

## EXECUTIVE COUNCIL

### Membership

The Most Rev. Michael Curry, <i>Chair, Ex Officio</i>	North Carolina, IV	
Ms. Julia Ayala Harris, <i>Vice-Chair, Ex Officio</i>	Oklahoma, VII	
The Rev. Canon Dr. Michael Barlowe, <i>Secretary, Ex Officio</i>	California, VIII	
Mr. N. Kurt Barnes, <i>Treasurer, Ex Officio</i>	New York, II	
The Rev. Devon Anderson	Minnesota, VI	2024
Dr. Liza Anderson	Minnesota, VI	2024
The Rev. Gina Angulo Zamora	Litoral Ecuador, IX	2027
Canon Annette Buchanan	New Jersey, II	2027
Mr. Thomas Chu	New York, II	2027
Mr. Tivaun Cooper	New York, II	2027
The Rev. Lillian Davis-Wilson	Western New York, II	2024
The Rev. Patricia Downing	Delaware, III	2024
The Rev. Canon Cornelia Eaton	Navajoland, VIII	2024
The Rev. M.E. Eccles	Chicago, V	2024
Ms. Blanca Echeverry	Colombia, IX	2024
Ms. Alice Freeman	North Carolina, IV	2024
Mr. Timothy Gee	El Camino Real, VIII	2027
Ms. Pauline Getz	San Diego, VIII	2024
The Rev. Angela Goodhouse	North Dakota, VI	2024
The Very Rev. Mark Goodman	Rio Grande, VII	2024
The Rev. Charles Graves	Texas, VII	2027
Mr. Scott Haight	West Tennessee, IV	2027
The Rt. Rev. Scott Hayashi	Utah, VIII	2024
Mr. Lawrence Hitt II	Colorado, VI	2027
The Rt. Rev. Anne Hodges-Copple	North Carolina, IV	2024
The Rev. Dr. Deborah Jackson	Florida, IV	2027
The Rt. Rev. Deon Johnson	Missouri, V	2027
The Rev. Anne Kitch	Newark, II	2024
Mr. Joe McDaniel	Central Gulf Coast, IV	2027
Canon Andrea McKellar	South Carolina, IV	2024
Ms. Louisa McKellaston	Chicago, V	2027
The Rev. Dr. Wilmot Merchant	South Carolina, IV	2027
Dr. Sandra Montes	Texas, VII	2027
The Rt. Rev. Rafael Morales	Puerto Rico, II	2027
The Ven. Aaron Perkins	Maine, I	2024
Ms. Diane Pollard	New York, II	2024
Ms. Betsy Ridge	Massachusetts, I	2027
The Hon. Rose Sconiers	Western New York, II	2024

Ms. Dianne Audrick Smith	Ohio, V	2027
Ms. Sarah Stonesifer Boylan	Washington, III	2024
Mr. Matthew Taylor	Washington, III	2027

## Others with Seat and Voice

The Rev. Rachel Taber-Hamilton,	Vice President of the House of Deputies
The Rev. Geof Smith,	Chief Operating Officer, DFMS (until January 1, 2023)
Ms. Jane Cislucyis,	Acting Chief Operating Officer, DFMS (as of February 27, 2023)
Mr. Kent Anker,	Chief Legal Officer, DFMS
The Rt. Rev. Andrew Asbil,	Anglican Church of Canada Partner (until August 2023)
The Rev. Joanne Engquist,	Evangelical Lutheran Church in America Partner

## Changes in Membership

Ms. Samantha Clare, Arkansas, VII resigned in October of 2023.

## Mandate

Canon I.1.4

Canon 4: Of the Executive Council

### Sec. 1

**a.** There shall be an Executive Council of the General Convention (which Council shall generally be called simply the Executive Council, or the Council) whose duty it shall be to oversee the execution of the program and policies adopted by the General Convention. The Executive Council shall have oversight of the work done by the Domestic and Foreign Missionary Society in its capacity as its Board of Directors. The Council shall have oversight responsibility for the disposition of the funds and other property of the Domestic and Foreign Missionary Society in accordance with the provisions of this Canon and the resolutions, orders, and budgets adopted or approved by the General Convention. The Executive Council shall also have oversight responsibility for the work of the Office of General Convention and the Executive Officer of General Convention who shall report directly to the Executive Council. It shall also have oversight responsibility for the disposition of the moneys of the Office of General Convention. The Council shall adopt procedures it deems appropriate for approval of expenditures by the Domestic and Foreign Missionary Society and the Office of General Convention.

**b.** The Executive Council shall be accountable to the General Convention and shall render a full, published report concerning the work of the bodies for which it has oversight responsibility to each meeting of the General Convention. The report shall include information on the

implementation of all resolutions adopted in the previous General Convention calling for action by the Executive Council, the Domestic and Foreign Missionary Society, and the Office of General Convention.

**c.** The Council shall exercise the powers conferred upon it by Canon, and such further powers as may be designated by the General Convention, and between sessions of the General Convention may initiate and develop such new work as it may deem necessary. Subject to the provisions of these Canons, it may enact By-laws for its own government and enact procedures for its own committees.

**d.** The Executive Council shall be composed (a) of 20 members elected by the General Convention, of whom four shall be Bishops, four shall be Presbyters or Deacons, and 12 shall be Lay Persons who are confirmed adult communicants in good standing (two Bishops, two Presbyters or Deacons, and six Lay Persons to be elected by each subsequent regular meeting of the General Convention); (b) of 18 members elected by the Provincial Synods; (c) of the following *ex officio* members: the Presiding Bishop and the President of the House of Deputies; and (d) the Chief Operating Officer, the Secretary of the General Convention, the Treasurer of the General Convention, the Chief Financial Officer of the Domestic and Foreign Missionary Society, and the Chief Legal Officer of the Executive Council, all of whom shall have seat and voice but no vote. Each Province shall be entitled to be represented by one Bishop or Presbyter or Deacon canonically resident in a Diocese which is a constituent member of the Province and one Lay Person who is a confirmed adult communicant in good standing of a Diocese which is a constituent member of the Province, and the terms of the representatives of each Province shall be so rotated that two persons shall not be simultaneously elected for equal terms.

**e.** The Executive Council shall appoint a committee from among its members to assist the Council to (i) advise the Joint Standing Committee on Nominations and the Provincial Councils on what skills, gifts and experience are needed on the Executive Council to enable it to function with maximum effectiveness, and whether those skills are at that time represented on the Executive Council, and (ii) create a description of the skills, gifts and experience requisite for service on the Executive Council, including the value of cultural and geographic diversity on the Council and the value of including historically underrepresented voices in the governance of the Church.

**f.** Of the Executive Council members elected by the General Convention, the Bishops shall be elected by the House of Bishops subject to confirmation by the House of Deputies, and the Presbyters or Deacons and Lay Persons shall be elected by the House of Deputies subject to confirmation by the House of Bishops.

**g.** Except in the case of members initially elected for shorter terms in order to achieve rotation of terms, the terms of office of the members of the Council (other than *ex officio* members) shall be equal to twice the interval between regular meetings of the General Convention. The terms of office of all members shall commence immediately upon the adjournment of the General Convention at which they were elected or, in the case of election by a Synod, upon the

adjournment of the first regular meeting of General Convention following such election. The term of a member shall become vacant in the event of two absences from meetings of the Council in the interval between successive regular meetings of the General Convention unless excused by the Chair or Vice Chair for good cause. Members shall remain in office until their successors are elected and qualified. No person who has served at least three consecutive years on the Executive Council shall be eligible for immediate re-election for a term of more than three years. After any person shall have served six consecutive years on the Executive Council, a period of three years shall elapse before such person shall be eligible for re-election to the Council.

**h.** Should any vacancy occur in the Council through death, resignation, disability, or other reason, with respect to a member elected by the General Convention, the Council shall fill such vacancy by the election of a suitable person to serve until a successor is elected by the General Convention.

**i.** Should any vacancy occur in the Council through the failure of any Provincial Synod to elect a member, or through the death, resignation, or removal from the Province of any such member, the Provincial Council of the Province shall appoint a suitable person to serve until the Provincial Synod shall by election fill the vacancy.

## Summary of Work

### Meetings

October 17-20, 2022	Phoenix, Arizona
November 30, 2022	Online
December 13, 2022	Online
February 9-12, 2023	San Francisco, California
June 12-15, 2023	Providence, Rhode Island
June 30, 2023	Online
October 24-27, 2023	Online
January 26-29, 2024	Louisville, Kentucky
April 18-20, 2024	Raleigh, North Carolina

The Executive Council was convened by Presiding Bishop Michael B. Curry as Chair and President of the House of Deputies Julia Ayala Harris as Vice Chair. At the beginning of the biennium, worship was organized by a small worship committee, convened by the Rev. Anne Kitch. In May of 2023, after the

Rev. Lester Mackenzie was appointed chaplain of the Executive Council, he assumed the role of planning worship.

The Council continued its focus on the ongoing work and conversation on racism. A working group was appointed to lead the work, chaired by The Rt. Rev. Scott Hayashi. Former Executive Council member, Ms. Zena Link, was engaged as a consultant in this work for the Council. Executive Council welcomed the Bishops and members of diocesan staff in each place in which Council met during the biennium, learning more about the local work of The Episcopal Church as it lives the priorities of the Jesus Movement.

Executive Council members were each appointed to one of four Joint Standing Committees: Governance & Operations, Finance, Mission Beyond the Episcopal Church and Mission Within the Episcopal Church. These Joint Standing Committees continued the work mandated by General Convention, and their reports will be found below.

# EXECUTIVE COUNCIL JOINT STANDING COMMITTEE ON FINANCE

## Members

Canon Andrea McKellar, Chair	South Carolina, IV	2024
Mr. Timothy Gee, Vice-Chair	El Camino Real, VIII	2024
The Rev. Anne E. Kitch, Vice-Chair	Newark, II	2024
Mr. Scott Haight, Secretary	West Tennessee, IV	2024
Mr. N. Kurt Barnes, Treasurer	New York, II	n/a
La Rvda. Gina Angulo Zamora	Litoral Ecuador, IX	2024
The Rev. Patty Downing	Delaware, III	2024
The Rev. Canon Cornelia Eaton	Navajoland Area Mission, VIII	2024
The Rt. Rev. Anne Hodges-Copple	North Carolina, IV	2024
The Rt. Rev. Deon Johnson	Missouri, V	2024
Ms. Diane Pollard	New York, II	2024
Ms. Julia Ayala Harris, Ex Officio	Oklahoma, VII	
The Most Rev. Michael Curry, Ex Officio	North Carolina, IV	

## Acknowledgements

We would like to acknowledge the numerous contributions of the following staff: Mrs. Nancy Caparulo, Ms. Margareth Crosnier de Bellaistre, Mr. Patrick Haizel, Mr. Brian Murray, Mr. T. J. Houlihan, and Ms. Julia Alling.

## Mandate

Oversight of the triennial budget and development of annual budgets. Development of the triennial General Convention budget. Oversight for the disposition of funds and other property of the DFMS. Development and Mission Funding. Review and recommend changes to the Audit Charter to Executive Council. Review Diocesan Financial Reports including Part II per Canon I.4.6(j). Monitor and review diocesan assessments.

Executive Council Bylaws - Section 3.c

(c) There shall be a Joint Standing Committee on Finance, which shall be responsible for reporting to the Council and the Society and recommending action on all financial, budgetary, or other such matters assigned to it from time to time by the Council, or the Society, or the Chair of the Council.

## Summary of Work

### **Work:**

The Committee's goal is to facilitate the ministry of The Episcopal Church in partnership with staff and other Executive Council Joint Standing Committees; to maintain close relationships with the General Convention through regular contact with the Joint Audit Committee of Executive Council and DFMS; and to support the work of the Office of the Treasurer.

### **Meetings:**

The Joint Standing Committee on Finance (FIN) met at every regular Executive Council meeting and five additional times via Zoom meeting. The Treasurer of DFMS, as well as additional staff from the finance office and the development office were present at most meetings. DFMS staff periodically visited FIN meetings to offer their expertise regarding financial implications of their areas of oversight.

The regular work of FIN includes:

- Reviewing periodic financial statements and statements of operation for DFMS.
- Reviewing the work of the Office of Development
- Review of funding for grants from the budget and trusts
- Review of DFMS policies, e.g. Travel, CCSR Scope of Work Plan, Investment Policy, Audit charter
- Monitoring mission, governance, legal, and administrative expenses
- Monitoring and recommending adjustments to the 2023-2024 budget adopted by the 80<sup>th</sup> General Convention
- Recommendations for the establishment of custodial trust funds for various parishes and dioceses.
- Receiving reports from the Archives

FIN works with several interim bodies. The work includes:

- Receiving reports from the Audit Committee
- Receiving reports and recommendations from the Committee on Corporate Social Responsibility (CCSR)
- Reviewing Investment Committee recommendations and Policy
- Reviewing Economic Justice Loan Committee recommendations and process
- Receiving reports from the Assessment Review Committee (ARC) and monitoring the waiver process



As a final note, FIN thanks the DFMS staff who supported the work of FIN during the biennium with grace, competence, reliability, and faithfulness. Their work was exemplary, and this committee is exceedingly grateful.

# EXECUTIVE COUNCIL JOINT STANDING COMMITTEE ON GOVERNANCE AND OPERATIONS

## Members

The Rt. Rev. Scott Hayashi, Chair	Utah, VIII	2024
Ms. Pauline Getz, Vice-Chair	San Diego, VIII	2024
The Ven. Aaron Perkins, Secretary	Maine, I	2024
The Rev. Devon Anderson	Minnesota, VI	2024
Mr. Tivaun Cooper	New York, II	2024
Ms. Louisa McKellaston	Chicago, V	2024
The Rt. Rev. Rafael Morales	Puerto Rico, II	2024
Dr. Liza Anderson	Minnesota, VI	2024
The Hon. Rose H. Sconiers	Western New York, II	2024
Ms. Julia Ayala Harris, Ex Officio		
The Most Rev. Michael Curry, Ex Officio		

## Changes in Membership

Mr. Lawrence Hitt, II	Colorado
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## Mandate

Board governance and board development. Legal services, litigation and other legal matters. Copyright, trademark and intellectual property matters. Human Resources: approval of policies & Employee Handbook; compensation of officers; ministry review with Officers. Communications: branding; public relations & corporate image; website and other media. Information Technology Physical Plant, Facilities, Construction, Leases, Policies Archives Parochial Report per Canon I.6.1

Executive Council Bylaws - Section 3.b

b) (i) There shall be a Joint Standing Committee on Governance and Operations, which shall be responsible for reporting to the Council and the Society and recommending action on all governance, operational, administrative, or other such matters assigned to it from time to time by the Council, or the Society, or the Chair of the Council. (ii) The Chief Legal Officer shall report both in writing and in person to the Committee on Governance and Operations at each meeting of Executive Council about pending and anticipated legal matters including the legal work in support of significant transactions and donations, the status of litigation (including threatened litigation) in which The Episcopal Church is, or may be, a party (including upcoming decisions needed by The Episcopal Church and legal options of various courses of action in any such litigation), and any important regulatory, tax, property (including intellectual property), or insurance coverage matters that may affect The Episcopal Church's budget, financial soundness, operations or reputation for integrity. Where appropriate, the Chief Legal Officer will identify upcoming significant legal decisions, and The Episcopal Church's legal options and likely results in connections with such decisions. Appropriate portions of the reports shall be sealed in order to protect the attorney client privilege, but such reports shall be a part of the permanent record of the meeting. Appropriate portions of the in-person briefing may be held in executive session in order to protect the attorney client privilege with respect to pending or threatened litigation, or where otherwise necessary to maintain the privilege.

## Summary of Work

### **COVID Protocols**

Governance and Operations responded to the changing dynamics of the pandemic which had forced The Episcopal Church to adapt to the evolving crisis. One of the first items we addressed was to make recommendations to the Presiding Officers of our church regarding safety protocols. The recommendation was to update the working protocols to be in compliance with the CDC guidelines that had eased from the more restrictive safety guidelines that had been in place.

The return to in person meetings was a welcome change. As this was one of the first meetings in person after the pandemic, we reviewed the meeting policy with regard to personal safety and how to stay in compliance with CDC guidelines.

### **Advancing the Work of becoming Beloved Community on Executive Council**

In response to C058 Resolution Requiring Action in Response to TEC's Racial Audit, Alexandria Link was invited to serve as a facilitator and guide to consult with a working group of members of The Executive Council to engage in deep conversations on racism as it manifested on Executive Council. In having these conversations we hope to build relationships among the members of Executive Council and to advance our steps to being Beloved Community. The ongoing conversations have been difficult but good. It is recommended that this work should continue into the next triennium.

