues that Diocesan Convention resolutions had addressed from 1960 to 2014.

The task force held two plenary meetings with experts. At one the task force met with two senior officers of the United Church of Christ who were responsible for investing UCC pension funds and endowment funds, to learn how that denomination applied the principles of SERI. At the other the task force met with a senior officer of a national community development financial institution (CDFI) to learn about the community investing industry and CDFIs. Task force members also met with vestries and investment committees of two parishes. In addition, task force members met with Diocesan Trustees and, another time, with DIT Trustees. Task force members attended a meeting of the Committee on the Environment, and the chair and members of the Diocesan Trustees Investment Committee met with the task force.

Anglican Communion Environmental Network

While the task force was studying SERI, the chair of the Anglican Communion Environmental Network (ACEN), the Most Rev. Dr. Thabo Makgoba, Archbishop of Cape Town and Primate of the Anglican Church of Southern Africa, called a meeting of bishops. Sixteen Anglican bishops whose people and dioceses around the globe were threatened by climate change met in South Africa with the Archbishop in February 2015. Among these was the Bishop of New York. (Hurricane Sandy had struck New York City in October 2012 and had inflicted serious damage, including on Diocesan churches and institutions, especially on Staten Island.)

On Ash Wednesday these bishops issued *The World Is Our Host – a Call to Urgent Action for Climate Justice*. They made eighteen proposals. On Church investments, the bishops said:

> *"We call for a review of our churches' investment practices with a view to supporting environmental sustainability and justice by divesting from industries involved primarily in the extraction or distribution of fossil fuels.*
>
> *"We call for the strengthening of ethical investment guidelines to include consideration of justice for the non-human creation as well as the interests of future generations of humanity." p. 6, ¶¶ 6 & 7*

In *The World Is Our Host* the bishops wrote words that the task force – and the Trustees – took as a touchstone: "*the climate change crisis is the most urgent moral issue of our day.*" p. 7, ¶ 2

Actions by Diocesan Investment Committee and Trustees

In November 2013 the Diocesan Trustees Investment Committee had engaged the Church Investment Group (CIG) as investment manager. CIG is a not for profit investment manager that serves institutional investors related to the Episcopal Church; CIG is now a signatory of the UN Principles for Responsible Investment (PRI). The Diocesan assets were fully invested under CIG's management in April 2014. In February 2015 CIG made recommendations to the Committee regarding adopting an ESG approach. (The recommendations were implemented by the Investment Committee in 2016, after the Diocesan Convention acted in November 2015.)

At the Diocesan Trustees' June 2015 meeting, prompted in part by *The World Is Our Host*, the Investment Committee actions outlined above, and the ongoing work of the task force – but before that work was completed – the Trustees took a significant step to guide the Diocese toward responsible investing. The Trustees unanimously approved the following resolution:

> *The Trustees of the Diocese of New York hereby undertake that, by Diocesan Convention in 2016, (1) the Trustees, as fiduciaries of funds of the Diocese, working with the Trustees'*

Investment Committee and others, as appropriate, will complete a substantive review, grounded in the faith and mission of the Church, of the Diocese's investment policies and practices for funds whose management is overseen by the Trustees, with a view to adopting ethical investment guidelines, to include, among other things, consideration of justice for the non-human creation as well as the interests of future generations of humanity and supporting environmental sustainability and justice, including by considering divesting from industries involved primarily in the extraction or distribution of fossil fuels, (2) after that review, the Trustees will take appropriate steps to cause the implementation of the results of the review, and (3) the Trustees will report this current action to the Diocesan Convention in November 2015 and report the results of the review and the implementing steps to the 2016 Diocesan Convention.

Task Force Recommendations

Drawing on what it had learned through its broad study, including from *The World Is Our Host* and the Trustees' actions outlined above, the task force prepared a report to the Diocese, published in September, two months before the 2015 Convention. If adopted by Convention, the task force recommendations would apply to institutional investors in the Diocese, including parishes, as well as the Diocese itself and the DIT.

(However, although the task force addressed shareholder engagement in its report, it decided not to make any recommendations on that. While the task force was at work, Convention acted on its own. At Diocesan Convention in 2014, Convention by resolution affirmed the commitment of the Diocese and DIT to vote proxies, to undertake shareholder engagement, and align such actions with those of The Episcopal Church. That is Diocesan policy today.)

Diocesan Convention

On November 15, 2015, the 239th Diocesan Convention received the task force's report and recommendations. On the Convention floor the only comments were affirmations of the task force's work, report and proposals. The Convention voted to adopt the task force's proposed resolutions without amendment, by an overwhelming show of hands.

By its actions Diocesan Convention made the following decisions and recommendations:

(1) that the Diocese establish a community development investment program;

(2) that the Diocese adopt sustainable investing as an investment policy goal and become a signatory to the UN Principles for Responsible Investment;

(3) that the governing body (whether called board or vestry) of the Diocese, of the DIT, of every entity related to the Diocese, and of every church, parish, or congregation in the Diocese,

(i) carry out a substantive review of its own investment policies and practices for management of Church investment assets in light of its understanding of the Church's faith and mission, including the Church's social and environmental responsibilities;

(ii) develop ethical guidelines for socially and environmentally responsible investing, including consideration of justice for non-human creation, the interests of future generations of humanity, and support for environmental sustainability and justice; and

(iii) consider divesting from fossil fuel industries, particularly coal companies; and

(4) that the Diocese itself divest from coal.

Implementation: Trustees of the Diocese

Three of the recommendations made by Diocesan Convention were directed solely to the Diocese. These were: (i) establish a community development investment program, (ii) adopt sustainable investing as an investment policy goal and become a signatory to the UN Principles for Responsible Investment, and (iii) divest from coal.

In 2016 the Trustees adopted sustainable investing as an investment policy goal. The Trustees continue to consider having the Diocese sign on to the PRI. For institutions committed to sustainable investing but hesitating to sign on, commonly the PRI reporting requirements are the reason; for the Diocese, the question comes down to staffing.

In 2017 the Trustees implemented the recommendation that the Diocese establish a community development investment program. The Investment Committee has invested endowment assets directly in a community development financial institution (CDFI) located in New York City that provides assistance, training and capital to immigrants and refugees. The Committee also has invested endowment assets in a fixed income investment pool that targets economic development in the geographic territory of the Diocese, that is, in the New York counties of Westchester, Putnam, Dutchess, Ulster, Rockland, Sullivan and Orange, and the New York City boroughs of Staten Island, Manhattan and the Bronx. With these investments, the Diocese has now invested over $1 million in community development loans.

The fourth recommendation adopted by Diocesan Convention was directed to the Diocese and other institutional investors in the Diocese, including parishes. This recommendation may be summarized as "develop ethical guidelines for socially and environmentally responsible investing" and "consider divesting from fossil fuel industries."

As noted above, even before the task force made recommendations to Diocesan Convention, the Trustees of the Diocese had decided to carry out a review of the Diocese's investment policies and practices with a view to adopting ethical investment guidelines and to considering divesting from fossil fuel industries. That review was completed after Convention acted, and the Trustees, on recommendation of the Investment Committee (and CIG), adopted a new Investment Policy Statement (IPS) on December 1, 2016. The IPS states its purpose as follows:

> In response to the Gospel, to the challenge of responsible stewardship and to the Church's ethical teachings, the Diocese makes investment decisions taking into consideration both economic and financial factors and social justice and environmental justice factors. The Diocese is a steward of the financial gifts it has received. The Diocese has the responsibility to cultivate these gifts in order to promote the Gospel and to further the mission of The Episcopal Church and the Episcopal Diocese of New York.
>
> It is the investment policy of the Diocese to seek investment return that supports financially the mission of the Diocese and at the same time to consider justice for all humanity, justice for nonhuman creation, the interests of future generations of humanity, and support for environmental sustainability and justice.

The IPS further states:

> In evaluating potential investment strategies, priority shall be placed on identifying investments that are aligned with the Diocese's mission of contributing to a more just, sustainable, and peaceful world. … The Diocese seeks over time to invest in funds that specialize in generating risk-adjusted returns while also incorporating environmental, social, and corporate governance ("ESG") issues and restriction of investments in fossil fuels into investment analysis and decision-making processes.

With CIG's guidance the Diocese has engaged Brown Brothers Harriman (BBH) as the Diocese's Outsourced Chief Investment Officer (OCIO) to manage the Diocese's separate investment account with CIG. BBH is a practitioner of ESG investing and, like CIG, a signatory of the PRI. ESG factors are applied by BBH in managing all of the Diocese's investment assets.