### **Joint CPG-Executive Council Task Force.**

The group heard a report from The Rev. Devon Anderson on the work of the joint group. The group is mandated by the Memorandum of Understanding to meet four times during the Biennium. The group has made progress in areas of communication, understanding of the needs of each group with respect to an ongoing, positive relationship, and building personal relationships. The work consisted of learning about each organization, including the different cultures, and acknowledged that building relationships will take time.

### **815 Second Avenue**

The building was constructed in 1961 to house church offices and retail rental space. Currently, the building is not fully occupied and has leases worth approximately \$2.5 million annually. The carrying costs of the building are approximately \$3.1 million to \$3.2 million annually which includes a capital investment budget. The current value of the building is approximately \$60 million dollars. The building will be in need of continual maintenance and repairs and planning is required to meet the costs of this.

## **Parochial report**

The group received the parochial report revision from the Committee on the State of the Church which will be used in 2024. The report has been made considerably smaller with a renewed focus on beneficiaries of outreach ministries by parishes, data collection around non-member participation, and information about any subsidiary or affiliated organizations operating in the parish.

## **Strengthening Communication within Interim bodies**

Throughout the biennium, GO and the interim body committee of Structure, Governance, Constitution, and Canons has endeavored to practice good communication to both support each committee in it's efforts as well as prevent duplication of efforts. This has been largely successful and the committee recommends to the Presiding officers that they continue the practice of appointing a liaison to SGCC from GO to continue this practice.

## **Policy Review and Updating**

Chief Legal Officer Kent Anker completed the Employee Handbook revision. The revision was reviewed and passed by GO and presented to Executive Council which voted to approve it. A new policy for the protection of children, youth and vulnerable adults was presented to and passed by GO and approved by The Executive Council. The policy was approved by GO. A policy formalizing the right of individuals to declare their preferred name and pronouns was passed by GO and approved by The Executive Council. Updates to Conflict of Interest were presented to and passed by GO and approved by The Executive Council.

## **General Convention site for the 82<sup>nd</sup> General Convention**

General Convention Secretary Michael Barlowe presented the Joint Planning and Arrangements' Committee's choice of Phoenix for the 82nd General Convention in 2027.

A resolution regarding site selection of the General Convention was drafted and passed to be put before the Executive Council for site selection for the 83rd General Convention and beyond.

# EXECUTIVE COUNCIL JOINT STANDING COMMITTEE ON MISSION BEYOND THE EPISCOPAL CHURCH

## Members

The Very Rev. Mark Goodman, Chair	Rio Grande, VII	2024
The Rev. Charles Graves, Vice-Chair	Texas, VII	2027
Mr. Matthew Taylor, Secretary	Washington, III	2027
The Rev. Lillian Davis-Wilson	Western New York , II	2024
Ms. Alice Freeman	North Carolina, IV	2024
Prof. Lawrence Hitt II	Colorado, VI	2027
The Rev. Dr. Deborah Jackson	Florida, IV	2027
The Rev. Canon Dr. Wilmot Merchant	South Carolina, IV	2027
Dr. Sandra Montes	Texas, VII	2027
Ms. Julia Ayala Harris, Ex Officio	Oklahoma, VII	
The Most Rev. Michael Curry, Ex Officio	North Carolina, IV	

## Changes in Membership

Mr. Larry Hitt was reassigned to the Joint Standing Committee on Government and Operations at the October, 2023, meeting of Executive Council and for the remainder of the bi-ennium.

## Mandate

To assist the Executive Council in highlighting issues and in the development of ministry beyond The Episcopal Church. Special areas of focus include Global Partnerships, Anglican Communion, Covenant Committees and Bilateral Relationships, Episcopal Migrations Ministries, Ecumenical and Interreligious Partnerships and Dialogues, Domestic Government Policy via the Office of Government Relations, International Policy and Social Justice work, and Episcopal Relief and Development.

### Executive Council Bylaws - Section 3.e

(e) There shall be a Joint Standing Committee on Mission Beyond The Episcopal Church, which shall be responsible for reporting to the Council and the Society and recommending action on global partnerships, covenant relationships, ecumenical and interreligious partnerships, or other such matters assigned to it from time to time by the Council or the Society, or the Chair of the Council.

## Summary of Work

Our collaborative work comes under the auspices of Mission Beyond: Global Partnerships, Anglican Communion, Covenant Committees and Bilateral Relationships, Ecumenical and Interreligious Partnerships and Dialogues, Domestic Government Policy via the Office of Government Relations, International Policy and Social Justice, and Episcopal Relief and Development. In addition, during this biennium the Joint Standing Committees on Mission Beyond, and Mission Within, The Episcopal Church met for one joint session at each meeting of The Executive Council, hearing staff and department reports together and working on resolutions that bridge the normal areas of focus of our respective committees. This has been fruitful and rewarding work. Deputies, and other readers, are encouraged to read the summaries of the excellent work being accomplished by these areas of Mission Beyond The Episcopal Church in their respective Blue Book Reports. A summary of Mission Beyond's resolutions which were presented to and approved by the Executive Council follow:

JSC on Mission Beyond TEC: Summary Table of Resolutions

October, 2022, Phoenix, Arizona

MB001—Consent to Elections to the Board of Episcopal Relief and Development

MB002—On the Topic of War in Afghanistan and Afghan Refugees

February, 2023, San Francisco, California

MBMW001—Black History Month

MB003—Resolution on the Devastating Earthquake in Turkey and Syria

June, 2023, Providence, Rhode Island

MBMW002—Biodiversity

MB004—Receive a Proposal for Exchangeability of the Diaconate between The Episcopal Church and The Evangelical Lutheran Church in America

MB005—Encouraging The United Methodist Church

MB006—Consent to the Elections to the Board of Episcopal Relief and Development

MB007—Expressing Grave Concern over Legalized Homophobia in Uganda

MB008—Grant from China Trust to the Church of Our Savior

MBMW003—Courtesy Resolution for Bishop Andrew Asbil, liaison from The Anglican Church of Canada

## **CONCLUSIONS AND RECOMMENDATIONS**

The Executive Council's Joint Standing Committee on Mission Beyond The Episcopal Church, led by the Chair Mark Goodman, took care during a shortened term (the biennium) to focus on building relationships both within Mission Beyond and with members of the Joint Standing Committee on Mission Within The Episcopal Church. It is vital that, as world events present opportunities for The Executive Council to speak meaningfully on issues of justice, human rights, equality and dignity for all people, that our relationship provide a strong foundation for our work together. In the press for time that all on Executive Council experienced during this biennium, there was frustration at not having a longer time frame for our work, and Mission Beyond, as is true for each Joint Standing Committee, met that challenge with meaningful and essential actions. The Chair and members of Mission Beyond recommend that the practice continues of meeting jointly with Mission Within at each Executive Council meeting, as creative and energizing opportunities are created in that context.



# EXECUTIVE COUNCIL JOINT STANDING COMMITTEE ON MISSION WITHIN THE EPISCOPAL CHURCH

## Members

Dr. Sarah Stonesifer Boylan, Chair	Washington, III	2024
Canon Annette Buchanan, Vice Chair	New Jersey, II	2024
Ms. Betsy Ridge, Secretary	Massachusetts, I	2024
Mr. Thomas Chu	New York, II	2024
The Very Rev. M.E. Eccles	Chicago, V	2024
Sra. Blanca Echeverry	Colombia, IX	2024
The Rev. Angela Goodhouse	North Dakota, VI	2024
Mr. Joe McDaniel	Central Gulf Coast, IV	2024
Ms. Dianne Audrick Smith	Ohio, V	2024
Ms. Julia Ayala Harris, Ex Officio	Oklahoma, VII	
The Most Rev. Michael Curry, Ex Officio	North Carolina, IV	

## Changes in Membership

Ms. Samantha Clare left Executive Council in September 2023 due to a change in Provincial residence.

## Mandate

Evangelism, Church Planting, Congregational Redevelopment. Racial Justice and Reconciliation. Care of Creation and Environmental Stewardship. Formation and Education. Public Policy and Social Justice. Relevant Grants Review.

Executive Council Bylaws - Section 3.d

(d) There shall be a Joint Standing Committee on Mission Within The Episcopal Church which shall be responsible for reporting to the Council and the Society and recommending action on local, diocesan, provincial, and churchwide ministries authorized by General Convention and the Council, or other such matters assigned to it from time to time by the Council, or the Society, or the Chair of the Council.

## Summary of Work

Transparency was a main theme of this biennium's Joint Standing Committee on Mission Within The Episcopal Church. A secondary theme was the importance of strategic decision-making and discernment based on needed data and program evaluation. The final major theme was learning from the COVID-19 pandemic, a time of pivot, change, and adaptive leadership, and how that will impact the future church. During the meeting years of 2022-2024, Executive Council and, subsequently, the Joint Standing Committee met six times. This shortened span in-between General Conventions greatly impacted the momentum of this body. As of the writing of this report (December 2023), the Joint Standing Committee witnessed to and supported the major themes in:

- **D006: Resolution Establishing Equity in The Awarding of TEC Grants:** Each grant-giving body gathered data on the communities that will receive the monies and who they are attempting to reach. This data was reported to Mission Within along with other application information when the grant reviewers submitted the recommendations to Executive Council.
- **Endowed Gifts:** Mission Within considered transparency and clarity around the intent and distribution of endowed grants and granting processes. This effort was a continuum of the previous triennium's report on the General Convention-funded granting programs that was created in collaboration with all Joint Standing Committees.
- **Oversight:** Mission Within requested updates on the progress of the Constituting Group on the Episcopal Coalition for Racial Equity and Justice, the creation of the staff position for Gender Justice Ministries, Missioner for Asiamerica Ministries, and appointments associated with the work of investigating The Episcopal Church's involvement in Indigenous Boarding Schools. These requests continue the commitments given to the church from the 80th General Convention in Baltimore.
- **Strategic Future of the Church:** In our June 2023 meeting, all of Executive Council heard about the current data landscape as understood by transitions ministry numbers, annual parochial reports, and Church Pension Group ordination records and compensation information. Mission Within also heard from the Church Planting and Redevelopment officers how and what this unique group of church leaders have learned during and since the pandemic.
- **Becoming Beloved Community:** Within Executive Council's work, the Joint Standing Committee's efforts, grant reports, and staff presentations repeated the importance of striving to become a beloved community integrated into all aspects of ministry and leadership.
- **Learning from COVID:** In the staff reports, presentations, and committee members' sharing, there was a common understanding that we, as a church, needed to learn from the pandemic era pauses and shifts. The committee noted the program evaluation and staff realignment under future presiding bishops' tenures. There was an emphasis on the program evaluation of churchwide ministries that would then impact triennial budgetary requests.

- Collaboration with Interim and Grant-making Bodies: Mission Within worked with several other interim bodies and committees to disperse grants throughout the church. These included such bodies as the Task Force on Care of Creation and Environmental Racism, the Evangelism Grants Committee, the Task Force on Church Planting and Congregational Redevelopment, United Thank Offering, Roanridge Trust Grants, Constable Fund Grants, and Young Adult and Campus Ministry grants among others.

Some of our work included updating resolutions on hate crimes, forced adoptions, creation care and the environment. We were also enriched by the planning and evaluation of the “It’s All About Love” revival in July 2023, and we have been energized by the learnings from the church planters and new Episcopal communities gathered in the biennium. As is listed in the Mission Within mandate and purview, this Joint Standing Committee responds to the current and near-future needs of local, diocesan, provincial, and churchwide ministries. This critical and vital aspect of The Episcopal Church’s stewardship, staffing, and ongoing commitment is the heartbeat and Christ-centered future of our discipleship efforts and needed strategic vision.

# EXECUTIVE COUNCIL CONANT FUND GRANT REVIEW COMMITTEE

## Members

The Rev. Anne E. Kitch, Chair	Newark, II	2024
Ms. Diane Butler	Rio Grande, VII	2024
Ms. Samantha Clare	Arkansas, VII	2024
Karen Grane	Virginia, III	2024
The Rev. Trisha Thorme	New Jersey, II	2024
Ms. Julia Ayala Harris, Ex Officio	Oklahoma, VII	2024
The Most Rev. Michael Curry, Ex Officio	North Carolina, IV	2024
Mr. N. Kurt. Barnes, Treasurer	New York, II	2024
Ms. Ann Hercules, Staff		2024

## Changes in Membership

The Rev. Deacon Trisha Thorme was appointed in March of 2023

Ms. Diane Butler resigned from the committee in April of 2023

## Representation at General Convention

Deputies Anne Kitch and Trisha Thorme are authorized to receive non-substantive amendments to this Report at the General Convention

## Acknowledgements

The Committee would like to acknowledge Ann Hercules, Associate for Ministry Beyond the Episcopal Church, for her excellent work on behalf of the committee, applicants, and recipients.

## Mandate

The Executive Council Conant Fund Grant Review Committee is charged with receiving, reviewing and making recommendations for awards funded by Trust Fund 649, the William Schubael Conant Fund. Conant Grant funds are provided for the improvement of seminary-based theological education. Specifically, the grants are directed for the support of theologically academic research, textbook preparation, and course development undertaken by faculty members, normally during a sabbatical break, at the recognized Episcopal seminaries in the United States.

## Summary of Work

The Committee met via Zoom in 2023 on January 5, January 23, and February 21.

The Committee received 25 applications with total funding requests of \$276,453. The requested amount exceeded available funds by more than \$125,000. One application was ineligible as it came from a seminary outside of the United States.

The committee awarded 19 grants:

1. Sheryl Kujawa-Holbrook, Bloy House 5,933.00  
Dismantling White Christian Nationalism: A Christian Formation Perspective
2. Ruth Meyers, Church Divinity School of the Pacific 14,022.00  
Worship in Multiracial Congregations
3. Jennifer Snow, Church Divinity School of the Pacific 8,230.00  
Exploring Chinese Christianity
4. Richard Cogill, School of Theology, University of the South-Sewanee 14,298.00  
Leadership in the Public Square
5. James Tengtenga, School of Theology, University of the South-Sewanee 7,535.00  
Mission in Context: Inculturation in The Anglican Church in Malawi
6. Hilary Bogert-Winkler, School of Theology, University of the South-Sewanee 9,000.00  
"The Free National Church of Ireland": Responses to the 1647 Proscription of the Book of Common Prayer
7. Romulus Stefanut, School of Theology, University of the South-Sewanee 5,430.00  
Philo of Alexandria: Recent Reception and History of Effects
8. Andrew Thompson, School of Theology, University of the South-Sewanee 7,251.00

- The Tree at the End of the World: The Tree of Peace
9. Awa Jangha, Seminary of the Southwest 9,675.00  
An Exploration of Narratives for Use in Teaching and Advising
10. Claire Colombo, Seminary of the Southwest 8,750.00  
Theological Discourse in the Seminary Contexts of Gerard Manley Hopkins
11. Steve Bishop, Seminary of the Southwest 3,756.00  
Reception History of the Penitential Psalms
12. Robert Heaney, Virginia Theological Seminary 3,300.00  
Conflict in Modernities
13. Sharon Heaney, Virginia Theological Seminary 3,000.00  
In Conversation with Latino/a Theologies: On Ireland and on Women
14. Marty Wheeler Burnett, Virginia Theological Seminary 6,000.00  
Book Project: Shapers of The Hymnal 1982
15. John Yieh, Virginia Theological Seminary 15,000.00  
Biblical Interpretation in the Anglican/Episcopal Seminaries in Taiwan and in Japan
16. Ross Kane, Virginia Theological Seminary 4,500.00  
Building Public Scholarship on Christian Politics
17. John Knight, Virginia Theological Seminary 6,632.00  
Original Sin: Perspectives from New Research on Self-Deception
18. Rode Molla, Virginia Theological Seminary 2,600.00  
A Postcolonial Practical Theology of Children: Nurturing the Spirituality of Children and Families in the 21st Century
19. Melody Knowles, Virginia Theological Seminary 8,000.00  
Book: How to Read a Psalm

# EXECUTIVE COUNCIL CONSTABLE/ROANRIDGE FUND GRANT REVIEW COMMITTEE

## Members

The Very Rev. M.E. Eccles, Chair	Chicago, V	2024
Ms. Betsey Bell	Ohio, V	2024
Tom Brackett	Western North Carolina, IV	2024
Ms. Samantha Clare,	Arkansas, VII	2024
Ms. Margareth Crosnier de Bellaistre	New York, II	2024
Ms. Betsy Ridge	Massachusetts, I	2024
The Rev. Jemonde Taylor	North Carolina, IV	2024
Ms. Julia Ayala Harris, Ex Officio	Oklahoma, VII	2024
The Most Rev. Michael Curry, Ex Officio	North Carolina, IV	2024

## Acknowledgements

We would like to thank the Rev. Molly James for her hard work.