As noted above, in 2016 the Diocesan Trustees adopted sustainable investing as an investment policy goal. Early the same year the Diocese fully divested from coal. In January 2017 the Diocese's portfolio was divested fully (and remains divested fully) from companies with significant fossil fuel reserves.

Thus, the Diocese has created a community development investment program and has committed to sustainable investing and the use of ESG for all its assets.

Implementation: Diocesan Investment Trust

The Investment Committee of the Trustees of the Diocese and the Investment Committee of the DIT work together while continuing to fulfill their independent fiduciary responsibilities for the assets under their management. (As noted above, the Diocesan Trustees have invested substantial Diocesan assets with the DIT.) The DIT Investment Committee has not adopted for itself the faith-based language found in the Diocesan Trustees' IPS, but the DIT Trustees are fully aware of that language and are guided by the spirit of those words.

The DIT Trustees are also guided by the Diocese's commitment to divesting from fossil fuels. The DIT has been selling fossil fuel companies, broadly defined, out of the portfolio and will continue to do so, with the intent to reduce fossil fuel exposure close to zero over time.

The Diocesan Investment Trust for many years has engaged the Commonfund as the DIT's Outsourced Chief Investment Officer. The Commonfund is a nonprofit investment manager serving institutional endowments, private foundations and other nonprofit investors. The Commonfund has long integrated ESG principles into its investment management. Across all asset classes, 70% of the Commonfund's managers use ESG and 15% are signatories of the PRI. The Commonfund became a signatory of the PRI in 2013.

The DIT became a PRI signatory following the adoption of the task force recommendations by the Diocesan Convention in 2015. With the assistance of the Commonfund, the DIT has been able to satisfy the reporting requirements for a signatory.

As a PRI signatory, the DIT requires its managers to use ESG. The DIT Investment Policy Statement expressly provides:

> The Diocesan Investment Trust endeavors to incorporate Environmental, Social and Governance ("ESG") considerations into the management of its endowment portfolio with the understanding that such considerations align with the Principles for Responsible Investment ("PRI") and adherence to these principles may have a long term positive impact on the endowment. In furtherance thereof, the Investment Committee requires its managers to incorporate ESG factors in their analytical processes, along with other factors such as risk and return, to meet the portfolio's over all investment objectives.

Thus, the DIT has committed to sustainable investing and the use of ESG for all its assets.

Episcopal Diocese of Oregon

Polling Convention delegates to determine their socially responsible investing and Gospel value priorities and then constructing a Diocesan portfolio based on those priorities

Ethical Guidelines	ESG	Engmnt-Vote Prxies	Rspnsble Outcmes & Return
Yes	**Yes**	**Yes**	**Yes**

Background

In 1916 the Episcopal Diocese of Oregon created a corporation, under the name "The Diocese of Oregon," to hold and manage real and personal property of the Diocese. The governing board is the Board of Trustees, and the board members are called Trustees. The Board is comprised of the Bishop, the chancellor, the secretary, the treasurer, each serving *ex officio*, and three clergy and three lay persons elected by Diocesan Convention.

In 1992, by action of the Board, the diocesan corporation established and launched the Diocesan Investment Fund (the Fund), a pooled trust fund to hold and manage investment assets for the Diocese and for congregations and other entities in the Diocese that elect to invest in the Fund. The Board appoints a Diocesan investment committee, currently comprised of nine members, three of whom are elected Trustees. The investment committee sets investment policy and oversees investment of the Fund's assets. In 2012 the committee engaged Sellwood Consulting LLC (Sellwood) as its investment consultant.

Today the Fund comprises three subfunds: the Short Term Investment Fund (the STIF, inception date 2010, with current assets of about $1.8 million), the original long term Diocesan Investment Fund (the DIF, inception date 1992, with current assets of about $28.4 million) and the long term Socially Responsible Investment Fund (the SRIF, inception date 2016, with current assets of about $3 million). The Fund assets in all the subfunds total about $33 million. Of this, about $11 million represents assets of the Diocese and related institutions. The remainder, about $22 million, represents assets of congregations and other Episcopal entities investing in the Fund. The Diocese's share of the $3 million in SRIF assets is about $2.3 million. A growing number of congregations and other institutions participate in the SRIF along with the Diocese.

Diversification and cost savings are achieved in both the DIF and the SRIF portfolios by investing primarily, but not exclusively, in low cost institutional mutual funds.

Socially Responsible Investment Fund

At the 2013 Diocesan Convention, the Environmental Commission of the Diocese presented a resolution calling on the Trustees and the investment committee to cause the Fund to divest from fossil fuel industries and re-invest in renewable energy. On the floor of Convention, a substitute motion was passed. The substitute directed that two studies be conducted. The first was to address the "effects of divestment" and the second was to address including "socially responsible investing generally in a revised investment policy."

To work on these matters, the Trustees formed an advisory committee, which came to be called the Socially Responsible Investing Committee (SRIC). The committee consisted of two Trustees, two investment committee members, and two Environmental Commission members.

Over the next two years, in consultation with the Trustees, the investment committee, and Sellwood, its consultant, and the Environmental Commission, the SRIC developed a proposal for the Diocese to undertake socially and environmentally responsible investing in a faithful way.

At the 2014 Convention, the SRIC conducted a "dot voting" exercise with delegates to poll them on issues they believed the Diocese should address through responsible investing. By placing dots on a display board stating alternatives for "socially responsible and gospel value priorities," delegates chose positive and negative priorities for investing. The delegates rated "Climate and clean technology" and "Human Rights" as the top two positive Gospel value priorities and "Pollution and toxics" and "Human Rights" as the top two negative priorities.

At the 2015 Convention the SRIC submitted three resolutions calling for a subfund to be created in the Fund, the "Socially Responsible Investing Fund," to "*reflect contemporary standards of socially responsible investing in addition to the gospel values priorities made known by Convention Delegates during a polling process conducted by the Socially Responsible Investment Committee (SRIC) at the 2014 Diocesan Convention*." Convention enacted all three resolutions.

By these actions the Convention not only directed creation of the SRIF, it directed that, to launch the SRIF, the Trustees were to transfer into it one-third of the funds invested in the DIF under their control. Convention also specified that, every three years, Convention delegates should be polled on their current Gospel value priorities and on the fraction of Diocesan assets to be invested in the SRIF. Convention also required that the Trustees endorse the Episcopal Church's decision to support the UN Sustainable Development Goals (SDGs) by authorizing the SRIF to invest to achieve the SDGs and authorizing micro-finance investments in its portfolio.

Finally, the resolutions directed the Trustees "to appoint a standing multi-stakeholder committee…to study any issues/concerns regarding SRI investment, divestment, reprioritization of SRI/Gospel Values," to assist the Board "to communicate information regarding" the SRIF, and to "undertake the triennial polling… relative to the SRI/Gospel Values priorities… and preferred percentage of Diocesan… assets to be allocated to the SRIF."

Stakeholder Advisory Committee

The new SRI Stakeholder Advisory Committee (SAC) includes members from participants in the SRIF. By design the SAC has become the link between the Trustees, the investment committee, Sellwood, its investment consultant, and SRIF participants and others in the Diocese concerned with the SRIF. In 2017, using dot-voting, the SAC polled Convention delegates again on their "SRI/Gospel Values priorities." The 2014 results were confirmed and priorities expanded. The next poll has been postponed because the 2020 Convention will be held online, not in person.

Constructing and managing the SRIF Portfolio

The investment committee, with advice of Sellwood, its consultant, and in consultation with the SAC, uses the delegates' SRI/Gospel value priorities to design and construct the SRIF portfolio. The positive investing values used now are *Climate & Clean Technology*, *Human Rights*, *Community Development*, and *Diversity/Equal Opportunity*. The negative ones are restrictions regarding *Pollution & Toxics*, *Human Rights*, *Executive & Exploitative Pay*, and *Animal Cruelty*. In response to Convention, the investment committee allocated 0.7% of the SRIF portfolio to micro-finance investments in support of the SDGs.

By investment committee decision, both the DIF and the SRIF invest in pooled vehicles such as mutual funds. With such a vehicle, an investor cannot choose the securities in the pool. Thus, for the SRIF portfolio, the committee selects a pooled vehicle based on its judgment, informed by advice of Sellwood and the SAC, about how the vehicle's investment purposes, program and performance fit with the Diocese's SRI/Gospel value priorities. In fact, today numerous pooled vehicles have been created and are managed to focus on environmental, social and governance (ESG) issues and to apply sustainability analysis in managing assets. If a pooled fund does not perform as expected, the committee can sell it and choose one of the many others available.

At present the SRIF portfolio comprises mutual funds and one separately managed account. In setting the duties and responsibilities of the manager for that account, the committee applied the SRI and Gospel value priorities to define the Diocese's expectations.

Below is a table published by the Diocese on the SRIF's manager structure as of June 30, 2020.

GOSPEL VALUE PRIORITIES

The SRIF seeks to incorporate the top socially responsible investing (SRI) and gospel value priorities identified via dot voting at the 2014 Convention, and most recently affirmed and expanded in 2017. These values encompass both positive investment, a proactive approach to socially responsible investing, and divestment, which is restriction-based. The Committee recognizes that, in isolation, each investment may not address all of the gospel value priorities, but the SRIF in whole will emphasize each of these priorities.

Positive Investing Investors direct money toward solution-oriented securities and invest in companies that have a positive social impact.	**Divestment** Investors restrict investment in certain securities based on SRI factors, excluding restricted securities from a portfolio.
Climate & Clean Technology	Climate & Clean Technology
Human Rights	Human Rights
Community Development	Community Development
Diversity/Equal Opportunity	Diversity/Equal Opportunity

INVESTMENTS

The Diocesan Investment Committee meets quarterly with the SRIF's consultant, Sellwood Consulting LLC, to review the Fund's performance, asset allocation and manager structure, including performance of the individual investment managers. The Investment Committee and/or Sellwood meet with each investment manager on an ongoing basis to discuss investment results, strategy, outlook for the future and any changes or issues within the firm or investment team.

Growth Investments			
U.S. Equity | 42.0%			
PRI, Fossil-free	Parametric Responsible Investing	A separately managed U.S. equity portfolio optimized to track the Russell 3000 Index and meet the SRIF's customized social screening criteria.
Non-U.S. Equity | 14.0%			
PRI, Fossil-free	Boston Common ESG Impact Intl	A mutual fund that invests in non-U.S. companies with sound governance and responsible financial management, capable of consistent profitability.
Global Equity | 12.0%			
PRI, Fossil-free	Pax Global Environmental Mkts	A mutual fund sub-advised by Impax that invests globally in companies in rapidly growing Resource Optimization markets.
Diversifying Investments			
Real Estate | 3.0%			
	Third Avenue Real Estate	A mutual fund that employs a fundamental, value-oriented approach to construct a global real estate portfolio, that can invest in any industry, region or part of a firm's capital structure.
Marketable Alternatives | 4.3%			
PRI	PIMCO All Asset Inst	A mutual fund with a "real return" strategy, investing tactically across PIMCO funds.
PRI	BlackRock Multi-Asset	A mutual fund that tactically invests in income-oriented strategies across the globe.
Micro-Finance | 0.7%			
	Craft3	A nonprofit community development loan fund that serves communities in OR and WA
Equity Risk Mitigation			
Fixed Income | 22.0%			
PRI	PIMCO Total Return ESG	A mutual fund that invests across all sectors of the bond market, with ESG-focused portfolio construction and robust issuer engagement.
PRI	TIAA-CREF Core Impact Bond	A mutual fund that invests in U.S. bonds, focusing on undervalued, investment-grade securities and proactive social investments.
Cash | 2.0%			

PRI United Nations Principals of Responsible Investing signatories

Fossil-free investment

The above table identifies with a graphic symbol those investments in the SRIF portfolio that are “fossil-free.” With another symbol the table identifies the SRIF portfolio managers that are signatories of the UN Principles of Responsible Investing (PRI). Eight out of ten are signatories.

Over 90% of the SRIF portfolio funds and managers use ESG in their investment process. In fact, the only SRIF investments that are not chosen using ESG are in the asset classes *marketable alternatives*, *real estate*, and *cash.*

The Investment Policy Statement (IPS) adopted by the investment committee, most recently in February 2019, includes an Exhibit B specifically stating investment policy applicable to the SRIF. That policy statement sets out for managers the Diocese’s positive and negative SRI and Gospel value priorities as discussed above. Exhibit B to the IPS also provides: “In addition to providing data as is required for proper investment monitoring, managers for the SRIF will be expected to provide to the [investment] Committee on an annual basis a detailed report regarding how the portfolio was managed to further the SRI priorities outlined in this policy.”

In addition, the IPS states that the investment screens decided by the Episcopal Church and published from time to time by DFMS (the “no-buy” lists) apply for separately managed accounts for both the DIF and the SRIF. As indicated above, in the case of the SRIF, the separately managed account now in place has been set up to comply with the Diocese’s SRI and Gospel value priorities.

The IPS further provides that, for separately managed accounts, the Diocesan staff votes proxies for each security in the account, following the proxy voting policy adopted by DFMS, based on the work of CCSR, and implemented through the proxy voting service provided to Episcopal Church institutions by the Church Pension Group.

For pooled funds, the IPS provides, as it must, that the investment manager of the pooled fund votes proxies on behalf of all pooled fund investors. However, as noted above, pooled funds in the SRIF portfolio have been chosen by the investment committee because the funds’ purposes and investment programs fit with the Diocese’s socially responsible and Gospel value priorities. If the pooled funds purposes and programs are consistent with Diocesan value priorities, then voting proxies consistent with those purposes and programs also should be consistent with Diocesan value priorities. Indeed, in investing in such a pooled fund, the investment committee expected the fund managers to vote fund proxies consistent with the pooled fund’s purposes.

Although not explicitly required by the IPS, but consistent with the expectations of the investment committee, SRIF managers also actively take on shareholder engagement and advocacy efforts in respect of the assets under their management. In the case of mutual funds or other pooled vehicles, the investment committee expects the managers to engage and advocate consistent with the pooled vehicles’ purposes.

In addition to the environmental, social and governance results expected of the SRIF portfolio, good financial returns are expected. In fact, the SRIF portfolio has outperformed its peers financially since its 2016 inception. For the period the SRIF has returned 8.3% net of fees and ranks in the top 7% of similar sized institutional peers. The DIF, with a record of success dating back to 1992, has returned 7.5% net of fees and ranks in the top 18% of institutional peers.

Those engaged most closely with the SRIF intend to work to have the Diocese increase significantly its investment in the SRIF.

Episcopal Church in Vermont/Episcopal Diocese of Vermont

Investing for social and environmental sustainability in response to our Gospel imperative

Ethical Guidelines	ESG	Engmnt-Vote Prxies	Rspnsble Outcmes & Return
Yes	**Yes**	**Yes**	**Yes**

Background

In 1880 the Episcopal Church in Vermont/Episcopal Diocese of Vermont (Diocese) incorporated the Trustees of the Diocese of Vermont (the Trustees Corporation) to hold title to all diocesan real and personal property. The eight members of the governing board of the Trustees Corporation are styled “Trustees of the Diocese” or “Trustees.” The Bishop of the Diocese serves *ex officio* as a member of this board. On nomination of the convention Nominating Committee, the Diocesan Convention elects the other seven Trustees, one at each annual convention, to hold office for seven years. Three elected Trustees are appointed by the full board to serve as a corporate investment committee (the Investment Committee). The Bishop and the President of the Board of Trustees serve *ex officio* on the Investment Committee.

About 40 years ago the Trustees Corporation established the Diocesan Unit Trust Fund (the Fund), a pooled trust fund to hold and manage investment assets for the Diocese and its related institutions and for congregations and parishes and other entities in the Diocese that elect to invest in the Fund. The Investment Committee sets investment policy and oversees investment of the Fund’s assets. The Fund has a current value of about $30 million, of which about $10 million represents assets of the Diocese and its related institutions. The remainder, about $20 million, represents assets of parishes, congregations and others investing in the Fund.

Around 2010 there began to be turnover in the membership of the Trustees (that is, the governing board of the Trustees Corporation) and thus in the Investment Committee. The newer members began to push the Fund toward engaging more seriously in socially and environmentally responsible investing. They undertook a multi-year effort to educate themselves and then to change the Fund's approach to investing, to change its portfolio, and to report to the participants in the Fund and the people of the Diocese on what they proposed and what they were doing.

In 2016, in the most visible formal step toward such a new approach, the Investment Committee and Trustees adopted a new Investment Policy Statement (IPS) for the Fund. About the same time the Investment Committee undertook to engage an investment advisor specifically to operate under the IPS. Through these steps the Trustees and Investment Committee made substantial changes in the management of the Fund's assets. Since 2016 the Investment Committee and Trustees have continued to develop the Fund's approach to responsible investing, and they have revised the IPS, as needed, accordingly.