## Mandate

### **GAM 013 (2011) Constable Grant**

To broaden participation from the wider church in the application review process and get the Executive Council involved earlier in the process. Membership includes three members of the Executive Council Standing Committee on Local Ministry and Mission, a person from the General Convention Office, a person with broad grant experience, a person from the Finance Office and a staff person with program responsibility from the Mission Department at the Church Center. Chair and Vice Chair appoint.

### **Roanridge Grant**

HISTORY: The Cochel family originally gave a working farm in Missouri called Roanridge to the Episcopal Church to provide a unique setting in which Episcopal clergy, seminarians, and lay people could develop an understanding of farming operations and rural community structure. Through educational programs such as conferences, seminars, and institutes, the non-profit corporation that managed Roanridge sought to help Episcopal clergy and laity better serve communities in rural and small-town America. The farm was eventually sold and the Roanridge Trust was established.



## Summary of Work

In February 2023, the Episcopal Church Executive Council approved the awarding of seven Constable Fund grants and eight Roanridge Trust grants—totaling over \$487,000.

### **Constable Grant:**

The seven grants listed below total \$245,729.00. The distribution of the grants is subject to the full payment of the 2022 diocesan assessment or granted diocesan waiver.

Christ the King Center – Education and Training Initiative; (provide educational and training programs to assist parishes in their work and ministry, enhanced by filming, editing, and creating a web-based resource library for those unable to travel to the camp and conference center)

**Diocese of Albany, \$20,000.00**

The Philadelphia Eleven (provide funds to finish and release this feature length film that tells the story of the women ordained as priests in Philadelphia in 1974)

**Ecumenical and Interreligious Religious Relations (EIRR), \$45,000.00**

Tri-Faith Emerging Clergy Seminar; (Tri-Faith Initiative to provide courageous multi-faith conversations and collaborations among emerging religious leaders modeling the importance of interfaith relationships)

**Diocese of Nebraska, \$20,000.00**

Funding Assistance for Boys Home; (Develop Pilot Character Development Program for Youth throughout the Diocese and beyond)

**Diocese of Southwestern Virginia, \$20,000.00**

Trinity Spiritual Center; (continuing to create a new model of education geared toward “the fastest-growing segment of spiritual seekers in the US: nones”.)

**Trinity, Southport, \$45,000.00**

Creation of Libraries to Support Leadership Formation; (Bishop Kemper School for Ministry)

**Diocese of Western Kansas, \$5,729.00**

Diaconal Formation Pilot Process and Platform; (create an affordable, accessible, adaptable, and scalable online process for individuals to prepare for diaconal ministry and build a platform for sharing resources for use both before and after ordination to the diaconate)

**Province VIII, \$90,000.00**

## Roanridge Grant

The eight grants listed below total \$241,949.00. The distribution of the grants is subject to the full payment of the 2022 diocesan assessment or granted diocesan waiver.

Bilingual, Bicultural Youth, Young Adult, and Adult Formation and Evangelism (funds for St. John's Church in Bisbee, working with yoked congregation St. Stephen's Church in Douglas, to continue youth, young adult, and adult formation and education, with an emphasis on evangelism)

**Diocese of Arizona, \$7,400.00**

Connecting Rural Colorado to our Global Human Family (establish a Faith Formation program for adults of all ages in rural Colorado, paying particular attention to young adults who are increasingly feeling disenfranchised from religious institutions).

**Diocese of Colorado, \$45,000.00**

Constellation Ministry (strengthening the capacity and sustainability of local congregations by creating community and collaboration between lay leaders and clergy serving congregations that are in geographical constellations)

**Diocese of Vermont, \$44,170.00**

Community Dinner at The Playground (a new model of church called The Playground where community is gathered and formed at a play area and café on St. Stephen's land with a monthly Community Dinner to help seed the community)

**Diocese of Northern California, \$13,400.00**

Visitors Weekends (participants from dioceses around The Episcopal Church and beyond come to be immersed in an extended weekend of shared ministry ecclesiology, personal reflection, theological discussion, and strategic visioning)

**Diocese of Northern Michigan, \$28,500.00**

Stabilize and Grow (funds to mitigate bottleneck in processing routine payments, filing forms, etc. that fall under administrator position)

**Diocese of South Dakota, \$58,479.00**

Central Oahu Food Security Collaborative and Disaster Preparedness Collaborative (develop a 3-year program toward education, training, and organizing a Collaborative that would provide increased food security and disaster readiness for rural communities in central Oahu)

**St. Stephen's, Diocese of Hawai'i, \$20,000.00**

Revitalizing and Supporting Lay Preachers and Worship Leaders (In partnership with the dioceses of Bethlehem, Maryland, and Pittsburg, this grant will fund a curriculum review, cohort program development, facilitators, and underwriting costs to equip a new generation of lay leaders to gather our faith communities in prayer and worship)

**Stevenson School for Ministry, Diocese of Central Pennsylvania, \$25,000.00**

# EVANGELISM GRANT REVIEW COMMITTEE

## Members

Mr. Billy Boyce, <i>Co-Chair</i>	Massachusetts, I	2024
Ms. Samantha Clare, <i>Co-Chair</i>	Arkansas, VII	2024
Ms. Andrea Farley	Spokane, VIII	2024
Ms. GJ Gordy	Navajoland, VII	2024
The Right Rev. Craig Loya	Minnesota, Prov VI	2024
El Rvdo. Daniel Malfa	Columbia, IX	2024
The Rev. Grant Mansfield	Newark, II	2024
The Rev. Whitney Rice	Missouri, V	2024
The Rev. Timothy Seamans	California, VIII	2024
The Rev. Nelson Serrano	San Joaquin, VIII	2024
The Rev. Kelly Steele	Georgia, IV	2024
Ms. Cornelia Taylor	Southern Virginia, III	2024

## Representation at General Convention

Deputy Billy Boyce and Bishop Craig Loya are authorized to receive non-substantive amendments to this Report at the General Convention.

## Acknowledgements

The committee would like to acknowledge the support of Sarah Alphin, Associate for Church Planting and Evangelism, and Jerusalem Greer, Manager for Evangelism and Discipleship, for their excellent work on behalf of the committee, applicants, and recipients.

## Mandate

The Evangelism Grant Review Committee is responsible for implementing a small grants program to encourage local worshipping community and diocesan evangelism efforts.

## Summary of Work

The Committee met two times in 2023, May 25 and June 28, on zoom to establish a theme and timeline for the 2024 grant process. The chairs and staff hosted an informational webinar on August 28, 2023. As of the writing of this report the application is open and receiving grant submissions.

# SCHOLARSHIP GRANT COMMITTEE

## Members

The Rt. Rev. William Klusmeyer, <i>Chair</i>	West Virginia, III	2024
Mr. N. Kurt Barnes	New York, II	2024
The Rev. Dion Crider	Oklahoma, VII	2024
Ms. Margareth Crosnier de Bellaistre	New York, II	2024
Ms. Penny Grinage	Long Island, II	2024
The Rev. Dr. Deborah Jackson	Florida, IV	2024

## Changes in Membership

The Rt. Rev. William Klusmeyer, resigned effective November 1, 2023

## Mandate

### Scholarship Program

As a result of bequests, The Domestic and Foreign Missionary Society of the Protestant Episcopal Church (DFMS) makes available a modest number of scholarships that assist students primarily enrolled in theological education and specialized training. Funding for the program is derived from annual dividends of designated trust funds established by generous donors. Several other trusts benefit children of current and former missionaries.

Currently there are forty-three trust funds available for scholarships. The oldest scholarship trust fund, The Mary E. Hinman Fund, was established in 1879.

The program is administered by a Scholarship Committee composed of a Member of Executive Council, a member of the church at large, the Canon of the Presiding Bishop staff for Ministry within The Episcopal Church; the Director of Human Resources; and representatives from various ministries at The Episcopal Church and the Treasurer's Office. The Scholarship Committee meets once a year in the spring to review applications and award scholarships.

Prior to the Scholarship Committee meeting, Sub Committees meet and make their respective selections. Sub Committees consist of the missioner and other selected people for each ministry involved (e.g., Black, Asian, Native American and other).

## Summary of Work

The Episcopal Church awards scholarships of up to \$10,000 for educational purposes to a variety of constituents within the broader Episcopal community. The scholarships are derived from annual income of designated trust funds established by generous donors through bequests to The Episcopal Church.

The program is administered by a Scholarship Committee composed of a member of Executive Council, a member of the church at large, the Canon to the Presiding Bishop for Ministry within The Episcopal Church, the Director of Human Resources, and representatives from various ministries at The Episcopal Church and the Treasurer's Office. Prior to the Scholarship Committee meeting each spring, Sub-Committees meet and make their respective recommendations. The Scholarship Committee reviews applications and approves award recommendations.

Some of the scholarships support students enrolled in theological education and training. Other scholarships are available for educational training for ethnic communities, children of missionaries, bishops and clergy, and other groups, covering a wide range of eligibility. Currently there are forty-three trust funds available for scholarships. The oldest scholarship trust fund, The Mary E. Hinman Fund, was established in 1879.

During the 2021-2022 academic year, awards totaling \$310,755 were made to 111 students; during the 2022--2023 academic year, awards totaling \$388,071 were made to 131 students; and during the 2023-2024 academic year, awards totaling \$390,216 have been awarded to 131 students.

# ADVISORY GROUP ON CHURCH PLANTING AND REVITALIZATION

## Membership

The Rt. Rev. Frank S. Logue, Chair	Georgia, IV	2024
Canon Katie Forsyth, Sub-Committee Chair	Eastern and Western Michigan V	2024
The Rev. Eric Metoyer, Sub-Committee Chair	California VIII	2024
Mr. James Dowd	Nebraska VI	2024
The Rev. Canon Jane Gerdson	Southern Ohio V	2024
The Rev. Adrienne Hymes	Southwest Florida IV	2024
The Rt. Rev. Deon Johnson	Missouri V	2024
The Rev. Gray Lesesne	Indianapolis V	2024
The Rev. Alex Montes Vela	Texas VII	2024
The Rev. Hunter Ruffin	Arizona VIII	2024
The Rev. Clive Samson	Missouri V	2024
The Rev. Canon Joann Saylor	Texas VII	2024
The Most Rev. Michael Curry, Ex Officio	North Carolina IV	
President Julia Ayala Harris, Ex Officio	Oklahoma VII	

## Acknowledgements

We express our deep gratitude to the Revs. Tom Brackett, Katie Nakamura Rengers, Samuel Borbon and Anthony Guillen from the Episcopal Church Center, and consultant Mr. Steve Matthews for their collaboration and mutual ministry with us over the biennium.

## Mandate

### 2022 - A095

*Resolved*, That the 80th General Convention and the Episcopal Church celebrates and supports the planting of new congregations and ministries, the training and recruiting of planters and mission developers, and the fostering of a church-wide network of support for new ministry development that was originally funded by GC2018-A005 and GC2018-A032; and be it further

*Resolved*, That the Church continues to prioritize establishing new Episcopal communities and strengthening existing ones that are especially committed to mission and evangelism engaging people historically underserved and/or under-represented by the Church, for example, people of color, immigrants and refugees, youth, young adults, people who are gay, lesbian, bisexual or transgender (LGBTQI+), gender non-conforming people, people living in poverty, people with disabilities and/or all others who are disenfranchised from the Church; and be it further

*Resolved*, That the budget for sustaining this new ministry development will be \$5,800,000.00 for 2022-2024 to be allocated as follows:

- \$200,000 to identify and support existing programs to train clergy and lay leaders in planting congregations
- \$600,000 to provide mentorship/coaching/training for planters of congregations
- \$1,000,000 for the continuing development and implementation of a program to train bilingual/bi-cultural lay and ordained leaders in church planting for various cultural contexts
- \$500,000 to support a church-wide office staff person to oversee the planting network.
- \$3,000,000 for grants to new and existing church plants, to be administered by the Task Force for Church Planting in consultation with the Churchwide Office Staff Officer for church planting.
- \$500,000 for the support of leadership development programs for the next generation of church planters and ministry developers;

And be it further

*Resolved*, That the Convention urges The Episcopal Church Development Office establish an advisory group to study the possibility of creating an endowment for church plants and evangelism; and be it further

*Resolved*, That Dioceses receiving money for planting new congregations under this program will be required to contribute significant, resource appropriate, and local funding to support the costs of any new plants; and be it further

*Resolved*, That the bishop or a diocesan advocate representing any diocese receiving funds shall take part in a cohort of church planting dioceses engaged in church planting and evangelism to share best practices and methods of supporting mission developers. Those dioceses not receiving grant funds are also invited to participate in the diocesan cohort; and be it further



*Resolved*, That this Convention embrace the future of our Church by, after this Triennia, moving the funding for a church-wide office staff-person to oversee the planting network (Staff Officer for Church Planting) into the continuing budget for the Presiding Bishop's staff; and be it further

*Resolved*, That the General Convention request Joint Standing Committee on Program, Budget and Finance consider a budget allocation of \$5,800,000 for the implementation of this resolution.

## **2022 - A096**

*Resolved*, That the 80th General Convention and the Episcopal Church celebrates and actively supports the revitalization of congregations, seeking not to restore past glories, but to move into the new callings of our loving, liberating, life-giving God; and be it further

*Resolved*, That the Church continues to prioritize the revitalization of congregations and a church-wide network of support for congregational revitalization work that was initiated by GC2018-A032; and be it further

*Resolved*, That the Presiding Bishop and President of the House of Deputies establish an advisory group of not more than twelve (12) people, consisting of those with experience in revitalizing congregations, diocesan oversight of such work, working with evangelism and mission, to carry out provisions of this resolution, including making recommendations to Executive Council about grants to be awarded, helping to identify potential revitalizers, and developing a network of coaches, and working with staff on training church revitalizers; and be it further

*Resolved*, That in the revitalization of congregations, the Church continues to prioritize commitment to mission and evangelism engaging people historically underserved and/or under-represented by the Church, for example, people of color, immigrants and refugees, youth, young adults, people who are gay, lesbian, bisexual or transgender (LGBTQI+), gender non-conforming people, people living in poverty, people with disabilities and/or all others who are disenfranchised from the Church; and be it further; and be it further

*Resolved*, That the budget for development of sustainable congregational revitalization throughout the Church will be \$2,000,000 for 2022-2024 to be allocated as follows:

- \$100,000 to engage Bishops and the diocesan representative(s) they appoint in development of a framework for congregational revitalization, identifying roadblocks that regularly thwart this work and identifying resources that are proven to enhance this work;
- \$100,000 to engage clergy and lay leaders in gleaning learnings from congregational revitalization that they have successfully done and/or they have failed in attempts to do, identifying roadblocks that have thwarted their work and identifying resources that have enhanced their work;
- \$100,000 for translation services and to facilitate participation of Spanish-speaking lay and ordained leaders in training for congregational revitalization;
- \$200,000 for further development of five-phase congregational redevelopment strategy - (1) diagnosing/assessing resources and challenges, (2) discerning next calling, (3) connecting

with local and diocesan partners, (4) iterating and continued resourcing, and (5) evaluating, refining and sustaining

- \$1,000,000 to support a team of local and regional church-wide office staff to oversee the work; and
- \$500,000 to provide mentorship/coaching/training for lay and ordained leaders in revitalization of their congregations.

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 \$2,000,000 for the implementation of this resolution.

## Summary of Work

The 80<sup>th</sup> General Convention created an Advisory Group on Congregational Revitalization as approved by Resolution 2018-A096, but did not provide a Task Group to oversee the grants funded through Resolution 2018-A095. The members of the Advisory Group offered to oversee the New Episcopal Communities grants program and adopted the name Advisory Group on Church Planting and Revitalization with the approval of the General Convention Office and notification to the Executive Council. The Advisory Group met once in person in Linthicum Heights, Maryland, and frequently on Zoom as needed to complete our work.

Our primary tasks in this biennium were:

- making recommendations to Executive Council about New Episcopal Community grants to be awarded,
- continuing to identify potential planters and revitalizers, and supporting the existing network of coaches,
- working with staff on training church planters and revitalizers,
- and reviewing the results of previous grants to assess our effectiveness in starting and supporting New Episcopal Communities.