Our Gospel Imperative

One change introduced for the first time in 2016 and not altered since was the adoption by the Trustees of a statement of *Our Gospel Imperative*. The IPS includes the following declaration as the sole statement on its first page:

Our Gospel Imperative

> *We the Trustees of the Episcopal Diocese of Vermont believe that our foremost Gospel imperative is to be wise stewards of the resources under our care. Our first priority, therefore, is to ensure that Diocesan investments provide a growing and sustainable source of disbursable funds over the long term. We also believe that Diocesan resources can be a force for good in our world. Through our investments and actions, we seek to encourage corporate social responsibility; through targeted local investing, we seek to care for our neighbors.*

Then, in its Statement of Objectives, the 2016 IPS set out two investment objectives.

First the IPS stated the following objective: to achieve "a long-term rate of return on assets that will generate earnings to provide a sustainable and increasing level of income to support the current and future ministries of the Diocese and its co-investors in accordance with the wishes of the donors or owners of those funds, while preserving the real (inflation-adjusted) purchasing power of the funds."

Immediately after the foregoing – explicitly linking this objective to the Gospel imperative – the IPS then stated the following: "to follow Environmental, Social and Governance (ESG) investing principles as a means of meeting our Gospel imperative." In the discussion of this objective the IPS went on to say that the "ESG investing principles used for the Fund will be updated whenever The Episcopal Church updates its own directives, in order to keep the principles of the Fund aligned with those of The Episcopal Church."

In its “Prohibited Securities” section, the IPS identified as “prohibited” the securities of companies found on the “no-buy” lists published from time to time by DFMS. The IPS attached the then current version of those “no-buy” lists in Exhibit B to the IPS. In response to a proposal adopted in Diocesan Convention, the IPS also included in the prohibited securities section the following “Additionally, the investment manager will avoid stocks of companies in the business of providing water for drinking or sanitation that abuse their monopolies or oligopolies over water sources, or distribution, or both.”

The provisions discussed above have been continued through subsequent revisions of the IPS.

Investing affirmatively for sustainable social and environmental outcomes

In 2019 the Trustees brought new affirmative substance to the Diocese’s investment policy. As a “clarification” of the Diocese’s policy, the Trustees added a new Exhibit C to the IPS.

In this exhibit, the Trustees declared that “It is the goal of The Episcopal Diocese of Vermont to invest in a manner that not only provides for sustained growth of the Fund and needs of The Episcopal Church, but also aligns with its values.” The Trustees then state: “To achieve these dual goals, we have implemented the following three-pronged approach to investing:”

1. ***Impact Investing**:* Alongside the goal of a financial return, is our desire to promote an economy that rewards social and environmental sustainability. This means investing in progressive companies that focus their efforts on making a positive impact and espousing the six U N Principles for Responsible Investing. By aligning the aspirational values of the Church with our investing strategy, we can help encourage a mindset of responsible business practices, as well as a future of all-encompassing prosperity. E.G.: Affordable Housing, Health Care and Potable Water, Renewable Energy, and Minority Owned Companies.
2. ***Invest in our Community**:* Where possible, it is our aspiration to invest in those companies that additionally benefit the local community. Vermont is a progressive state, which prioritizes environmental and social sustainability. While keeping the financial objectives stated in the IPS in mind, simultaneously boosting the local economy and communities where we live gives us the opportunity to approach aligning our financial goals with the values of the Church. E.G.: the Vermont Community Loan Fund and the Vermont Community Foundation.
3. ***Proxy Voting**:* After investing in a company or municipality, it is imperative to be active owners and ensure that their operations remain in line with the values of The Episcopal Church. To assist us with this objective, we will use the services of the Church Pension Group, which will facilitate a partnership with Glass Lewis & Co LLC, one of the largest

and most respected proxy advisory services in the world. They will perform the services under the guidelines of a Proxy Voting Policy published by The Episcopal Church.

Exhibits A and B to the IPS can be amended by the Investment Committee. This Exhibit C can only be amended by the full governing board, that is, the Trustees.

The Diocese already has invested in the Vermont Community Loan Fund, which makes loans to small business owners who cannot access credit from traditional sources. The Diocese is considering making an investment in the Vermont Community Foundation, which makes loans for affordable housing in the state.

In February 2020, the Investment Committee amended Exhibit B to the IPS to add the human rights exclusion (or screen) Executive Council adopted in October 2019 as a requirement for DFMS and a recommendation to other institutional investors in the broader Church. By so doing, the Investment Committee adopted this Executive Council recommendation as Diocesan investment policy. Exhibit B now sets out both the screen and the names of the companies put on the DFMS no-buy list by Executive Council. Thus, Vermont has adopted both the Executive Council screen and no-buy list:

Human Rights Investment Screen

Any corporation supporting or benefiting from denial of human rights consistent with policy adopted by General Convention or Executive Council, particularly;
Any corporation that supports or benefits from denial of human rights in or through the occupation of the West Bank, East Jerusalem or the Gaza Strip (the Occupied Palestinian Territories or OPT)

	CUSIP	***SEDOL***	***COUNTRY***
Caterpillar Inc.	*149123101*	*2180201*	*USA*
Motorola Solutions, Inc.	*149123101*	*B5BKPQ4*	*USA*
Israel Discount Bank Ltd.	*465074201*	*6451271*	*Israel*

Going forward, the Trustees and Investment Committee are undertaking further to educate themselves and their investment advisors to better understand and carry out the affirmative policies the Trustees and Committee have worked to define and adopt over the past decade.

Episcopal Church Context

Church Pension Fund

In response to actions of General Convention in 1913 and 1916, The Church Pension Fund (CPF) was established to provide pension benefits for clergy of the Episcopal Church. Since 1917 CPF has been the sponsor and administrator of the Church Pension Fund Clergy Pension Plan, a defined benefit plan. CPF also sponsors and administers pension plans for eligible lay employees, as well as a retirement savings plan, through which clergy and lay employees can save for their own retirement. Through CPF and affiliates of CPF other benefits and programs and services are provided to clergy and lay employees and Church institutions.

To meet the obligations under the pension and retirement plans CPF sponsors and administers, CPF holds and invests assets contributed by pension and retirement plan participants and their employers. In managing these pooled investment assets, CPF actively seeks investments that offer opportunities to realize attractive risk-adjusted returns, while also achieving important social goals and supporting Episcopal Church values, consistent with CPF's fiduciary obligations.

In its efforts to reflect Episcopal Church values in its investments, CPF has taken a proactive approach to socially responsible investing, focusing on a three-part strategy:

- *Investing for Positive Impact*

  CPF proactively seeks out and invests with managers who deliver both strong returns and positive social and environmental outcomes. Examples of CPF's impact investments that support Church values include investments in renewable energy, affordable housing, and sustainable agriculture.

- *Shareholder Engagement*

  CPF uses its position as an institutional investor to influence the behavior of companies in its investment portfolio. Working with Executive Council's Committee on Corporate Social Responsibility (CCSR), through shareholder engagement CPF has addressed issues such as diversity in corporations, human trafficking, and climate change.

- *Thought Leadership*

  CPF shares its experience as an institutional investor and its industry relationships to create awareness of effective strategies in socially responsible investing. By collaborating with other investors, CPF helps advance industry best practices and increase investments in the space.

In addition to the three main strategies of socially responsible investing, CPF has engaged with many managers of pension assets to evaluate the extent to which they incorporate environmental, social, and governance (ESG) issues into their investment analysis. ESG issues may present material investment opportunities and risks and are part of fundamental investment analysis. In many cases, the ESG issues investors find material align with the values of CPF and its beneficiaries. Considering ESG factors can help drive long-term investment returns, consistent with fiduciary duty, while also supporting Episcopal Church values.

Episcopal Church Context

The Domestic and Foreign Missionary Society of the Protestant Episcopal Church in the United States of America

Investing on behalf of the Episcopal Church to support and to carry out its Mission

The Domestic and Foreign Missionary Society of the Protestant Episcopal Church in the United States of America (DFMS) is the New York not-for-profit corporation that holds and manages real and personal property for the Episcopal Church. Accordingly, DFMS holds and manages the Church's investment assets. (As described in the note at the end of this section, DFMS also holds in a custodial relation and manages investment assets that are owned by some distinct entities related to the Church and to DFMS, such as dioceses of the Church.)