In doing this work prayerfully, we kept before us the important charge in Resolution 2018-A096, “in the revitalization of congregations, the Church continues to prioritize commitment to mission and evangelism engaging people historically underserved and/or under-represented by the Church, for example, people of color, immigrants and refugees, youth, young adults, people who are gay, lesbian, bisexual or transgender (LGBTQI+), gender non-conforming people, people living in poverty, people with disabilities and/or all others who are disenfranchised from the Church.” This was in keeping with Resolution 2018-D005 Establishing Equity in the Awarding of TEC Grants.

The grants program was completed prior to this Blue Book report. The work of review and assessment continued with a plan to publish the findings to the Church through church media and social media prior to the 81<sup>st</sup> General Convention.

## New Episcopal Communities

Our Advisory Group’s top priority was to get out a call for New Episcopal Community Grants in two cycles timed so our recommendations could be sent to the Executive Council for their approval in funding these initiatives. The first task was to propose to the Executive Council a budget for the biennium given that the work authorized by 2018-A095 had a proposed budget of \$5.8 million, but the General Convention approved only \$1,026,000 for 2023-2024 for these budget line items within \$666,000 in the carry over budget for 2022.

The Advisory Group notified the Executive Council that the full \$5.8 million provided for in the resolution would have been less than needed to have the transformational impact on our church that is possible. But, given the constraints of the budget, the Advisory Group worked with Episcopal Church Center staff to set amounts below for grants and the ongoing support needed to continue the existing church wide network of support for new ministry developers while expanding our mission and evangelism to engage people historically underserved and/or under-represented by the Church.

The Advisory Group established a budget allocating the following to the goals of 2018-A095:

- \$70,000 for two church-wide Genesis Gatherings,
- \$20,000 for coach cohorts,
- \$2,000 for coaching for discernment grants,
- \$20,000 to either send Latino and other bilingual leaders to training offered by another denomination or hire a consultant to help design and implement leadership discernment and training in these contexts, and
- \$914,000 for grants in up to three grant cycles timed for approval in Executive Council meetings in 2023 and the first in 2024.

The Advisory Group knew more grants were likely for the first and second cycle with few in early 2024. We received so many good applications that we approved grants expending all funds in two grant cycles with deadlines for applications on May 1 and August 1, 2023. The available funds for grants submitted for the August 1 deadline were far short of what was needed for qualified applications. The Advisory Group reduced the amounts of the most grants in this cycle from the maximum, so that an excellent grant application for \$30,000 might receive \$15,000 or \$20,000. In making these decisions, the Advisory Group members prioritized funding for communities specifically gathering people of color and LGBTQ+ persons.

In support of our call for grant applications, the Group revisited our understanding that New Episcopal Communities (NECs) are:

**New:** Distinct and different from existing churches and institutions: NECs are not programs of existing churches or dioceses or restarts. NECs have entrepreneurial leadership, a pioneering and creative spirit and seek to bring into being a ministry that was not there before.

**Episcopal:** Grounded in the faith, doctrine and discipline of the Episcopal church: NECs are clearly, distinctly and overtly Christian in character, approach and identity. NECs operate out of and give opportunities to know Jesus' love. While not all will start out holding weekly or traditional worship services, they are growing toward a regular rhythm of prayer, spiritual formation and celebration of God's love in their midst. NECs are under the oversight of the Bishop and are in relationship with other

parishes and entities of their diocese. They reflect the mission of their diocese and the Episcopal Church.

**Community:** Designed to be a place of encouragement, care and accountability: NECs commit themselves to love one another in relationships of mutual care and accountability. Patterned after the life and teachings of Jesus, NECs seek to help people grow in faith and life. NECs are committed to long-term growth and sustainability. While not all will be able to become sustainable from the communities they serve, NECs intend to grow in leadership and financial support with proper stewardship, development, facilities and accounting. They have and communicate an external invitation to the wider neighborhood and the world.

With this clear definition for an NEC, we continued the plan from 2018-2022 using a system of progressively larger grants that may be awarded over time if targets are met. In addition to finding, we offer a relationship of ongoing support, mentoring, and connectivity with our grantees. The progressive larger grants are:

- **Discernment Grants:** Up to \$5,000 to fund the discernment season of a New Episcopal Community. Funds may be used for sending the potential point leader to a gifts assessment retreat, coaching, training, demographic studies, micro-experiments, visits to similar types of ministries, and more.
- **Seed Grants:** Up to \$30,000 to fund the initial stages of a New Episcopal Community's launch. A seed grant recipient is typically in the first and/or second year of its life cycle. A seed grant application has a strong and realistic ministry plan, the beginnings of a core team, and support from its local diocese.
- **Growth Grants:** Up to \$30,000 to help fund approximately the second and third years of a New Episcopal Community.
- **Harvest Grants:** Up to \$40,000 to help fund the later stages of a New Episcopal Community's launch (approximately years three to six).

**Discipleship and Worship:** In creating the grant applications and in the call for grants, we emphasized a key learning from the last triennium that discipleship and worship are essential elements of New Episcopal Communities. This comes from experience of the last decade showing that the most vibrant New Episcopal Communities are ones who have a deep sense of missional identity which, as followers of Christ, will involve discipleship and/or worship. This is not to say that discipleship and worship have to follow traditional models. In many cases New Episcopal Communities are finding ways of embodying the way of Jesus that are unique to their own context. Yet, these elements are essential to thriving new communities.

**Bi-Cultural and Multi-Cultural Ministry:** We struggled as we found ourselves rejecting proposals that supported new bi-cultural and multi-cultural ministries as this needed work falls outside support offered by the resolution for New Episcopal Communities. The issue was most acute in fostering Latino

engagement as this work happens best in existing buildings with the existing congregation. This is work the Advisory Group wanted to support and knows the church wants to happen based on 2018-D005. Yet these new ministries do not meet the objectives set out in Resolution 2018-A095 or similar resolution in 2012, 2015, and 2018. This work is one type of revitalization, yet also falls well outside the scope of 2018-A096. During our in-person meeting in Maryland, we brought Episcopal Church Center staff member the Rev. Samuel Borbon in on Zoom. He was helpfully clear that best practice is for the Latinos who come to the church to become a part of the existing congregation and so they don't look like the expectations of a new community. With the support of the Mission Within the Episcopal Church Committee of Executive Council, we petitioned Council to approve a small amount of funds with grant language that would support approving grants to new multi-cultural ministries. The Executive Council allocated \$75,000 from another area of the same part of the church wide budget to this purpose. Those additional grants are reported above.

As of October 1, 2023, we have considered 51 applications for granting and support of New Episcopal Communities over the biennium. These resulted in our granting:

- 6 Discernment grants, totaling \$30,000.00
- 12 Seed grants, totaling \$255,000.00
- 4 Growth grants, totaling \$75,000.00
- 11 Harvest grants, totaling \$285,000.00

Our 38 grantees represent 24 dioceses of the Episcopal Church. In both grant cycles, more than 70% of the New Episcopal communities we supported fulfill the General Convention's mandate of ministry with underrepresented groups, including youth and young adults, differently abled persons, people identifying as members of LGBTQIA communities, people of color, poor and working-class people, people with a high school diploma or less, and/or people with little or no church background or involvement.

## **The Genesis Gathering 2023**

In October, 2023 we gathered over 85 leaders at St. Mary's, Koreatown Los Angeles, including grant recipients, seasoned New Episcopal Community leaders, lay and ordained congregational redevelopers, and coaches. The week consisted of shared worship, workshops, learning journeys and a keynote speaker. This was by far the most diverse and vibrant Genesis Gathering we have hosted and was a window into the work of the last two triennia in terms of prioritizing leaders and communities that are historically underrepresented in The Episcopal Church.

## **Congregational Revitalization**

The Advisory Group also oversaw the General Convention's mandate to create a church wide Community of Practice that works with existing congregations and their bishops to help them

redevelop to better engage the cultural realities of their communities for the sake of launching new ministries and multi-cultural missional initiatives. In 2022 - 2024 five (5) church redevelopment grants totaling \$89,150.00 were distributed to four dioceses.

The initiative started in 2018-2022, Genesis II: Re-Vision and Renew, continued in this biennium. This innovative ministry redevelopment initiative strengthens parishes for the challenging, yet exciting, work of launching new ministries in their neighborhoods. Genesis II has a particular focus on the practice of building relationships with fellow parishioners and with our wider community as through these relationships a congregation will discover the ways God is active in and around our congregations. We offered the following support:

- **Second Tuesdays at 2** - these were monthly conversations and an experimental redevelopment lab available to leaders across the church – lay and clergy. Designed as an entryway for interested leaders, the conversations required no ongoing commitment to participate. Those attending learned more about opportunities that invite a deeper dive into “Re-visioning and Renewing” for the sake of launching new ministries.
- **Coaching Cohorts** - Core teams of 4-5 lay leaders from five congregations came together twice-monthly on Zoom for 90-minute sessions under the leadership of a coach trained in group coaching and experienced in church leadership. The commitment was six months with the \$900 shared equally by the congregation, the diocese, and the funds set aside by GC2018. In these groups, leaders articulate their mission, map their assets, partner with their neighbors, risk new things, evaluate their progress, hone their practice, and continue this cycle.
- **Practicing Communities** - comprised of five or more congregations from within a diocese (already engaged in redevelopment). These met together online twice a month to learn skills, collaborate as a cohort, and innovate new ways of being church today. The participants were given support by committed members of a Wisdom Community of mentors and coaches who brought their experience of redevelopment for the sake of new ministries to the bi-monthly meetings of participants.

## Proposed resolutions

### **A045 Celebrate and Support the Planting of New Episcopal Worshiping Communities**

*Resolved*, That the 81st General Convention and the Episcopal Church continues churchwide support for the planting of new worshiping communities, the training and recruiting of church planters, and the fostering of a church-wide network of support for new missional development that was originally funded by GC2018-A005, GC2018-A032, and GC2018-A095; and be it further

*Resolved*, That the Church continues to prioritize establishing New Episcopal Worshiping Communities that are especially committed to mission and evangelism engaging under-represented groups, including youth and young adults, disabled persons, members of LGBTQIA communities, BIPOC communities, poor and working-class people, people with a high-school diploma or less, and/or people with little or no church background or involvement; and be it further

*Resolved*, That the budget for sustaining this new ministry development will be \$1,692,000.00 for 2025-2027 to be allocated as follows:

- \$92,000.00 to identify and support existing programs to train clergy and lay leaders in planting congregations,
- \$200,000.00 to provide mentorship/coaching/training for planters of congregations,
- \$100,000.00 for the continuing development and implementation of a program to train bilingual/bi-cultural lay and ordained leaders in church planting for various cultural contexts,
- \$1,300,000.00 for grants to new and existing church plants, to be administered by the Advisory Group on Church Planting and Revitalization in consultation with the Churchwide Office Staff Officer for church planting; And be it further

*Resolved*, That the Convention urges The Episcopal Church Development Office establish an advisory group to study the possibility of creating an endowment for church plants; and be it further

*Resolved*, That Dioceses receiving money for planting new congregations under this program will be required to contribute significant, resource appropriate, and local funding to support the costs of any new plants; and be it further

*Resolved*, That the bishop or a diocesan advocate representing any diocese receiving funds shall take part in a cohort of church planting dioceses to share best practices and methods of supporting mission developers. Those dioceses not receiving grant funds are also invited to participate in the diocesan cohort; and be it further



*Resolved*, That the Presiding Bishop and President of the House of Deputies establish an Advisory Group on Church Planting and Revitalization of not more than twelve (12) people, consisting of those with experience in revitalizing congregations, diocesan oversight of such work, working with evangelism and mission, to carry out provisions of this resolution, including making recommendations to Executive Council about grants to be awarded, helping to identify potential revitalizers, and developing a network of coaches, and working with staff on training church revitalizers; and be it further

*Resolved*, That this Convention embrace the future of our Church by, after this Triennium, moving the funding for a church-wide office staff-person to oversee the planting network (Staff Officer for Church Planting) into the continuing budget for the Presiding Bishop's staff; and be it further

*Resolved*, That the Joint Budget Committee of Executive Council consider a budget allocation of \$1,692,000.00 for the implementation of this resolution.

## **A046 Support Starting New Bi-Cultural and Multi-Cultural Ministries**

*Resolved*, That the 81st General Convention and the Episcopal Church celebrates and actively supports the work of our missionaries for Ethnic Ministries and the vital work they are doing to support bi-cultural and multicultural ministries; and be it further

*Resolved*, that in support of these new ministries taking place in existing congregations with partnership and support from that congregation where possible, the Church continues to follow the best practices identified by the Ethnic Ministry offices even as we continue to learn based on our experience and the work of our ecumenical partners; and be it further

*Resolved*, that the budget for development of sustainable congregational revitalization throughout the Church will be \$500,000 for 2024-2027 to be allocated as follows:

- \$350,000 for bi-cultural and multi-cultural ministry grants for that will include ministries in existing congregations with partnership and support from that congregation where possible, to be administered by the Advisory Group on Church Planting and Revitalization in consultation with the Churchwide Office Staff Officer for church planting. .
- \$100,000 to provide in support of churchwide gatherings for lay and ordained leaders doing this bi-cultural and multi-cultural ministry in their dioceses, and
- \$50,000 to provide mentorship/coaching/training for lay and ordained leaders engaged in bi-cultural and multi-cultural ministry.

*Resolved*, That the Presiding Bishop and President of the House of Deputies establish an Advisory Group on Church Planting and Revitalization of not more than twelve (12) people, consisting of those with experience in revitalizing congregations, diocesan oversight of such work, working with evangelism and mission, to carry out provisions of this resolution, including making recommendations to Executive Council about grants to be awarded, helping to identify potential revitalizers, and developing a network of coaches, and working with staff on training church revitalizers; and be it further

*Resolved*, That the Joint Budget Committee of Executive Council consider a budget allocation of \$500,000 for the implementation of this resolution.

### **A044 Develop Sustainable Congregational Revitalization Ministries**

*Resolved*, That the 81<sup>st</sup> General Convention and the Episcopal Church celebrates and actively supports the revitalization of congregations, seeking not to restore past glories, but to move into the new callings of our loving, liberating, life-giving God; and be it further

*Resolved*, That the Church continues to prioritize the revitalization of congregations and a churchwide network of support for congregational revitalization work that was initiated by GC2018-A032; and be it further

*Resolved*, that in the revitalization of congregations, the Church continues to prioritize commitment to mission and evangelism engaging under-represented groups, including youth and young adults, disabled persons, members of LGBTQIA communities, BIPOC communities, poor and working-class people, people with a high-school diploma or less, and/or people with little or no church background or involvement; and be it further

*Resolved*, that the budget for development of sustainable congregational revitalization throughout the Church will be \$500,000 for 2024-2027 to be allocated as follows:

- \$100,000.00 to engage Bishops and the diocesan representative(s) they appoint in development of a framework for congregational revitalization, identifying roadblocks that regularly thwart this work and identifying resources that are proven to enhance this work;
- \$75,000.00 to engage clergy and lay leaders in gleaning learnings from congregational revitalization that they have successfully done and/or they have failed in attempts to do, identifying roadblocks that have thwarted their work and identifying resources that have enhanced their work;

- \$75,000.00 for translation services and to facilitate participation of Spanish-speaking lay and ordained leaders in training for congregational revitalization;
- \$75,000.00 for further development of five-phase congregational redevelopment strategy - (1) diagnosing/assessing resources and challenges, (2) discerning next calling, (3) connecting with local and diocesan partners, (4) iterating and continued resourcing, and (5) evaluating, refining and sustaining
- \$150,000.00 to support a team of local and regional church-wide office staff to oversee the work; and
- \$25,000.00 to provide mentorship/coaching/training for lay and ordained leaders in revitalization of their congregations;

And be it further

*Resolved*, That the Presiding Bishop and President of the House of Deputies establish an Advisory Group on Church Planting and Revitalization of not more than twelve (12) people, consisting of those with experience in revitalizing congregations, diocesan oversight of such work, working with evangelism and mission, to carry out provisions of this resolution, including making recommendations to Executive Council about grants to be awarded, helping to identify potential revitalizers, and developing a network of coaches, and working with staff on training church revitalizers; and be it further

*Resolved*, that the Joint Budget Committee of Executive Council consider a budget allocation of \$500,000.00 for the implementation of this resolution.

## Continuance recommendation

We have accomplished several important tasks in the past decade, despite uneven support through the church wide budget, including the creation of an ongoing network of church planters, coaches, and Advisory Group members. We also developed an updated granting application process, a system for reviewing grants, and made recommendations to Executive Council on behalf of grantees. We recognize the focus of our grants continue to support New Episcopal Communities that include public worship as a component of their ministry, a component which provides community resiliency; this can be an ongoing conversation in the future. Given that the Advisory Group has had a far reaching and influential impact in implementing the terms of the resolutions, we recommend that some current members of the Advisory Group be seriously considered for future appointments to future task forces or advisory groups. We have experienced essential positive impact from members who had previous experience with this work. If it is possible, retaining eligible Advisory Group members in the new triennium will help this work continue and to do so in a timely fashion. Without the experience of members of the previous iteration of this group, we would not have been able to get the grant process underway as soon or to consider applications as effectively.

# ASSESSMENT REVIEW COMMITTEE

## Members

The Rev. Nancy Koonce, Chair	Idaho, VIII	2024
The Rev. Patty Downing	Delaware, III	2024
The Rt. Rev. Michael C. B. Hunn	Rio Grande, VII	2024
The Rt. Rev. Mark Lattime	Alaska, VIII	2024
The Rt. Rev. Jose' McLoughlin	Western North Carolina, IV	2024
Ms. Holli Powell Sturm	Lexington, IV	2024
The Rt. Rev. Gregory H. Rickel	Olympia, VIII	2024
Canon Rosalie S. Ballentine, Esq.	the Virgin Islands, II	2024
Ms. Julia Ayala Harris, Ex Officio	Oklahoma, VII	
The Most Rev. Michael Bruce Curry, Ex Officio	North Carolina, IV	
Mr. N. Kurt Barnes, Treasurer	New York, II	
Mrs. Nancy Caparulo, Staff	Newark, II	

## Acknowledgements

We would like to thank Mr. N. Kurt Barnes, Treasurer, for the assistance he has given in providing the needed information and explanations necessary for this Committee to operate effectively.

We would also like to thank Nancy Caparulo for her excellent and timely minutes.

## Mandate

2015-FFM 074 Create Diocesan Assessment Review Committee

The following is a true copy of a Resolution adopted by the Executive Council at its meeting from January 9-11, 2015 at which a quorum was present and voting.

*Resolved*, That Executive Council, meeting in Linthicum Heights from January 9-11, 2015, approve the creation of a Diocesan Assessment Review Committee, under the oversight of the Joint Standing Committee Finances For Mission (FFM), to work with dioceses that do not commit to pay their full assessment to The Episcopal Church in any year, to talk with diocesan leaders about the reasons for not paying the full amount, including reviewing diocesan financial statements, and to encourage and work with such dioceses to create a plan for reaching the full assessment amount; and be it further

*Resolved*, That the Presiding Bishop and the President of the House of Deputies shall appoint the members of the Committee; and be it further

*Resolved*, That the Diocesan Assessment Review Committee have the authority to recommend that Executive Council grant a full or partial Waiver of Assessment to any diocese, allowing it to pay a lower assessment amount than levied in The Episcopal Church's budget, based on financial hardship, an appropriate plan for reaching the full assessment over time, or other factors; and be it further

*Resolved*, That Executive Council has the authority to consider the Diocesan Assessment Review Committee's recommendations and determine whether a Waiver of Assessment shall be granted; and be it further

*Resolved*, That any diocese that does not plan to pay its full assessment amount, and has not received a Waiver of Assessment be asked to account in writing to Executive Council and the wider church for that choice; and be it further

*Resolved*, That a diocese that does not pay its full assessment in any year, and has not received a Waiver of Assessment, shall not be eligible to receive any grants or loans from the Domestic and Foreign Missionary Society.

FFM is responsible for further practical details/refinement at the March meeting.

## Summary of Work

The Assessment Review Committee met once by ZOOM since the last General Convention through August 31, 2023.

On January 1, 2019, assessments of dioceses to support the Episcopal Church budget became mandatory. The Assessment Review Committee began in the fall of 2016 to develop and publicize to the church the process for applications for assessment waivers. The first waivers were granted in October 2018 for the 2019 assessment year. Dioceses failing to commit to or pay their 2019 assessment were ineligible for DFMS grants or loans in 2020.

Waiver applications were posted on the finance Office webpage and the application process is completely on-line. An application, statement of financial hardship, current budget, diocesan report, and audit are required from each applicant. Executive Council adjusted deadlines between 2017 and 2020 as dioceses became familiar with the process. Beginning in 2021 and moving forward, the deadline for regular applications will be January 31 of the assessment year. Dioceses may apply anytime when beset by unforeseen financial hardship. Dioceses are ineligible for grants and loans in the year following a year when no waiver was granted or their payment of assessment was below the assessment total.

The goal of the committee was to build relationships with dioceses facing financial hardship by understanding their ministries and hearing stories of challenges and successes and to help develop financial security by focusing on partnership vs. punishment. In addition, the goal of General Convention in reducing the assessment over time was to make it possible for more dioceses to participate fully in the life of the Episcopal Church. The following chart shows the increased diocesan participation as the assessment percentage decreased and waivers became available:

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023 as of 8/31/23
<b>Asking/Assessment Percentage</b>	19%	18%	16.50%	15%	15%	15%	15%	15%	15%
<b># Dioceses at Full Asking</b>	47	56	61	74	88	90	96	93	103
<b># Diocese with Waiver</b>	-	-	-	-	15	15	11	3	2

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<b># Diocese not in Compliance</b>	63	54	49	36	7	6	4	15	6
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The work of the Committee has clearly been successful as shown by the chart above.

No funds were expended by this Committee to do its work.

Since the waiver process is required by canon, The Assessment Review Committee should continue in the next triennium.

The Rev. Dcn. Nancy Wonderlich Koonce

Assessment Review Committee, Chair

# EXECUTIVE COUNCIL COMMITTEE FOR INDIGENOUS BOARDING SCHOOLS AND ADVOCACY

## Members

Dr. Carter "Blue" Clark, Convener	Oklahoma, VII	2027
Ms. Sarah Augustine, Member		2027
Vance Blackfox, Member		2027
Ms. Tracy Dallenbach, Member	Minnesota, VI	2027
The Rt. Rev. Jonathan Folts, Member	South Dakota, VI	2027
Ms. Carmine C. Goodhouse, Member	North Dakota, VI	2027
Ms. Ashley Hubbard, Member	Navajoland Area Mission, VIII	2027
Roth Puahala, Member	Hawaii, VIII	2027
Bobby Saunkeah, Member	Oklahoma, VII	2027
Mr. Newland F. Smith III, Member	Chicago, V	2027
The Rev. Rachel Taber-Hamilton, Member	Olympia, VIII	2027
Ms. Leora Tadgerson, Member	Northern Michigan, V	2027
Ms. Julia Ayala Harris, Presiding Officer	Oklahoma, VII	
The Most Rev. Michael Bruce Curry, Presiding Officer	North Carolina, IV	
The Rev. Dr. Bradley S. Hauff, Staff	Pennsylvania, III	

## Mandate

*Resolved*, that on lands that were tended by the Taíno peoples, taken from them and renamed San Juan, Puerto Rico, the Executive Council of The Episcopal Church, meeting on April 20-23, 2022, acknowledges and mourns the devastation caused by Indigenous Boarding Schools during the 19th and 20th centuries and commits to investigate and tell whatever is true about The Episcopal Church’s involvement with these schools. Previous silence on this topic does not condone the cultural and religious genocide that occurred at these schools across the United States. To fully grapple with its history and any relationship it has to these atrocities, The Episcopal Church must bring together its stories, experiences, records, and documents, to its archives. The legacy of these schools must be acknowledged, understood, and learned from so that we can come to a full understanding of The Episcopal Church’s involvement and the schools’ religious and cultural impact. Even while the full story of the Indigenous Boarding Schools and their relationship to The Episcopal Church is as yet not clearly known, Executive Council recognizes and deeply regrets the hurt carried by Indigenous Episcopalians and grieves the ongoing legacies of these schools; and be it further

*Resolved*, that The Executive Council of The Episcopal Church grieves the unequal treatment Indigenous and Native Peoples have received when they have suffered harms that deserve attention and redress, and expresses its solidarity with the Indigenous and Native Peoples of the world and supports the rights of Indigenous and Native Peoples to equal treatment; and be it further *Resolved* that Executive Council create an Executive Council Committee for Indigenous Boarding



Schools and Advocacy as a Committee of Executive Council, charged with guiding and overseeing three initiatives:

- (1) the gathering of historical information about Indigenous Boarding Schools that had any relationship to The Episcopal Church, including information revealing the nature and extent of that relationship (the Gathering Initiative),
- (2) the curation of the gathered information in a collection, housed in the Archives of The Episcopal Church, that will tell the story of the Schools' relationship to the Church and their impacts on Indigenous Episcopalians, even until today (the Story Initiative), taking care to interweave the stories of Episcopal Indigenous boarding schools with the ongoing Native oppression and white supremacy, and
- (3) the development and implementation of a plan for gathering information and hearing stories about the varieties of ways that Indigenous and Native peoples are subjected to unequal treatment by the federal government, state governments, and other authorities, including information provided by the ongoing investigation by the U.S. Department of the Interior, and, in conjunction, the development of proposals for advocacy and other action responding to the issues identified (the Advocacy Initiative). The Advocacy Initiative shall include in its focus, but not be limited to, information and stories about missing and murdered Indigenous women, girls, and two-spirits whose deaths have not been investigated by authorities, as well as the lack of reporting and collecting of statistics on missing and murdered Native and Indigenous women, girls, and two-spirits; and be it further

*Resolved*, that in carrying out the Gathering Initiative and the Story Initiative, the Committee shall nominate to the Executive Committee of Executive Council (ECEC) one or more independent historians and other experts not connected to The Episcopal Church who, with the consent of the ECEC, shall be engaged to gather information, including by reviewing information contained in the Church's Archives and those of other Episcopal and non-Episcopal institutions, as well as by directly collecting and preserving the oral histories of Indigenous Episcopalian survivors and their families. In connection with any such nomination, the Committee shall also propose the scope of the anticipated work of the person nominated, which also shall be subject to the consent of the ECEC. Following engagement, the Committee shall make regular reports to the Executive Council on the progress of the work of any particular expert. The ECEC shall have authority for oversight of the investigative work, including termination of any expert. Scholarly independence of these investigators and experts is required to ensure the integrity of any conclusions reached, no matter how difficult those may be for the Church. The Committee will work with the expert(s) to develop questions to be considered in addition to those developed by the expert(s). The questions should include, at a minimum:

- (a) How many Boarding Schools were there with ties to The Episcopal Church?
- (b) How many students attended those Boarding Schools and how many may have been injured, were sick or died at the Boarding Schools far from their homes?

(d) How were the Episcopal Indigenous Boarding Schools funded and founded and by which institutions and individuals, including but not limited to diocesan leaders, clergy and lay leaders of The Episcopal Church, the Board of Missions, the UTO, and/or the Women's Auxiliary?

(h) Were missionaries assigned to schools, how many, and from which dioceses or institutions?

(i) Were there any inspections or reports concerning the schools?

(j) What is the current status of the schools?

(k) Did The Episcopal Church play any role in other denominations' schools; and be it further *Resolved*, that the Committee is encouraged to consult with other religious denominations to learn what similar efforts they may be making and explore whether collaboration in the development of these histories may be beneficial; and be it further

*Resolved*, that in carrying out the Story Initiative, the Committee will work closely with the Office of Indigenous Ministries and the Archives of The Episcopal Church in their development of collections related to Indigenous Boarding Schools, including the creation of resource guides, research documents, and intentionally gathered records and holdings regarding Indigenous Boarding Schools with any relationship to The Episcopal Church. This new Archives collection is intended to be the main repository for information about these long-defunct schools, including materials such as school records, fundraising materials, and wider church oversight records; and will be made available for online review and searching, as well as at the Archives building on the ancestral homelands of Jumanos, Tonkawa, Ndé Kónitsąąí Gokíyaa (Lipan Apache), Coahuiltecan, ~~Nuñanuu~~ (Comanche) taken from them and renamed Austin, Texas; and be it further

*Resolved*, that in carrying out the Advocacy Initiative, the Committee will work with the Office of Indigenous Ministries and the Office of Government Relations of The Episcopal Church in its development of proposals for advocacy and other action responding to the issues identified; and be it further

*Resolved*, that the Executive Council intends that the work of the Committee will aid in developing a justice-making healing process for Indigenous communities and creating a legacy to pass on to the next generations; and be it further

*Resolved*, that the Committee will include a total of 15 members and have a majority membership of Indigenous and Native Episcopalians. Membership shall include historians, storytellers, and trusted elders in the Indigenous communities with a diversity of tribal affiliations honoring the diversity of Indigenous Episcopalians. There will be at least one member who is also on the Native and Indigenous Ministries Council of Advice; and the Missioner for Indigenous Ministries shall act as Staff liaison; and be it further

*Resolved*, that the Committee shall report its findings regularly to the Executive Council Joint Standing Committee on Mission Within and the wider Church, and per the Executive Council Bylaw VIII.2.d, it will continue until the end of the 82nd General Convention, unless extended by the Executive Council; and be it further

*Resolved*, Executive Council urges dioceses to contribute their records to the Story Initiative, and to appoint their own Indigenous and Native ministry advocates so that this important work can continue throughout communities, counties, states, and commonwealths.

## Summary of Work

### Initial Meeting of the Committee

The committee met virtually on July 11, 2023. The Presiding Bishop and President of the House of Deputies were present. The following strategies for developing the committee's work were mutually clarified by the members as follows.

- The committee needs to meet in person prior to the end of the year with the GC A127 committee to examine the mandates of both resolutions and identify areas of focus for each committee and prioritize specific objectives on a timeframe. This meeting has been scheduled for October 25-28, 2023, in Seattle, WA, (Diocese of Olympia).
- The committee, along with the A127 committee, will consider the resolutions to be suggestions for focus and work rather than verbatim, literal mandates. It will be up to the committee members to interpret the resolutions and apply any action to them as deemed pertinent and realistic to the overall purpose of the resolutions. The Presiding Bishop and President of the House of Deputies concurred with this.
- Plans for the in-person meeting will be conveyed to the A127 committee at its first virtual meeting which is scheduled for July 20, 2023.
- Dr. Blue Clark has been appointed Convener of the group for the time being until a Chair (or Chairs) are selected from among the membership.

# EXECUTIVE COUNCIL COMMITTEE ON ANTI-RACISM & RECONCILIATION

## Members

Mr. James McKim, Chair	New Hampshire, I	2024
The Rev. Yamily Bass-Choate, Member	New York, II	2024
Ms. Deb Brewer-Cotlar, Member	Iowa, VI	2024
The Rev. Jairo Chiran Quiñonez, Member	Litoral Ecuador, IX	2024
The Rt. Rev. Gayle Harris, Member	Massachusetts, I	2024
The Rt. Rev. Scott Hayashi, Member	Utah, VIII	2024
The Rev. Charles Kerschen, Member	Western Kansas, VII	2024
The Rev. Cn. Christine McCloud, Member	Maryland, III	2024
The Rev. Malcolm McLaurin, Member	Olympia, VIII	2024
Ms. Felicity Thompson, Member	Michigan, V	2024
Ms. Julia Ayala Harris, Ex Officio	Oklahoma, VII	
The Most Rev. Michael Curry, Ex Officio	North Carolina, IV	

## Representation at General Convention

Mr. James McKim, Bishop Gayle Harris, and Bishop Scott Hayashi will be representing us at General Convention and are authorized to receive non-substantive amendments to this Report at General Convention.

## Acknowledgements

The Committee would like to acknowledge the contributions of Rev. Miguel Bustos, our liaison, to the Presiding Bishop’s Staff. His efforts to engage the members in the efforts of the Presiding Bishop’s Office for Evangelism, Reconciliation, and Creation Care was remarkable. Even though he went through a significant surgery in early August, he still managed to be a great help in identifying people with whom we could collaborate on the resolutions which are included in this Blue Book Report.

Thanks to Christopher Hayes, Esq. Of the Constitution and Canon for providing guidance on our resolution regarding amending the Canon to use the language approved by the Church in 2018 around dismantling racism and achieving racial justice and healing.

Thanks, also, to Mr. Ryan Kusumoto of the Constituting Group for the Episcopal Coalition for Racial Equity and Justice for his thought leadership on the long-term structures necessary to carry the work of dismantling racism and achieving racial justice and healing forward.