As its original rather long name indicates, DFMS was incorporated to carry out "missionary" programs or activities on behalf of the Episcopal Church, both within and without the United States. To that broad end, as an incident to carrying out such programs and activities, DFMS was empowered to hold and manage property for the Church and others, as it does to this day.

Regarding investments, DFMS's principal responsibility is to hold assets for the Church in the name of DFMS and to invest them to support the Church's purposes and programs and to carry out its mission. The DFMS Investment Policy Statement as revised (as of June 2020) (the IPS) states DFMS's investment "objective" as follows : "The investment objective is a long-term rate of return on assets that will generate earnings to provide a sustainable and increasing level of income *to support the current and future ministries of the Episcopal Church in accordance with the wishes of the donors or owners of those funds*, while preserving the real (inflation-adjusted) purchasing power of the funds." (Emphasis supplied.) While the IPS principally focuses on the DFMS portfolio from the point of view of traditional professional investment management for financial return, the IPS also references ethical investment policies established by General Convention and Executive Council; see the discussion, below, of Exhibits B and D to the IPS.

The arrangements adopted by General Convention and Executive Council for DFMS to employ in carrying out its investment responsibilities have evolved in the last half century. Now these responsibilities have been shared among three committees of Executive Council: the Investment Committee, which manages the DFMS portfolio, the Economic Justice Loan Committee, which administers a community development loan fund on behalf of DFMS, and the Committee on Corporate Social Responsibility, which engages with DFMS portfolio companies on ethical concerns of the Church. Each committee is discussed in turn below.

Managing the Portfolio – the Investment Committee

Until Executive Council changed its bylaws in 1997, the committee responsible for investing DFMS assets was known as the "Trust Funds Committee." When committee members expressed concern that the committee name and job description might be construed to make them liable as trustees in the legal sense for their actions as committee members, Council agreed to revise its bylaws. The revisions provided that the newly re-named committee had responsibilities and powers appropriate for an investment committee of a New York not-for-profit corporation, such as DFMS in fact is, and that committee members would be indemnified by DFMS in accordance with law with respect to their actions as such. Since then the Committee has functioned under the revised bylaws as a corporate investment committee.

The assets DFMS holds for which the Investment Committee provides investment oversight have a value of about $500 million. The total has three components: (1) assets owned, held and managed by DFMS and benefiting DFMS, representing about $262 million of the total (DFMS's own assets); (2) assets owned, held and managed by DFMS as trustee, benefiting other Episcopal/Anglican entities, representing about $109 million of the total (trust assets); and (3) assets held and managed by DFMS as custodian but owned by and benefiting other Episcopal/Anglican entities, representing about $129 million of the total (custodial assets). An example of assets of the second sort would be assets held by DFMS as trustee of a trust set up for the benefit of a diocese located in the U.S. or another country. Custodial assets are discussed in the note at the end of this section.

The distinctions given immediately above are significant for the institutions involved and their missions, but for investment purposes, all these assets are treated alike, as a single pool. As stated in the quote taken from the DFMS IPS set out in the third paragraph above, all these assets are invested together "*to support the current and future ministries of the Episcopal Church in accordance with the wishes of the donors or owners of those funds."* About 14% of this $500 million pool is invested in hedge funds; the target for hedge funds is 16%. The remainder, over 80%, is held in publicly traded securities. These assets include no impact or community investments. The Economic Justice Loan Committee, discussed below, administers a separate pool of DFMS endowment assets set aside for impact or community investments.

The DFMS IPS references ethical concerns of the Church in two exhibits attached to and incorporated into the IPS. Exhibit B sets out *Fossil Fuel Investment Guidelines* and *Human Rights Guidelines*. Exhibit D sets out *Companies Subject to No-buy Portfolio Restrictions*. The two exhibits overlap somewhat. Their content derives from decisions on ethical issues expressed in resolutions adopted by General Convention and Executive Council.

As discussed below in regard to the Committee on Corporate Social Responsibility, DFMS now has in place portfolio restrictions – or divestment policies – adopted by Convention and Council with respect to ownership of shares in companies implicated in five issues of concern to the Church. These are defense contracting, for-profit prisons, the manufacture and sale of tobacco products, fossil fuels, and supporting or benefiting from denial of human rights. IPS Exhibit D sets out summaries of these policy decisions by Convention and Council and identifies the companies and securities comprising the no-buy lists developed under these policies.

Exhibit B, as noted above, discusses only two of these five subjects of divestment policy, those regarding fossil fuel and human rights concerns. This exhibit provides a statement of the policy decisions of the Investment Committee in response to the General Convention and Executive Council actions that set up the divestment policy in question. This human rights policy discussion largely echoes the decisions made in 2019 by Executive Council to implement a 2018 General Convention resolution on adopting a human rights "screen" for investing.

The Exhibit B fossil fuel policy discussion identifies the Investment Committee's decisions made to implement the directives of General Convention resolution 2015-C045 (calling for fossil fuel divestment by DFMS). The exhibit then does somewhat more than speak to divestment.

Under the heading *Fossil Fuel Investment Guidelines,* this is the one place in the IPS that references "(ESG)," or the application of *environmental, social and governance factors* in investment management decisions. With respect to ESG, in this discussion the exhibit says the Investment Committee "will monitor fund holdings for compliance with" the *ESG ratings* promulgated by DFMS's investment consultant, Mercer Investment Consulting LLC. This discussion goes on to say that the Committee will allow DFMS investment in companies and investment vehicles meeting Mercer's ratings "ESG1 and ESG2 without hesitation; ESG3 with approval; and ESG4 only if justifiable after thorough review." On its face, this part of the discussion does not refer to fossil fuel divestment at all.

Moreover, in this section Exhibit B also says the Investment Committee will to "continue to review investment managers that provide ESG and alternative energy themes." In fact, General Convention resolution 2015-C045 did more than call for divestment. Resolution C045 said DFMS should "divest from fossil fuel companies *and reinvest in clean renewable energy*." (Emphasis supplied) Thus it appears that, in deciding how to comply with the directive to reinvest in renewable energy, the Committee decided to look to application of ESG factors.

Taken together these two references to ESG in Exhibit B suggest that the exhibit is about more than fossil fuel and human rights investment guidelines. The references suggest the Investment Committee may undertake a more general application of ESG factors as the Committee constructs a portfolio or considers hiring new investment managers.

Because the three components (DFMS's own assets, trust assets and custodial assets) that comprise the assets under management by the Investment Committee are all invested in one pool, the investment policies embodied in Exhibit B and Exhibit D apply to all of them without distinction. Thus, the divestment policies or portfolio restrictions apply to all such assets. Moreover, insofar as the Investment Committee may seek to apply ESG factors in managing the pool, any such use of ESG factors will perforce apply to all three components.

Investing for Economic Justice – the Economic Justice Loan Committee

Over three decades ago, by separate actions of General Convention in 1988 and Executive Council in 1989, the Episcopal Church set aside two amounts of endowment assets to support economic justice investment. In 1997 Executive Council united these two efforts into one and created the Economic Justice Loan Committee (EJLC) to oversee the combined program.

Through these actions, the Episcopal Church has committed $7 million in its endowment assets for economic justice initiatives around the globe and in the United States. By making financial resources and technical support available in communities that have limited or no access to credit and related financial services and education, the Church supports those communities' efforts to improve their economic well-being and simultaneously helps them empower themselves to direct and control their own economic and organizational development.

In this time the Church has supported, through investments managed by EJLC, many sorts of community economic justice development programs and projects. These have included affordable housing, the creation and growth of small businesses and micro-enterprises, social and environmental infrastructure improvement projects, programs for job creation, and the provision of social services and education, including child care programs.

EJLC administers this $7 million in DFMS endowment funds as a loan portfolio. The funds in the portfolio are used on a revolving basis to provide loans, indirectly, to organizations, institutions and individuals that may not qualify in the regular credit markets but have worthy community economic justice development programs and projects. The principal, upon repayment to DFMS, is re-loaned by DFMS to others through the program administered by EJLC. All the loans pay interest, and that interest income is used to support DFMS's program budget.

EJLC loans generally range in size from $100,000 to $300,000 and may be as large as $500,000. EJLC makes no loan unless the appropriate diocesan bishop approves in advance.

The EJLC program does not lend directly to the end users of the funds but *only* to financial intermediaries such as community development loan funds or community development credit unions. These intermediaries, commonly called Community Development Financial Institutions (CDFIs), themselves re-lend the monies provided by DFMS to groups, organizations and individuals with needs to finance community economic justice development programs and projects. Many CDFIs operate in the United States, and many operate globally.