## Mandate

2022 - A052 Revise the Mandate of the Executive Council Committee on Anti-Racism and Reconciliation

**Resolved, That the mandate for the Executive Council Committee on Anti-Racism & Reconciliation is hereby clarified as follows:**

“This Committee is charged with supporting and monitoring the Church’s work in response to General Convention resolutions directed at dismantling racism and promoting racial healing, justice, and reconciliation in the Church by:

- a) helping the church recognize and develop its work of racial healing, justice, and reconciliation as a fundamental and requisite part of Christian formation;
- b) supporting the work of Becoming Beloved Community: The Episcopal Church’s Long-Term Commitment to Racial Healing, Justice, and Reconciliation and other such initiatives the Presiding Officers, Executive Council, or Interim Bodies develop, and also the work of the Episcopal Coalition for Racial Equity and Justice;
- c) recommending, in collaboration with staff and other church organizations, resources and best practices for dismantling racism and for promoting racial healing, justice, and reconciliation that can be adapted to different contexts;
- d) collecting information from dioceses and provinces about their successes and challenges in complying with the canonical requirements and with General Convention Resolution 2018-A045 for providing anti-racism training;
- e) and sharing their findings with Executive Council on an annual basis.

Membership of the Executive Council Committee on Anti-Racism & Reconciliation shall be composed of:

one person named by the governing body of each province of this Church who has been trained in doing the work of dismantling racism and seeking to foster racial healing, justice, and reconciliation, has demonstrated experience in anti-racism/racial reconciliation work, has demonstrated the ability to make connections with people in their geographic area who do this work, and has demonstrated a commitment to make connections with people in the provinces who do this work;

one member of the Executive Council as appointed by the Chair and Vice-Chair of Executive Council;

one Bishop as appointed by the Presiding Officers;

members named who are from the racial or ethnic groups of black, Latino/a, Asian, Native American/Indigenous, and non-Hispanic white to ensure representation of diverse racial and ethnic voices on this Committee - if there are none, then the Chair and Vice-Chair of Executive Council shall appoint a member at large from each unrepresented racial or ethnic group;

a member named who is under 40, to ensure representation of multiple generations - if there are no members then the Chair and Vice-Chair of Executive Council shall appoint a member at large from each unrepresented generational group.

Members shall serve terms as follows:

Each Committee member shall serve one triennium beginning January 1 in the year following each General Convention until the December 31 following the next General Convention. Members may be named to serve consecutive terms by their provinces.

In the event that a province fails to name a person to serve on the Committee by [sic] January 1, when each term begins, the Chair and Vice-Chair of Executive Council shall appoint a qualified person from that province to serve on the Committee.

Vacancies shall be filled in the same manner as the original members were named. Vacancies in excess of 30 days shall be filled by the Chair and Vice-Chair of Executive Council, and in the case of a Bishop vacancy, by the Chair of Executive Council.”

## Summary of Work

To many, discussions about race seem to have become less civilized over the year since our last General Convention. While we have not returned to the physical lynchings of the past, there has seemed to be an increase in murders of innocent people of color by law enforcement. We have seen an increase in verbal abuse – in person and online. We have seen outright denial of the needs and dignity of people of color even in legislative bodies across the land where so-called “Divisive Concepts” and “Banned Books” have been passed. The usurping of the term “WOKE” has left many scratching their heads as to how we can ever come together and live in harmony.

As to be expected, the short time period between General Conventions made it challenging to get work accomplished. For ECCAR there was an additional challenge in that while other Interim Bodies were constituted at the end of 2022, our members were not confirmed named until February 2023. While it took the expected few months for us to officially come together, the Committee was able to fulfill much of its mandate.

We met once a month - eight (8) times in all. All meetings were over Zoom. Most were at 4:30 Eastern time as that seemed to be best for the majority of members. We provided translation in Spanish for all our agendas, meetings, and minutes.

During our discussions, it became clear that the short timeframe for our work would not allow us to continue the work from the previous triennium of:

- communicating with seminaries about their preparing students for the work of racial reconciliation
- developing guidance on Recruitment/Hiring/Retention of people of color within the Church
- better understanding Church demographics
- Creating supplements to the Framework for Anti-Racism/Reconciliation Training that would address the nuances of delivering training to different races.

We decided to focus on crafting resolutions for the upcoming General Convention and this Blue Book Report. Below is a breakdown of our work according to our mandate.

**a) Helping the church recognize and develop its work of racial healing, justice, and reconciliation as a fundamental and requisite part of Christian formation**

Members of the Committee provided input to Rev. Miguel Bustos regarding the work of the Presiding Bishop's staff. We highlighted important announcements from the Presiding Bishop's staff back to our provinces.

**b) Supporting the work of Becoming Beloved Community: The Episcopal Church's Long-Term Commitment to Racial Healing, Justice, and Reconciliation and other such initiatives the Presiding Officers, Executive Council, or Interim Bodies develop, and also the work of the Episcopal Coalition for Racial Equity and Justice**

Members of the Committee advertised the July 9 – 12, 2023 *It's All About Love Conference* within our provinces.

**c) Recommending, in collaboration with staff and other church organizations, resources and best practices for dismantling racism and for promoting racial healing, justice, and reconciliation that can be adapted to different contexts**

Rev. Charles Kerschen worked with the Operations and Communications staff of the Church to ensure that Racial Reconciliation material on the [episcopalchurch.org](http://episcopalchurch.org) website was translated into least Spanish.

Members of the Committee participated in discussions at the Absalom Jones Center for Racial Healing.

## **d) Collecting information from dioceses and provinces about their successes and challenges in complying with the canonical requirements and with General Convention Resolution 2018-A045 for providing anti-racism training**

Members of the Committee spread the word about responding to the Racial Justice Audit put forth by the Presiding Bishop's Staff to capture this kind of information. The Racial Justice Audit is usually published on the Episcopalchurch.org site's pages on the racial reconciliation ministry (<https://www.episcopalchurch.org/ministries/racial-reconciliation/>)

## **Proposed Resolutions**

### **Resolution A027: Increase recruitment, hiring, appointment, retention, and representation of People of Color in church positions**

*Resolved*, That the 81st General Convention of The Episcopal Church ("TEC") hereby commit to developing greater representation and retention of PoC in all church positions; and be it further

*Resolved*, That the 81st General Convention urges TEC staff in the Office of Racial Justice and Reconciliation, in partnership with the Executive Council Committee on Anti-Racism & Reconciliation and others, to complete the development of and dissemination of a set of guidelines and best practices to all parishes, dioceses, and institutions for the recruitment, hiring, appointment, retention, and representation of People of Color in hired and appointed church positions; and be it further

*Resolved*, That TEC strongly urges all parishes, dioceses, and institutions to follow these guidelines and best practices reporting the results of their efforts through the annual parochial report.

#### **EXPLANATION:**

Recent research into the membership of the church has confirmed that there is a significant percentage of our membership who are People of Color. Yet People of Color are not equitably represented in the governance and operations of the church. In the Sermon on the Mount Jesus gives us what is commonly known as The Golden Rule "Do unto others as you would have them do unto you". This is repeated in both Matthew 7:12 and Luke 6:31. Yet as a church, how can we do this if we as a church do not have appropriate visibility and representation in the leadership and operations of the church that would lead us to an understanding of ourselves?

While there is a desire to rectify this situation and have equitable representation of People of Color, research also indicates that many members involved in calling or hiring for church positions do not know how to reach People of Color or truly engage them in candidacy for positions.

While the Transition office has some guidelines, they are not as robust enough and those existing guidelines only apply to clergy transitions.



This resolution will provide the guidance necessary to help increase the numbers of People of Color toward a more appropriate representation in the church. It should, also, lead to more involvement and more membership of People of Color in the church.

## **Resolution A031: Translate Reconciliation Resources into Spanish.**

*Resolved*, That this 81th General Convention of The Episcopal Church (“TEC”) hereby strongly encourages Language Coordinator Services work with the Office of Ethnic Ministries, the Office of Racial Reconciliation, and the Executive Council Committee on Anti-Racism & Reconciliation to translate key racial reconciliation resources into Spanish that will further the Church’s efforts toward dismantling racism and achieving racial justice and healing; and be it further

*Resolved*, That the sum of \$50,000 be set aside for carrying out this work which is figured on a per-word basis.

### EXPLANATION

1 Corinthians 14:9-13 says:

“9 So with yourselves, if with your tongue you utter speech that is not intelligible, how will anyone know what is said? For you will be speaking into the air. 10 There are doubtless many different languages in the world, and none is without meaning, 11 but if I do not know the meaning of the language, I will be a foreigner to the speaker and the speaker a foreigner to me. 12 So with yourselves, since you are eager for manifestations of the Spirit, strive to excel in building up the church. 13 Therefore, one who speaks in a tongue should pray that he may interpret.”

Why, indeed, should the Church speak to those for whom English is not their first language how will they know what we have said? How can we be one Church? As the passage says, we are called to interpret what we say.

Since English and Spanish are the most widely used languages without any doubt, their translations are incredibly crucial to the life of the Church. General Convention Resolution 1988-A035 Encourage Spanish-speaking Provinces to Translate Church Documents encouraged Spanish-speaking Provinces to Translate Church Documents. This has been found insufficient and unfair by the Church. Several General Convention Resolutions (including 2018-A070 Create New Translations of the 1979 Book of Common Prayer and 2018-C024 Propose a Process for Liturgical Translations) were passed with the aim of translating various liturgical resources into Spanish. Some of this has been accomplished. However, discussions with staff at Church Headquarters have revealed that funding is insufficient to complete these translations and that none of them provide funding to translate resources around dismantling racism and achieving racial justice and healing. This resolution asks that the Church stay true to God’s teachings and its commitment to translating key documents with a focus on those related to racial reconciliation so that the whole Church can do the critical work of dismantling racism and achieving racial justice and healing.

## **Resolution A032: Hire a Chief Equity Officer**

*Resolved*, That the 81st General Convention of The Episcopal Church (“TEC”) hereby acknowledge that the work of dismantling racism and achieving racial justice and healing toward racial reconciliation is equity work requiring a constant focus regardless of who is in leadership positions of the Church; and be it further

*Resolved*, That TEC hire a Chief Equity Officer to assist in the establishment of greater representation and retention of PoC in all church positions and advise church leadership on equitable operational practices; and be it further

*Resolved*, That this Chief Equity Officer report to the Presiding Bishop; and be it further

*Resolved*, That TEC compensate this Chief Equity Officer on par with the compensation for Chief Equity Officers of organizations of similar size.

### **EXPLANATION:**

In an era marked by increasing globalization, social awareness, and recognition of the intrinsic value of diversity, it is imperative that organizations reflect these principles in their leadership structure and operational strategies. The Episcopal Church, as a prominent institution with a rich history and significant influence, should proactively address the pressing need to promote diversity, equity, and inclusion within its ranks. To achieve this goal, hiring a Chief Equity Officer (CEO) is not just a forward-thinking move; it's a strategic necessity for several compelling reasons.

The proposal is for a Chief Equity Officer rather than just a Chief Diversity Officer to reflect the learning that diversity itself is not the goal and in and of itself is not sufficient. Equitable treatment and outcomes across diversity is the goal.

### **Upholding Christian Values of Love and Inclusivity:**

Central to the teachings of the Episcopal Church is the message of love, compassion, and inclusivity that Christ exemplified. A CEO would play a pivotal role in ensuring that these core values are not only preached but also genuinely practiced within the Church's operations, policies, and interactions. This alignment between values and actions would resonate strongly with the Church's members and the wider community, fostering a more vibrant and welcoming spiritual community.

### **Sending a Significant Signal:**

Having a Chief Diversity Officer reporting to the head of the organization sends a signal to those inside and outside the church that TEC believes and practices the commitment to respect the dignity of every human being as described in the Baptismal Covenant.

### **Reflecting the Congregations and Society We Serve:**

As a diverse body of believers with a presence across different communities and regions, the Episcopal Church has a responsibility to be reflective of the varied backgrounds and experiences of its congregants. By hiring a CDO, the Church can ensure that its leadership composition better mirrors

the diversity it serves, thereby making it more relatable and accessible to all members. This approach enhances credibility and fosters a sense of belonging among all parishioners.

**Addressing Systemic Inequities:**

The presence of a CDO can help the Episcopal Church identify and address historical and systemic inequities that might exist within its structure. By conducting thorough assessments, implementing tailored diversity initiatives, and monitoring progress, the CDO can help dismantle barriers that hinder full participation and representation of marginalized groups within the Church. This commitment to rectifying past wrongs aligns with the principles of justice and reconciliation.

**Driving the Work:**

Best practices in successful anti-racism and diversity initiatives call for the assignment of someone to drive efforts on a daily basis rather than assuming that everyone will see the work as a priority compared to all their other daily work. This resolution provides for someone who will ensure a daily focus at the highest levels that signify that the work is of the highest priority.

**Enhancing Decision-Making and Innovation:**

Diversity has consistently fostered creativity, innovation, and more effective decision-making. When a wide range of perspectives, experiences, and voices are considered, the outcomes are richer and more well-rounded. A CDO can guide the Church in embracing this diversity-driven approach to strategic planning, program development, and problem-solving, leading to better outcomes and a more adaptable organization.

**Responding to Contemporary Challenges:**

In a rapidly evolving world, issues related to diversity and inclusivity are at the forefront of societal discourse. By appointing a CDO, the Episcopal Church demonstrates its willingness to engage with these issues thoughtfully and proactively. This not only aligns with the Church's commitment to social justice but also positions it as a thought leader who can contribute constructively to broader conversations on these topics.

**Strengthening Outreach and Evangelism:**

A diverse leadership team, championed by a CDO, can significantly impact outreach efforts. Diverse leadership reflects the diverse world we live in, making the Church's message more relatable and its outreach efforts more effective. A CDO can offer insights into how different communities perceive the Church, helping tailor messages and approaches to resonate with a broader audience.

**Conclusion:**

In a time when diversity, equity, and inclusion are not just aspirational goals but essential components of a just and thriving society, the Episcopal Church must take a leading role. Hiring a Chief Diversity Officer is a strategic investment that aligns with the Church's values, enriches its leadership, and positions it as a beacon of inclusivity in a world hungry for meaningful connections and genuine

acceptance. By taking this step, the Episcopal Church reaffirms its commitment to walking the path of love and unity that Christ exemplified.

### **Resolution A033: Renew ECCAR**

*Resolved*, That the 81st General Convention of The Episcopal Church (“TEC”) reaffirm the importance of the work of the Executive Council Committee on Anti-Racism and Reconciliation (ECCAR) to support the Church to live into existing General Convention resolutions starting with the 70th General Convention toward becoming a church committed to ending institutional and other forms of racism which necessitate the acceptance of abandonment of privilege and the sharing of power within our polity, within our society, and throughout the world; and be it further; and be it further

*Resolved*, That the Episcopal Church recognizes that the work of dismantling racism and achieving racial justice and healing has made progress in improving the awareness of the sin of racism in the Church and that the work of dismantling racism and achieving racial justice and healing is far from completed; and be it further

*Resolved*, That the 81st General Convention of The Episcopal Church recognizes no entity of the Church has been identified to carry on the efforts currently in the mandate of Executive Council Committee on Anti-Racism and Reconciliation; and be it further

*Resolved*, That the 81st General Convention of The Episcopal Church continue the existence of the Executive Council Committee on Anti-Racism & Reconciliation for another nine years.

#### EXPLANATION

General Convention Resolution 2015-A023, Authorized Continuation of the Executive Council Committee on Anti-Racism & Reconciliation through 2023. The time limit was put in place in the hopes that the Church would have established a permanent entity or role to institutionalize the work of dismantling racism and achieving racial justice and healing. While groups such as the Consulting Group for the Episcopal Coalition for Racial Equity & Justice, the Task Force on Redefining Social Justice, and the Presiding Officers’ Advisory Group on Beloved Community are working toward such a permanent focus for the Church, discussions with the leaders of those Committees have brought us to the agreed-upon conclusion that none have yet crystallized to a point the Committee feels is sufficient to truly carry out the work the Executive Council Committee on Anti-Racism & Reconciliation has been mandated to perform. This resolution would continue the Committee and the work providing other entities more time to complete their work while maintaining a focus on the work identified in the Executive Council Committee on Anti-Racism & Reconciliation mandate.

The Committee is pleased that Presiding Bishop Curry made racial reconciliation one of the three main foci of his Episcopate. With his term ending, the Committee wishes to ensure the work of racial reconciliation remains a major focus for the Church regardless of the priorities of the incoming Presiding Bishop.