Spreading the EJLC loans among multiple intermediaries has several advantages for the Church. The CDFIs are in the business of providing community development loans and have professional staffs to support their end-user borrowers; CDFIs generally have the scale to handle large numbers of borrowers. The Church is not in that business and has no such staff or capacity. These intermediaries also typically provide financial training and technical and management assistance along with financial capital to their borrowers – all services that the Church is not equipped to provide. Finally, spreading EJLC's loans over a number of experienced CDFIs greatly reduces risk to DFMS's economic justice loan portfolio. Through years of carrying on their businesses, CDFIs develop track records that EJLC can evaluate. The CDFIs, not DFMS, directly bear the risk of losses on loans to the end-users of this capital, and the CDFIs generally are well positioned to take steps to intervene and prevent or reduce any such losses.

Here are examples of investments made by DFMS through the program overseen by EJLC:

- To support community economic development in the Holy Land, DFMS has made a $500,000 deposit with the Bank of Palestine, earmarked by the Church for creating and supporting small businesses in the Palestinian community, especially businesses owned by women.
- To support community economic development among Native Americans, DFMS has made a $200,000 loan to Four Directions Development Corporation(FDDC), a community development corporation organized and operated in Maine by the Passamaquoddy Tribe, the Penobscot Nation, the Houlton Band of Maliseet, and the Aroostook Band of Micmac. Principally, FDDC serves the community financial needs of members of these tribes and their families.
- To support community economic development in South Africa, DFMS has made a loan of $300,000 to Shared Interest, a U.S. based fund that guarantees loans by South African banks to members of low-income communities in South Africa to enable them to construct houses, launch small businesses and create jobs.

The discussion below on the Committee on Corporate Social Responsibility (CCSR) reports that in 1997 Convention passed a resolution encouraging "corporations" to invest in South Africa, to help rebuild the economy after apartheid. As noted above, EJLC was formed in 1997. The first loan EJLC approved was a $500,000 TEC loan to support economic development in South Africa.

Engagement on Faith Issues with Companies in the DFMS Portfolio – the Committee on Corporate Social Responsibility

In May 1971 Presiding Bishop John E. Hines stood up at the General Motors annual meeting to present the first ever shareholder resolution by an investor of faith. On behalf of DFMS, Bishop Hines called on GM to stop doing business in South Africa. That was the opening move by investors in support of the wider effort to end apartheid. The year 2021 marks the 50th anniversary of that historic first step in the Church's public ministry for corporate responsibility.

The 1971 shareholder resolution was drafted for the Church by the Committee on Social Criteria for Investments, a committee of Executive Council appointed by Bishop Hines in 1970.

That committee is the direct ancestor of Executive Council's current Committee on Corporate Social Responsibility (CCSR).

CCSR and its predecessors have worked continuously since 1970 on behalf of the Church using the tools of shareholder advocacy with companies, including engagement through correspondence and meetings, voting proxies, and filing shareholder resolutions and supporting those filed by other ethical investors. In this advocacy CCSR asserts and applies the Church's ethical teachings as expressed in resolutions on social and environmental justice issues adopted by General Convention and Executive Council. From the beginning of this ministry down to today, CCSR has helped shape the advocacy it undertakes for the Church, but CCSR implements existing Church policy and does not make policy. The companies held in the portfolio have been chosen by investment managers in accordance with policies adopted by the Investment Committee or General Convention or Executive Council. CCSR has done its advocacy solely based on the securities from time to time held in the DFMS portfolio.

In 1973 the Episcopal Church, through CCSR, was a founding member of the Interfaith Center on Corporate Responsibility (ICCR). ICCR has become the premier interfaith investor advocacy group in North America – its members file around 300 shareholder resolutions each year. Since its founding, ICCR and its members have been at the center of engagement by investors on every social, environmental and governance (ESG) issue that investors have sought to address with the companies they own – from apartheid to equal employment opportunity, from civil and human rights to weapons (including military arms and guns sold to individuals), from tobacco to opioids, from access to health care to sex trafficking and labor trafficking, and from the UN Sustainable Development Goals to climate change.

The Church's public ministry for corporate responsibility was supported from 1970 to 2009 by volunteers, dedicated staff and outside expert consultants. However, during the time of the great recession, in 2009 CCSR's budget was entirely defunded. From that time until 2016, all CCSR's work was carried out solely by volunteers. The Church discontinued its ICCR membership but was able to carry on some work with ICCR through efforts of CCSR volunteers and access kindly provided by the Church Pension Group under its ICCR membership.

In 2016 the President of the House of Deputies noted a decline in CCSR's work and appointed seasoned members to help resuscitate the committee. Shortly thereafter the Presiding Bishop acted, with the help of the Treasurer, to find funding for DFMS to engage consulting help for CCSR. DFMS subsequently engaged the highly professional Mercy Investment Services, Inc., a ministry of the Sisters of Mercy of the Americas, a Roman Catholic congregation of women.

Mercy Investment Services provides shareholder advocacy services to help its several clients carry out plans the clients develop to implement their own policies.

At the 2018 General Convention, the legislative committee responsible for socially responsible investing, noting the importance of the Church's public ministry for corporate responsibility and acting on its own, proposed resolution A296, which Convention adopted. A296 directed Executive Council to maintain an independent membership in ICCR and to treat "expenses associated with this membership, as well as on-going socially responsible investment consulting fees, as investment management expenses, rather than program expenses." In 2018 the Church resumed its ICCR membership. ICCR noted and celebrated the Church's return.

Over the 50 years of the Church's public ministry for corporate responsibility, with respect to certain issues and companies engaged in certain businesses or activities, General Convention and Executive Council from time to time have adopted divestment as a policy for the Church and have directed DFMS to divest. The Church began its divesting with South Africa.

The Church worked from the 1970s to the 1980s advocating with companies, governments and other investors for action to end apartheid. In the 1980s international sanctions were imposed on the government in South Africa. In 1985 General Convention "mandated" that DFMS **"**divest all holdings in companies doing business in South Africa and Namibia." In the 1990s, with the end of apartheid and with a new constitution and government in South Africa, international sanctions were lifted. In 1997 General Convention passed a resolution that "the Church now advocates for the rebuilding of South Africa's and Namibia's economic infrastructure and further encourages … corporations to consider investing there in support of economic opportunity and in the context of social responsibility."

Following its experience applying divestment in the context of apartheid, General Convention and Executive Council have adopted divestment policies – or portfolio restrictions – with respect to ownership of shares in companies implicated in five other matters of concern. These are defense contracting, for-profit prisons, the manufacture and sale of tobacco products, fossil fuels, and supporting or benefiting from denial of human rights.

As Convention and Council have widened the scope of the Church's ethical policy statements, CCSR has extended its advocacy in support of those policies. Currently, CCSR advocates with companies on human rights, sex and labor trafficking, health concerns (including gun safety), diversity in corporate America and care of creation and climate change. Responding to a 2018 Convention action, in 2019 Council caused DFMS to invest in publicly traded companies in the gun and ammunition industry in order to try to induce the companies to enhance gun safety.

Note on Investing on behalf of other Episcopal Church entities

DFMS offers the opportunity for any entity related to the Episcopal Church, including any parish, diocese, school or other organization, to enter into a voluntary custodial arrangement with DFMS to invest "along-side" DFMS in the pool of investment assets managed by DFMS. This pooled investment arrangement or program (the Program) is available at no cost to an eligible entity, except for the entity's pro-rata share of the investment fees and costs otherwise charged to the pooled portfolio as a whole.

No amount is too small – DFMS has new accounts with $500 invested – or too large. The DFMS database system also can handle multiple accounts and sub-accounts for a single owner. Apart from having a recognized relationship to TEC and entering into an agreement to abide by the terms of the arrangement, the only requirement is that an entity wishing to participate in the Program be recognized as a tax-exempt charitable organization within the meaning of Section 501(c)(3) of the Internal Revenue Code.

The Program is intended to provide eligible TEC entities with the ability to place their assets in a pool with the investment assets to which DFMS holds title and to have DFMS manage the investment of all the pooled assets together. The arrangement is intended to provide participating entities with the advantages of professional investment management and economies of scale possible with investing in a pool of assets.

Eligible entities should understand that the DFMS pool is managed to achieve DFMS's stated investment objectives, which may not be the same as the entity's, and that neither DFMS or the Program can or will attempt to meet any particular participant's investment objectives.

In addition, eligible entities should understand that the pool is managed by DFMS in accordance with ethical investment policies adopted by General Convention or Executive Council for DFMS to follow, and not in accordance with any other ethical investment policies, whether adopted by an eligible entity or another. Further, the DFMS pool now includes no impact or community investing investments. The endowment assets invested by EJLC in community development loans are in a separate fund, not in the portfolio, and entities investing through the Program will not be investing in such fund of community development investments.

Entities interested in considering participation in the Program should contact the Director of Investment Management and Banking in the Finance Office of the Episcopal Church. Click here for The Finance Office | Episcopal Church (https://www.episcopalchurch.org/finance-office/)

Episcopal Church Context

Episcopal Church Foundation

The Episcopal Church Foundation (ECF) was founded in 1949 under the leadership of Presiding Bishop Henry Knox Sherrill to be an independent lay led organization for the support of the Episcopal Church and its work. Since 1969 ECF has been recognized by the Internal Revenue Service as a tax-exempt charitable organization as described in Section 501(c)(3) of the Internal Revenue Code. Over the years the focus of its programs has evolved, but ECF has retained its commitments to lay leadership and to serving the Church.

In 1995 ECF became the entity within the Episcopal Church to have primary responsibility for planned giving throughout the Church. At this time, ECF began a new commitment to stewardship and philanthropy, to raising financial resources for ministry, and to planning and leadership development for Episcopal churches, dioceses, schools and church-related organizations. In addition to providing resources and services to support parish planning and financial and investment management, ECF's programs include resources and services for stewardship, donor and capital campaigns tools and planned giving. ECF also provides endowment management for Church institutions through an arrangement with State Street Global Advisors (SSGA). In addition, ECF holds educational and training events, participates in events organized by others, and publishes resources in traditional formats and on-line.

As part of its mission to serve the Episcopal Church, ECF provides a comprehensive program of investment management services for Church investors. ECF advises institutional investors on all aspects of endowment management, including structure, operating policies and governance, and spending rules and donor restrictions. ECF will work with an institution to assist with any investment concern it may have, including helping it clarify its objectives, educate committee members or review possible portfolios. ECF also helps create or update investment and spending policies, with the goal of helping Church institutions use their long-term assets, as intended, for mission and ministry. And, for some years, as the field has grown, ECF has been advising institutional investors regarding adopting responsible investing and applying an environmental, social and governance (ESG) approach in managing their investment assets.

Recently ECF has brought its responsible investing and ESG experience, and that of the ecumenical community, to a wider audience. *Faithful Investing*, edited by James W. Murphy of the ECF staff and published in 2020 by Church Publishing, has given the Church a valuable resource in a widely accessible format. Through a collection of essays by investment experts and practitioners from across the ecumenical community, *Faithful Investing* clearly and concisely delivers information and insights that can help Church folk identify, and also answer, important questions about responsible investing and using ESG. Whether an institution has a developed understanding or has just begun to address the matter, these essays can provide balanced guidance for considering whether and how to undertake responsible investing, and, if the institution decides to do it, how to define and adopt a policy and then execute a program.

As noted above, ECF contracts with State Street Global Advisors, one of the largest institutional fund managers in the world, to offer Episcopal Church institutions of all sizes a variety of investment choices for their endowment and permanent funds. This collective investment program offers ECF clients broadly diversified investment options across asset classes, and at low cost. The minimum size for an ECF account managed by SSGA with socially responsible options is $100,000; without such options, the minimum is $10,000. The assets of Church institutions invested under SSGA management through ECF total about $460 million.

SSGA is a signatory of the UN Principles for Responsible Investment (PRI) and seeks to fulfill the commitment to responsible investment it has made. ECF and SSGA offer two approaches to responsible investing. Whether or not an investing organization wishes to have any positive or negative screens applied to a portfolio in which it invests, as a PRI signatory SSGA has a comprehensive program, called *Asset Stewardship*, for engagement with companies in all SSGA portfolios. Applying a number of tools, SSGA assesses the ESG performance of portfolio companies and engages with them as SSGA deems appropriate to encourage sound ESG practices. When appropriate, SSGA votes its proxies on ESG issues.

In addition, ECF and SSGA offer three options for Church institutions that wish to invest in portfolios that are specifically screened. ECF clients may choose from portfolios screened (i) more specifically for ESG issues (including entirely excluding tobacco and certain weapons, firearms and fossil fuel companies), (ii) to be fossil fuel reserve-free, or (iii) for certain social issues. ECF and SSGA will assist any Episcopal Church institutional investor considering such a screen to understand the principles followed in applying the screen and the effect of using it.

Church institutions concerned with responsible investing and ESG, and considering investing with ECF and SSGA, should understand that SSGA's *Asset Stewardship* program is based on an ESG scoring system, engagement priorities and proxy voting guidelines developed by SSGA's asset stewardship experts. The socially responsible portfolios are based on screens developed by SSGA or other asset managers. These guidelines and screens can be expected to address issues considered by General Convention or Executive Council, but they are not based on ethical policies or decisions adopted by Convention or Council. More information is available from ECF.

Church institutions interested in considering having ECF and SSGA manage their endowments should contact ECF at endowment@episcopalfoundation.org .

Anglican Communion Context

Church of England

National Investment Bodies

The Church of England (C of E or the Church) has three sets of "national" investment assets and three entities to hold and manage them. These are the *National Investment Bodies* or *NIBs*. The three NIBs together hold and invest a total of about $16.5 billion in assets for the Church.

Each NIB independently manages the assets it holds. To assure it acts in accord with a common understanding of how to apply the Church's faith in investment management, each NIB undertakes to adopt and follow ethical policies *recommended* by the C of E's *Ethical Investment Advisory Group* (*EIAG*). Each NIB has representation in the EIAG and participates in its work.

Here are brief descriptions of each of the NIBs:

- *The Church Commissioners for England (Commissioners)*

  The Commissioners hold and invest a total of about $11 billion in assets.

  Parliament created the Commissioners in 1948 by combining two long existing predecessors. The Commissioners hold and manage assets that originate centuries ago in the Church's then very extensive real property holdings. (One predecessor, the *Bounty of Queen Anne for the Augmentation of the Poor Clergy*, was formed in 1703, just two years before Queen Anne gave Trinity Wall Street the 215 acres of land on Manhattan Island known as the King's Farm.)

  Since 1948 the Commissioners have greatly diversified their holdings, and now, while they still own much real estate, the bulk of their holdings is in financial assets such as stocks and bonds.

  To support parish ministry, bishops, and cathedrals, the Church Commissioners distribute grants to the Church amounting to about $300 million annually, representing about 15% of the Church's annual revenue. (Parishes provide about 75% of annual funding for the C of E.)

  As the full name of *Queen Anne's Bounty* may suggest, the Commissioners and their predecessors historically have provided stipends and housing to active and retired C of E clergy. In 1997 Parliament approved a new pensions scheme to be supported, going forward, by contributions of parishes and other employers. The Commissioners remain responsible to pay clergy pensions that were earned through 1997 and also to provide clergy housing.

https://www.churchofengland.org/about/leadership-and-governance/church-commissioners

- *The CBF Church of England Funds (Funds)*

  The Funds hold and invest a total of about $2 billion in assets.

  The Funds were set up in 1958 to provide an integrated investment service for parishes, dioceses, cathedrals and other C of E bodies with their own investment assets. The Central Board of Finance (CBF) has been trustee of the Funds since inception. (The CBF membership is coextensive with that of the Archbishops' Council; the Council, headed by the two Archbishops, is the highest executive body in the C of E, intended to give the Church strategic direction.)

  https://www.churchofengland.org/sites/default/files/2018-10/gs1640-trusteeship%20of%20the%20cbf%20cofe%20funds.pdf

- *The Church of England Pensions Board (Board)*

  The Board holds and invests a total of about $3.7 billion in assets.