## **Resolution A034: Promoting Equitable Formation for Future Church Leaders through Dismantling Racism and Achieving Racial Justice and Healing Education in Seminaries and Schools of Theological Education**

*Resolved*, That the 81st General Convention of The Episcopal Church (“TEC”) recognize that the formation of future church leaders through seminary and schools of theological education holds immense potential to create lasting change in promoting justice, inclusion, and healing; and be it further

*Resolved*, That TEC strongly urge all Episcopal seminaries and schools of theological education to incorporate dismantling racism and achieving racial justice and healing education into their curricula based on tenants passed by the Church in resolution 2018-A044 Set Essential Components of Anti-Racism and Racial Reconciliation Training and described in the Framework for Anti-Racism and Reconciliation Training; and be it further

*Resolved*, That TEC urge that seminaries and schools of theological education regularly assess and review the effectiveness of their dismantling racism and achieving racial justice and healing education programs and provide annual reports to the Episcopal Church indicating progress, challenges, and adjustments made to enhance the impact of the training; and be it further

*Resolved*, That TEC encourage dioceses and provinces to support their seminaries and schools of theological education in implementing dismantling racism and achieving racial justice and healing education; and be it further

*Resolved*, That All Episcopal seminaries and schools of theological education are strongly encouraged to integrate the required dismantling racism and achieving racial justice and healing education into their curricula within the next academic year following the adoption of this resolution; and be it further

*Resolved*, That TEC institute a requirement for certification of seminaries and schools of theological education that the institution provide education on dismantling racism and achieving racial justice and healing set forth by the Church in resolution 2018-A044 Set Essential Components of Anti-Racism and Racial Reconciliation Training and described in the Framework for Anti-Racism and Reconciliation Training.

### EXPLANATION

Acknowledging the profound and urgent need to address systemic racism and promote dismantling racism and achieving racial justice and healing within the Episcopal Church and the wider society, we recognize that the formation of future church leaders holds immense potential to create lasting change. As a Church, we are called to embody the teachings of Christ by promoting justice, inclusion, and healing. To further these goals, we propose the implementation of dismantling racism and achieving racial justice and healing training as a requirement in seminaries and schools of theological education.

We request the Presiding Bishop and the President of the House of Deputies to establish a task force comprising theological educators, experts in anti-racism work, and representatives from diverse communities within the Church. This task force will collaborate with seminaries and schools of theological education to develop comprehensive dismantling racism and achieving racial justice and healing curricula that are theologically sound, contextually relevant, and culturally sensitive.

We urge seminaries and schools of theological education to regularly assess and review the effectiveness of their dismantling racism and achieving racial justice and healing training programs. Seminaries and schools of theological education shall provide annual reports to the Episcopal Church indicating progress, challenges, and adjustments made to enhance the impact of the training.

We encourage dioceses and provinces to support their seminaries and schools of theological education in implementing dismantling racism and achieving racial justice and healing training. Dioceses are encouraged to allocate resources, both financial and human, to aid in the development and sustained execution of these programs.

#### Reporting and Sharing Best Practices

We request the task force established in Section 2 to compile and share best practices, resources, and case studies related to dismantling racism and achieving racial justice and healing training. This information shall be disseminated through official Episcopal Church channels to facilitate learning and collaboration among seminaries and schools of theological education and dioceses.

#### Implementation Timeline

All Episcopal seminaries and schools of theological education are strongly encouraged to integrate the required dismantling racism and achieving racial justice and healing training into their curricula within the next academic year following the adoption of this resolution.

We affirm our commitment to eradicating racism within the Episcopal Church and beyond. By requiring dismantling racism and achieving racial justice and healing training in seminaries and schools of theological education, we reaffirm our dedication to nurturing clergy and lay leaders who are equipped to lead with compassion, justice, and an unwavering commitment to dismantling systemic racism.

### **Resolution A035: Establish Model Policies for Anti/Racism/Racial Reconciliation Work**

*Resolved*, That the 81st General Convention of The Episcopal Church (“TEC”) recommit itself to the work of the Church as articulated first in the 70th General Convention in Resolution D-113 which called the Church to address racism inside our church, within society, and in our world; and be it further

*Resolved*, That TEC acknowledge that the times and circumstances demand that the Church better articulate a clear and firm commitment to Dismantling Racism, Racial Healing, and Justice and

Reconciliation in a manner similar to how the Church addresses the protection of children and youth (commonly referred to as “Safe Church”); and be it further

*Resolved*, That the Presiding Bishop and the President of the House of Deputies, not later than March 1, 2025, jointly appoint a Special Task Group of five to seven persons with experience in the use and development of Model Policies for Racial Reconciliation and Healing to create a set of Model Policies for Dismantling Racism, Racial Reconciliation, and Healing that addresses the following:

- A screening and selection process for all clergy, lay employees, and lay leaders that requires training on racial reconciliation according to the Church’s teachings
- The articulation of behavioral standards for clergy, lay employees, and lay volunteers considering:
  - a. The prohibition of offensive language or actions to people of color
  - b. The prohibition of any racially derogatory materials (magazines, cards, videos, films, clothing, etc.) on the Church premises or at Church events
- Education and training for all clergy, lay employees, and lay leaders considering:
  - a. Training be completed every 3 years to keep knowledge and skills top of mind.
  - b. Specialized training for those who recruit, screen, or select persons to leadership positions
  - c. A mechanism to certify that clergy and lay leaders have the knowledge specified at least at the Awareness level specified by the Framework for Anti-Racism/Reconciliation Training document as approved by the Church in Resolution 2018-A044
  - d. Criteria for the certification of Seminaries and schools of theological education that ensures they provide training specified at least at the Awareness level specified by the Framework for Anti-Racism/Reconciliation Training document as approved by the Church in Resolution 2018-A044
  - e. Guidelines for delivering anti-racism/reconciliation training to different racial audiences as begun by the Executive Council Committee on Anti-Racism and Reconciliation as supplements to the Framework for Anti-Racism & Reconciliation Training - engaging the Office of Ethnic Ministries to develop Ethnic-oriented Supplements to the Framework for Anti-Racism Training
- Making the current Racial Justice Audit a permanent effort
- Identification of a diocesan Racial Reconciliation Officer who will track and possibly coordinate racial reconciliation efforts across the diocese
- Guidelines for accountability describing consequences when responding to concerns of:
  - a. Discriminatory behavior toward people of color
  - b. Lack of adherence to existing racial reconciliation resolutions; and be it further;



and be it further

*Resolved*, That the creation of these Model Policies for Racial Reconciliation and Healing be completed by September 31, 2025; and be it further

*Resolved*, That the Model Policies for Racial Reconciliation and Healing be promulgated after they are approved by the Special Task Group; and be it further

*Resolved*, That the Episcopal Church Center appoint a knowledgeable person to serve as a point of contact for dioceses to obtain information about complying with the Model Policies for Racial Reconciliation and Healing; and be it further

*Resolved*, That not later than June 30, 2026, Guidelines for Racial Reconciliation and Healing be created by each diocese to conform to the Model Policies for Racial Reconciliation and Healing with due regard to applicable local laws on the subject matters of the Model Policies for Racial Reconciliation and Healing; and be it further

*Resolved*, That all dioceses annually confirm, in writing or by email or through a survey mechanism, to a designated office in the Episcopal Church Center, that the diocese's Guidelines conform to the Model Policies for Racial Reconciliation and Healing.

#### EXPLANATION

Church-wide work toward racial healing begun in the 70th General Convention in Resolution D-113 has seen several resolutions at subsequent General Convention resolutions affirming the work and encouraging training of all leaders, ordained and lay. Data gathered by ECCAR as part of its mandate and by the Presiding Bishop's staff in the form of the Racial Justice Audit have found many entities within the Church doing this work. But it has, also, found many not living into those resolutions.

Knowledge and capabilities around racial reconciliation should be as important as knowledge and capabilities around the Protection of Children and Youth (commonly referred to as “Safe Church”). If the Church is really serious about eliminating racism and healing, we should not allow anyone to be appointed or elected to a position in the Church without having the knowledge agreed upon as the Church’s teachings as described in Resolution 2018-A044 Set Essential Components of Anti-Racism or Racial Reconciliation Training. Many of the Church’s leaders such as Catherine Meeks from the Absalom Jones Episcopal Center for Racial Healing are frustrated by the lack of accountability for adhering to the many resolutions that have already been passed but have not been lived into. This resolution would put structure to the call for the entire church to live into these resolutions thus building the capacity of the church to truly dismantle racism and bring healing to the world. This resolution is modeled after resolutions 2003-B008 Protect Children and Youth from Abuse and 2015-A073 Update Model Policies for Protection of Children and Youth and would help hold the Church accountable for the work we have said over and over again we wish to do.

The Church has broadened its focus beyond just anti-racism to racial reconciliation as described in Resolution [2018-B004](#) Urge Common Terminology to Describe Anti-Racism Work. This resolution moves the Church toward that broader focus.

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Clergy are trained at seminaries across the country. Most seminaries have not provided sufficient training on dismantling racism, racial reconciliation, justice, and healing. Thus many clergy do not start their careers with the knowledge they need to have to support this work. This resolution would set a minimum standard for racial reconciliation training provided by seminaries at which clergy are educated.

The Episcopal Church Canon Article III requires that clergy must complete what is considered the Church's "training on anti-racism". This means one could claim that simply by watching a half-hour online video about racism they have met this requirement. Experts in this work agree that this "one and done" approach is not sufficient to move the church forward in dismantling racism and achieving racial justice and healing. This resolution addresses this issue by requiring that the required training be more comprehensive and that training should be repeated every 3 years to maintain an appropriate level of knowledge.

The Episcopal Church Canon Article III applies only to clergy. But as identified in multiple General Convention resolutions such as 2000-B049 Require Anti-Racism Training, 2018-A045 Reaffirm and Report on Anti-Racism Training, and 2018-A015 Direct Interim Bodies to Undergo Anti-Racism Training we also need all lay leaders to have the knowledge of the Church's training on anti-racism and racial reconciliation toward dismantling racism and achieving racial justice and healing, especially those at the parish level, if we are to truly make progress. This resolution would make that requirement apply not only to clergy but also to lay leaders across the Church.

### **Resolution A036: Amend Canons to Use Approved Common Terminology to Describe Anti-Racism Work**

*Resolved*, That the 81<sup>st</sup> General Convention of The Episcopal Church ("TEC") acknowledge the expansion of its focus beyond anti-racism to racial reconciliation as confirmed in resolution 2018-B004 Urge Common Terminology to Describe Anti-Racism Work; and be it further

*Resolved*, That Canon Title III.6.5 .g.4 be amended to read as follows and voted on at the 81st General Convention:

**<Amended text as it would appear if adopted and concurred. Scroll below the line of asterisks (\*\*\*\*\*) to see the version showing all deleted and added text.>**

4. the Church's teaching on dismantling racism and achieving racial justice and healing;

\*\*\*\*\*

**<Proposed amended resolution text showing exact changes being made:>**

4. the Church's teaching on ~~racism~~ *dismantling racism and achieving racial justice and healing*;

And be it further

Resolved, That Canon III.7.11.a.2 be amended to read as follows and voted on at the 81st General Convention:

**<Amended text as it would appear if adopted and concurred. Scroll below the line of asterisks (\*\*\*\*\*) to see the version showing all deleted and added text.>**

2. Evidence of appropriate background checks, certifications and proof of completion of applicable trainings including abuse prevention and dismantling racism and achieving racial justice and healing trainings;

\*\*\*\*\*

**<Proposed amended resolution text showing exact changes being made:>**

2. Evidence of appropriate background checks, certifications and proof of completion of applicable trainings including abuse prevention and ~~anti-racism~~ *dismantling racism and achieving racial justice and healing* trainings;

And be it further

Resolved, That Canon III.8.5.h.4 be amended to read as follows and voted on at the 81st General Convention:

**<Amended text as it would appear if adopted and concurred. Scroll below the line of asterisks (\*\*\*\*\*) to see the version showing all deleted and added text.>**

4. the Church's teaching on dismantling racism and achieving racial justice and healing;

\*\*\*\*\*

**<Proposed amended resolution text showing exact changes being made:>**

4. the Church's teaching on ~~racism~~ *dismantling racism and achieving racial justice and healing*;

And be it further

Resolved, That Canon III.9.13.a.2 be amended to read as follows and voted on at the 81st General Convention:

**<Amended text as it would appear if adopted and concurred. Scroll below the line of asterisks (\*\*\*\*\*) to see the version showing all deleted and added text.>**

2. Evidence of appropriate background checks, certifications and proof of completion of applicable trainings including abuse prevention and dismantling racism and achieving racial justice and healing trainings;

\*\*\*\*\*

**<Proposed amended resolution text showing exact changes being made:>**

2. Evidence of appropriate background checks, certifications and proof of completion of applicable trainings including abuse prevention and ~~anti-racism~~ *dismantling racism and achieving racial justice and healing* trainings;

And be it further

*Resolved, That* Canon III.10.1.c.4 be amended to read as follows and voted on at the 81st General Convention:

**<Amended text as it would appear if adopted and concurred. Scroll below the line of asterisks (\*\*\*\*\*) to see the version showing all deleted and added text.>**

4. training regarding the Church's teaching on dismantling racism and achieving racial justice and healing;

\*\*\*\*\*

**<Proposed amended resolution text showing exact changes being made:>**

4. training regarding the Church's teaching on ~~racism~~ *dismantling racism and achieving racial justice and healing*;

And be it further

*Resolved, That* Canon III.12.8.a.2 be amended to read as follows and voted on at the 81st General Convention:

**<Amended text as it would appear if adopted and concurred. Scroll below the line of asterisks (\*\*\*\*\*) to see the version showing all deleted and added text.>**

2. Evidence of appropriate background checks, certifications and proof of completion of applicable trainings including abuse prevention and dismantling racism and achieving racial justice and healing trainings;

\*\*\*\*\*

**<Proposed amended resolution text showing exact changes being made:>**

2. Evidence of appropriate background checks, certifications and proof of completion of applicable trainings including abuse prevention and ~~anti-racism~~ *dismantling racism and achieving racial justice and healing* trainings;

## EXPLANATION

In 2018, the Episcopal Church made a significant shift in its language and approach to address issues of racial justice and equality. This change involved moving from the use of the term "anti-racism" to the term "dismantling racism and achieving racial justice and healing" as outlined in resolution 2018-B004 Urge Common Terminology to Describe Anti-Racism passed at the General Convention of the Episcopal Church and the Episcopate of Bishop Michael Curry. This shift reflects a nuanced evolution in the understanding of addressing racial inequalities and promoting inclusivity within the context of the church and society as a whole. Our Canons need to reflect this change as a way to make it widely known that the Church is committed to living into this broader work.

Resolution [2018-B004](#) recognizes that the term "anti-racism" has been widely used to describe efforts aimed at dismantling systemic racism and prejudice. However, it was recognized that the term could sometimes carry connotations of opposition or confrontation, which might not fully capture the holistic and transformative nature of the work needed to address racial disparities.

The adoption of the term "dismantling racism and achieving racial justice and healing" signifies a broader and more encompassing approach to addressing racial issues. "Dismantling racism and achieving racial justice and healing" implies not just combating racism, but actively working towards healing, understanding, and creating a sense of unity among diverse communities. This approach acknowledges the painful history of racial oppression and seeks to engage in a process of acknowledgment, repentance, forgiveness, and healing.

The shift to the term "dismantling racism and achieving racial justice and healing" also aligns with the Episcopal Church's understanding of its mission and values. The church sees itself as a community of faith that is called to promote justice, compassion, and reconciliation in the world. By using the term "reconciliation," the church underscores its commitment to fostering mutual understanding, dialogue, and collaboration among individuals and communities that have been historically divided by racial disparities.

Resolution [2018-B004](#) signifies the Episcopal Church's desire to move beyond surface-level activism and confront the deeper roots of racial injustice. The adoption of the term "dismantling racism and achieving racial justice and healing" highlights the church's dedication to addressing historical injustices, promoting healing, and building relationships of trust and respect among all its members.

It is worth noting that this change in terminology does not negate the importance of actively opposing racism. Instead, it emphasizes that the work of addressing racial disparities involves more than just opposing racism; it entails fostering genuine relationships, acknowledging shared humanity, and seeking common ground for the sake of a more just and inclusive society.