  The Board administers the pensions scheme created in 1997 and is responsible to pay pensions earned after that year, funded by parishes and employers, and to provide clergy housing.

  https://www.churchofengland.org/about/leadership-and-governance/church-england-pensions-board

Ethical Investment Advisory Group

In 2018 the NIBs approved a set of *Terms of Reference* to define their relationship to the EIAG:

> The EIAG is an Advisory Group convened and funded by [the NIBs]. …
>
> The EIAG's purpose is to support the NIBs to invest ethically in a way which is distinctly Christian. This shall be achieved by offering timely and practical Advice and support to the NIBs, who shall formulate policy. …
>
> Such Advice shall be grounded in Christian theology. …
>
> The EIAG shall have no investment powers and may act only in an Advisory capacity in accordance with its purposes as described above. Advice given by the EIAG shall not be

> binding on the NIBs, and the adoption of any Policies drafted as a result of the EIAG's Advice shall remain the responsibility of each NIB.
>
> https://www.churchofengland.org/sites/default/files/2019-02/EIAG%20Terms%20of%20Reference%20agreed%202018f.pdf

On recommendation of the EIAG, in 2018 the NIBs also adopted a *Statement of Ethical Investment Policy* (Ethical Policy) that further specifies the framework for ethical investing by the NIBs. The Ethical Policy describes the function of the EIAG as follows:

> The NIBs receive advice and support on ethical investment from the Church's Ethical Investment Advisory Group (EIAG). *The purpose of the EIAG is to enable the NIBs to act as distinctively Christian – and Anglican – institutional investors. [Emphasis supplied]* The EIAG develops ethical investment policy recommendations which, once agreed by the NIBs, are adopted by them, communicated to the wider Church and implemented.
>
> The EIAG consists of representatives of the NIBs, General Synod [analogous to General Convention], the Archbishops' Council and the Mission and Public Affairs Council [see note below], and certain co-opted members. Legal responsibility for all investment decisions rests solely with the NIBs.

Regarding the NIBs, the Ethical Policy states:

> The NIBs operate within the legal framework for investment by charities and pension funds. They owe certain fiduciary and other duties to their beneficiaries. Christian stewardship provides the context within which and informs the manner in which these duties are performed.
>
> The NIBs are signatories to the United Nations Principles for Responsible Investment (PRI) under which institutional investors pledge to incorporate environmental, social and governance (ESG) issues into investment analysis and decision-making processes, and to be active owners, across all asset classes.
>
> The NIBs recognize climate change as a distinct ethical investment issue and invest in line with a climate change policy. …
>
> The NIBs expect companies in which they invest to manifest sustainable environmental practice, fair treatment of customers and suppliers, responsible employment practices, conscientiousness with regard to human rights, sensitivity towards the communities in which they operate and best corporate governance practice. The NIBs engage with investee companies to seek improvement in ethical standards in these areas. …

> The NIBs do not wish directly to profit from, or provide capital to, activities that are materially inconsistent with Christian values, and are also mindful of the danger of undermining the credibility, effectiveness and unity of the Church's witness were they to do so. A range of investment exclusions is therefore maintained.
>
> The EIAG may, exceptionally, recommend exclusion from investment of any individual company in any line of business on ethical grounds - normally if, after sustained dialogue, the company does not respond positively to EIAG concerns about its practices. In such cases the NIBs will determine individually whether to disinvest if they hold securities issued by the company.
>
> https://www.churchofengland.org/sites/default/files/2019-01/Statement%20of%20Ethical%20Investment%20Policy%20-%20October%202018%5B1%5D.pdf

The EIAG has recommended, and the NIBs have adopted, several ethical investment policies in addition to the general Ethical Policy quoted above. The EIAG website describes these as follows: "The policies we recommend to the NIBs are the basis for a distinctly Christian approach to investment, embracing screening, active stewardship, and alignment with the Church's teaching and values. The NIBs' overall approach to ethical investment is described in their Statement of Ethical Investment Policy [*i.e.*, the Ethical Policy quoted above]."

After that description, the EIAG website lists and provides links to 20 separate ethical investment policies, ranging in subject matter from the *Alcohol Policy* to the *Climate Change Policy*, from the *Executive Remuneration Policy* to the *Extractive Industries Policy and Advice*, and from the *High Interest Lending Policy* to the *Supply Chain Engagement Framework*.

https://www.churchofengland.org/about/leadership-and-governance/ethical-investment-advisory-group/policies-and-reviews

Generally, the EIAG statements recommending such policies include discussion of matters of faith. For example, the EIAG Advisory Paper supporting the *Climate Change Policy* (which deals at some length with a major and contentious issue within the C of E) includes four pages of Biblical, theological and ecclesiological "reflections" -- in moderately small type.

https://www.churchofengland.org/sites/default/files/2017-11/Climate%20Change%20Policy%20.pdf

As mentioned above, the Mission and Public Affairs Council of the Church of England (M&PA Council) is represented on the EIAG. In submitting comments for a public inquiry into editing the human genome, the M&PA Council described itself as follow:

The Mission & Public Affairs Council of the Church of England is the body responsible for overseeing research and comment on social and political issues on behalf of the Church. The Council comprises a representative group of bishops, clergy and lay people with interest and expertise in the relevant areas, and reports to the General Synod through the Archbishops' Council. The Mission and Public Affairs Council presents a Christian ethos, drawing on the witness of the Christian Scriptures and reflecting on Christian tradition and contemporary thought. Belief in God as Creator and Redeemer, in human beings' intrinsic value as creatures made in the Image of God and in the imperatives of love and justice, underpins the Council's approach. The Council believes that the ethical and social principles developed from this foundation have a value and relevance in society that can be acknowledged by those of other faiths or none.

https://www.nuffieldbioethics.org/assets/pdfs/genome-editing-evidence-Mission-and-Public-Affairs-Council_Church-of-England.pdf

Afterword

Sustainable Development Goals

We are faced not with two separate crises, one environmental and the other social, but rather with one complex crisis which is both social and environmental. Strategies for a solution demand an integrated approach to combating poverty, restoring dignity to the excluded, and at the same time protecting nature.

Pope Francis*, Laudato Si', Encyclical Letter of the Holy Father Francis*

On Care for Our Common Home, ¶ 139 The Holy See, May 24, 2015

SDGs Adopted by the United Nations General Assembly, September 25, 2015

SDGs Endorsed by General Convention, Resolution 2018-B026, July 12, 2018

Goal 1. End poverty in all its forms everywhere

Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture

Goal 3. Ensure healthy lives and promote well-being for all at all ages

Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Goal 5. Achieve gender equality and empower all women and girls

Goal 6. Ensure availability and sustainable management of water and sanitation for all

Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all

Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Goal 10. Reduce inequality within and among countries

Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable

Goal 12. Ensure sustainable consumption and production patterns

Goal 13. Take urgent action to combat climate change and its impacts*

Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development

Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Goal 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development

* Acknowledging that the United Nations Framework Convention on Climate Change is the primary international, intergovernmental forum for negotiating the global response to climate change.

Acknowledgements

Many people have helped subcommittee #3 of the Task Force on Theology of Money carry out its work. None of them is responsible for what the subcommittee has written. The Task Force and subcommittee alone are responsible for this report.

The most important people to acknowledge are the leaders and staff members of the more than twice times fifteen institutional investors who allowed us to interview them and, often, review their institutional documents and talk to their professional advisers. Some were clergy. Most were lay people. Many were volunteers working to help their parishes or dioceses manage their investments faithfully. There are more than we can name. We are grateful for their help to us, their commitment to their institutions, and their support for faithful investing.

Three individuals and organizations deserve special mention.

The Rev. Canon Dr. Michael Barlowe and his staff in the Office of the General Convention provided support that made it possible for a member of the Task Force to attend the 2020 Annual Gathering of the CEEP Network (Consortium of Endowed Episcopal Parishes or CEEP).

Joseph Swimmer, Executive Director of CEEP, and his staff made us welcome and helped with meetings and interviews, as well as advice and communications before and after the Gathering.

JoAnn Hanson, President and CEO, Church Investment Group, provided introductions to investors across the Church as well as information, documents and wise counsel.

We thank the chairs of Executive Council’s Economic Justice Loan Committee, Investment Committee, and Committee on Corporate Social Responsibility, who welcomed our inquiries and shared their insights. We also thank the staff members of the Church Pension Fund, the Domestic and Foreign Missionary Society, the Episcopal Church Foundation and the Church of England Pensions Board who patiently gave us the benefit of their knowledge and experience.

Finally, the convener gives personal thanks to an old friend, Amy Domini, who, through her connections in responsible investing, enabled us to make contact with three institutions we might not have found. The stories of those faithful investors are vital parts of our report.

Committee Members

The members of Task Force subcommittee #3 are:

The Rev. Candice Frazer, Diocese of Alabama,

The Rt. Rev. Gayle Harris, Diocese of Massachusetts,

W.B. McKeown, Diocese of New York, convener, and

Douglas Walker, Diocese of Florida