## Supplementary Materials

See the Racial Justice Audit usually published on the Episcopalchurch.org site's pages on the racial reconciliation ministry (<https://www.episcopalchurch.org/ministries/racial-reconciliation/>)

# EXECUTIVE COUNCIL COMMITTEE ON CORPORATE SOCIAL RESPONSIBILITY

## Members

Ms. Sarah Lawton, Chair	California, VII	2024
The Rev. Canon Brian Grieves, Vice-Chair	Hawaii, VIII	2024
Ms. Janet Brown	California, VII	2024
The Rev. Richard Burnett	Southern Ohio, V	2024
The Rt. Rev. Douglas Fisher	Western Massachusetts, I	2024
Chancellor Lawrence Hitt, II	Colorado, VI	2024
Ms. Diane Polard	New York, II	2024
The Rev. Kirsten Spalding	California, VIII	2024
The Rt. Rev. John Harvey Taylor	Los Angeles, VIII	2024
The Rev. Winnie Varghese	New York, II	2024
The Rev. Diana Wilcox	Newark, II	2024
Ms. Julia Ayala Harris	Oklahoma VII	2024
The Most Rev. Michael Curry	North Carolina, IV	2024

## Changes in Membership

This term for this CCSR runs from January 2023 through December 2024, reflecting the corporate engagement year. Part of this report reflects the work carried out by the previous committee between 2021 and 2023:

The Rt. Rev. Douglas Fisher, Chair,	Western Massachusetts, I
The Rev. Canon Brian Grieves, Vice-Chair,	Hawaii, VIII
Mr. Casey Clark,	New York, II
The Very Rev. Mark Goodman,	Rio Grande, VII
Mr. Paul Neuhauser,	Iowa, VI
Ms. Diane Pollard,	New York, II
The Hon. Byron Rushing,	Massachusetts, I
The Rev. Kirsten Spalding,	California, VIII
The Rt. Rev. John Harvey Taylor,	Los Angeles, VIII
The Rev. Gay Clark Jennings, Ex-Officio,	Ohio, V
The Most Rev. Michael Curry, Ex Officio,	North Carolina, IV

## **Meetings**

Since the committee's last Blue Book report, CCSR has met several times via Zoom:

June 10, 2021, September 16, 2021; March 8, 2022; June 30, 2022; and September of 2022 (the former committee).

The newly formed committee met via Zoom on January 30, 2023, September 13, 2023, and September 26, 2023. The newly formed committee also had the opportunity to meet in person in Cleveland, Ohio from March 25-27, 2023, and we used that time to introduce new members to this work and to provide an overview of our work in progress.

## **Representation at General Convention**

Deputy Sarah Lawton and Bishop Douglas Fisher are authorized to receive non-substantive amendments to this Report at the General Convention.

## **Acknowledgements**

The committee is indebted to Mercy Investment Services for its consulting expertise led by Ms. Pat Zerega and Mary Minette. At this time, we would like to congratulate Ms. Zerega on her retirement in the Fall of 2023 and to welcome Ms. Minette as our primary consultant going forward. The committee is also indebted to Mr. Samuel Jones and Mr. Richard Stazinski of Heartland Initiative, for their guidance in implementing our human rights investment screen and the Church's No Buy policy on military contracting.

The committee would like to acknowledge Ms. Janet Brown, the Liaison to the Investment committee, and Ms. Diane Pollard, the Liaison to the Executive Council.

Volunteer consultant and past member of CCSR, Mr. William McKeown, Esq., provided many hours of support to the work of the committee; and longtime and founding member of CCSR, now volunteer consultant, Mr. Paul Neuhauser, Esq., continued to provide expert support to the committee in 2023 on developing proxy voting guidelines. The committee is deeply grateful to both Bill and Paul for their longtime work, ongoing commitment, and significant support to the work of CCSR.

The committee also salutes the Church Pension Group and their liaison to our committee, Christopher Rowe, for their active involvement with CCSR in the areas of climate change, human trafficking and board diversity, and support on proxy voting guidelines.

Last, but by no means least, the committee heartily thanks the Treasurer, Mr. Kurt Barnes, the Director of Management and Banking, Margareth Crosnier de Bellaistre, the Director of Government Relations, Ms. Rebecca Linder Blachly, and the staff of the General Convention Office for their unfailing staff assistance, without whom the committee simply could not function.



## Mandate

### 2015 - AN/FFM 008

*Resolved*, That the Executive Council, meeting in Linthicum Heights from November 15-18, 2015, establish the Executive Council Committee on Corporate Social Responsibility to be responsible for researching the social responsibility records of corporations whose stock is held in DFMS portfolios and recommending appropriate courses of action based on the positions established by General Convention and Executive Council. The procedures for this committee will be as follows: With the approval of Council, it will be responsible for developing shareholder resolutions on social justice issues to be submitted to companies in which the Church invests its funds. CCSR will also review similar resolutions being offered by other churches or advocacy groups and recommend whether the Episcopal Church should support them. These recommendations will be forwarded to the Executive Council through the Standing Committee on Advocacy and Networking. As new issues come up during the triennium, CCSR will forward its recommendations to the next meeting of Executive Council. Membership will consist of nine members, including at least one bishop, one priest or deacon and one lay person; one member of FFM, one member of the Investment Committee, and one member of A&N. Members will be nominated by the Presiding Officers of the Executive Council jointly and elected by Executive Council.

### Overview of CCSR's Work

#### Mission and History

The Committee on Corporate Responsibility (CCSR) of Executive Council strives to assure that the investments of The Episcopal Church align with the values of Jesus Christ.

With the help of CCSR, for over half a century The Episcopal Church has sought positive financial returns on its investment assets while investing those assets responsibly and ethically, consistent with the Church's understanding of the Gospel. Over these years, General Convention and Executive Council, with support from CCSR, have developed criteria and other guidance for responsible and ethical investing by the Church. Specifically, the Church has sought to assure that its assets are invested to support and advance environmental sustainability, justice, and human rights at home and globally, consistent with the Church's teachings as expressed in Convention and Council resolutions.

To support and advance such teachings in the context of investment, the Church has used and uses such means as engagement with companies through dialogue, filing and voting on shareholder resolutions and in elections of directors, divestment and affirmative investment, including ESG (Environment, Social, Governance) investing, and, more broadly, participation in boycotts and sanctions campaigns, as with South Africa. The Church, therefore, takes both passive and active approaches to making its investments align with its understanding of the mind of Christ.

General Convention and Executive Council have direct corporate oversight responsibility for the management of the investment portfolio, valued at approximately \$500 million, owned for the Church by the Domestic and Foreign Missionary Society of the Episcopal Church (DFMS), the corporate mission arm of The Episcopal Church. Within The Episcopal Church many other institutions own and manage separate portfolios of investment assets ranging in value from a few thousand to a few billion dollars. While DFMS does not own these other investment asset portfolios, and General Convention and Executive Council do not have direct corporate oversight responsibility for them, General Convention and Executive Council have broad responsibility, on behalf of the Church for providing guidance, consistent with the Church's teachings as expressed in Convention and Council resolutions, to the Church institutions that do own those assets. Accordingly, General Convention and Executive Council may make investment management decisions for DFMS and may also make recommendations for investing, consistent with those decisions, to other institutional investors in the Church. General Convention or Executive Council may also assign CCSR specific tasks relating to investing by the Church.

Each triennium CCSR addresses assignments received from General Convention or Executive Council and reviews the DFMS portfolio to identify recommended actions in support of those policies. Experienced investment consultants engaged by DFMS advise CCSR in their work.

CCSR then proposes, for the consideration of Council, shareholder engagement and action plans for DFMS or other Church institutional investors. Thereafter CCSR helps DFMS, and on occasion other investors, to execute those recommendations. In so doing CCSR engages with ecumenical and interfaith partners, including the Interfaith Center on Corporate Responsibility (ICCR) and the Church of England.

CCSR was established in response to the call to action from the churches in South Africa in the time of race-based apartheid in that country. In 1969, Executive Council appointed an ad hoc committee on the feasibility of applying ethical criteria to investments in companies doing business in South Africa. In 1970, that initial committee recommended to Council that an ongoing committee be created to address the Church's concern that our investments be in line with our moral charge as followers of Jesus, specifically at that time regarding apartheid.

That same year, Executive Council created a Committee on Social Criteria for Investments, which later became the CCSR. Aply led by its chair, Robert Potter, and with crucial legal advice from Paul Neuhauser, that initial Committee within a year had launched the first ever shareholder resolution campaign about ethical concerns, focusing on South Africa.<sup>1</sup> That resolution was filed by DFMS in January 1971, calling on General Motors to cease business in South Africa, drawing great attention from the press and public. In May 1971, our Presiding Bishop, The Most Reverend John Hines, presented DFMS's resolution at the annual meeting of General Motors, making that meeting ground zero for public awareness of ethical investing.

At the same time as the General Motors action, DFMS filed additional resolutions calling upon two copper mining companies, American Metal Climax and Kennecott Copper, to address the environmental and social effects of their efforts to mine copper in Puerto Rico. Those resolutions were in response to a direct request by the Diocese of Puerto Rico.

Soon thereafter DFMS, led by Paul Neuhauser, became one of the founding members of the Interfaith Center on Corporate Responsibility (ICCR), which to this day gathers faith-based investors to be an ethical voice within the corporate world. TEC, through DFMS and CCSR, continues as an active member of ICCR.

### Annual Workplan

CCSR submits an annual DFMS workplan to Executive Council, which Executive Council reviews and approves each fall. Following approval, CCSR engages consultants at Mercy Investment Services and the Heartland Initiative to aid in completing the work for DFMS across the corporate advocacy year, which normally stretches from the fall into the late spring. In several additional areas, committee members work independently of our consultants, particularly in the area of health care access for reproductive and gender-affirming care. We are also planning to investigate the issues of mining and Indigenous land rights. In both these cases, we are pursuing work with coalitions of faith investors.

We also work alongside the staff at The Episcopal Church's Office of Government Relations (OGR), as many of the issues on corporate policy overlap with OGR's work in public policy.

### Engagement Strategies

We begin our work in dialogue with corporations whose shares we own, often in partnership with other investors, primarily those that are faith-based. Depending on how that dialogue proceeds, we may also file shareholder resolutions, leveraging the strength of our investment to add additional incentive for the companies to respond to our concerns. In some cases, we are the lead investor in these filings, the ones driving the effort, and other times we follow the lead of our partners. Sometimes the very act of filing the resolutions leads to further dialogue and a response from the company sufficient for us to withdraw the filing. Other times, our resolutions proceed to a vote at the company's annual general meeting. Since most votes at corporate meetings are overwhelmingly in favor, even a significant minority vote can put pressure on the company to make changes, or at least to engage in further dialogue.

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<sup>1</sup> "For Five Decades, a Faithful Voice for Justice," History of ICCR, <https://www.iccr.org/about-iccr/history-iccr>; retrieved September 19, 2023.

We understand that this work requires a long-term view in which change happens over many years, even decades, and so we remain steadfast in our commitment to our mission until it is complete.

Our areas of engagement in this period were: **Human Rights, Health and Health Care** (including gun safety, opioids, and health access), **Care of Creation, and Corporate Governance**. A detailed report on our company engagements for the years 2021, 2022, and 2023 can be found following this overview section, covering our work since our last Blue Book Report was filed in the Fall of 2020.

## Other Work

In addition to our annual workplan for dialogues and resolutions, CCSR has been working in several other areas:

### 1. **Defense of Sustainable, Responsible, Ethical Investing and the Freedom to Invest**

In response to a deeply funded campaign by some corporations, including fossil fuel companies, some state legislatures are considering legislation in various forms to prohibit the consideration of climate-related or human rights and conflict-related financial risk in the portfolios and business operations of state and local government investors. Even though these proposals are aimed at government investors and not Church investors, if passed and implemented, such actions would greatly affect our work, and indeed all corporate advocacy in the areas of climate change and human rights. The ambiguities and uncertainties created, and the potential legal risk would dampen the willingness of

large investor groups and investment management companies to include ethical or sustainability risk considerations in their investment decisions, however important considering those risks in fact may be to reaching sound investment decisions.

These legislative and other actions are especially aimed at fossil fuel divestment campaigns but are modeled on legislation aimed at divestment actions concerned with the Occupied Palestinian Territories and other conflict zones. In 2018, the General Convention passed 2022-C013,<sup>2</sup> “Freedom of Speech and the Right to Boycott,” affirming our opposition to legislation that would penalize non-violent boycotts or divestment. We are deeply concerned about the chilling effect these state actions and political pressure on large investment management firms may have on our work on fossil fuels and human rights, including in the Occupied Palestinian Territories.

We are monitoring this issue via ICCR, and we are participating as a faith-based organization in the Freedom to Invest campaign coordinated by the non-profit investor network CERES Global. To deepen our Church’s discussion of and commitment to this issue, CCSR proposes a resolution to General Convention; please see the resolution at the end of this report.

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<sup>2</sup> 2022-C013: <https://2022.vbinder.net/resolutions/126?house=HD&lang=en>

**2. No Buy List:**

CCSR routinely reviews the five areas that have been identified by the General Convention or Executive Council for exclusion (or divestment in the case where the Church is already invested):

- Tobacco
- Fossil Fuels
- Military Contracting
- Private Prisons
- Human Rights

In our review of the No Buy List in this period, CCSR focused on three areas in particular: military contracting, fossil fuels, and human rights:

**a. Military Contracting:**

The following resolution was proposed by CCSR and adopted by the Executive Council in June 2023 which clarified the existing policy and brought TEC's policy more into line with our denominational partners:

*Resolved*, that the Executive Council Committee on Corporate Social Responsibility, meeting in Cleveland, Ohio from March 25-27, 2023, recommend to Executive Council to amend the 2003 military contracting policy as follows:

*Resolved*, that the Executive Council hereby adopts a policy on disinvestment, to be reviewed and implemented annually by Council's Committee on Corporate Social Responsibility, which will place on the No Buy List any company (a) among the top five U.S. defense contractors, measured in dollar volume of sales, or b) any company among the top 50 defense contractors that receives more than fifty percent of its revenues from military contracts, and be it further

*Resolved*, that Council directs CCSR to add companies that make controversial weapons— cluster bombs, anti-personnel land mines, chemical and nuclear weapons— not under the above to the No Buy list, in conformance with past General Convention and Council resolutions, and be it further

*Resolved*, that a copy of this resolution be sent to any company from which this Church disinvests in accordance with this policy; and be it further

*Resolved*, that other church investors, including the Church Pension Fund, congregations, and dioceses, be urged to adopt a similar policy to the extent permissible under laws governing fiduciaries.”

*Resolved*, that other church investors, including the Church Pension Fund, congregations, and dioceses, be urged to adopt a similar policy to the extent permissible under laws governing fiduciaries.”

We brought this resolution to Executive Council based on existing General Convention resolutions related to controversial weapons systems such as chemical and nuclear weapons. We are aware that new weapons systems have been developed, such as blinding laser systems and lethal autonomous weapons, that are also used against civilian populations. We are submitting a resolution to further clarify our No Buy policy regarding all weapons systems that are used in such a way as to cause mass death, harm, and destruction to civilian populations. Please see our resolution at the end of this report.

**b. Fossil Fuels:**

In the area of fossil fuels, we note that several fossil fuel companies remain in the equity portfolio of the Church while also being on the No Buy List. This is part of a transition to full exclusion or divestment called for by the 2015 General Convention. Chevron, now the largest oil company in the United States, Phillips Petroleum, and Marathon are the primary remaining companies. CCSR, having reviewed this matter, and noting that it has been eight years since the original divestment resolution, and further noting that the Church of England Pensions Board has now also divested of all fossil fuel companies (June 2023), recommends that the remaining fossil fuel companies still in the DFMS investment portfolio, be finally divested by December 31, 2024. We are putting forward a resolution to General Convention on this matter. Please see our resolution at the end of this report.

**c. Human Rights:**

CCSR recommended and Executive Council approved of adding the following companies to its No Buy Human Rights Investment Screen<sup>3</sup>:

- Bezeq Israeli Telecommunications Corp (Occupied Palestinian Territories, providing cellular phone, internet, satellite service to maintain occupation through the Israeli Civil Administration)
- Daimler Truck Holding AG (Russian weapons against Ukraine, weapons to Myanmar junta)
- Mivne Real Estate (does business with the Israeli Civil Administration which maintains the Occupied Palestinian Territories)
- Raiffeisen Bank International (business with Russia/Belarus)
- Southern Copper Corporation (Mexican Preventative Federal Police, private security, paramilitaries with pattern of murders, suppression of human rights, labor rights and violent suppression of protests)

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<sup>3</sup> <https://www.episcopalchurch.org/wp-content/uploads/sites/2/2023/09/Exhibit-D-No-Buy-List-June-2023.pdf>

We discussed adding several other companies to the list, but decided we should begin with dialogue, offering the following companies an opportunity to respond, before any decision with regard to adding them to the No Buy List: AXA SA, (active in conflict-affected and Occupied Palestinian Territories, Myanmar, Congo, Saudi Arabia, Yemen), Li Ning Co Ltd (forced labor of Uyghurs in China, forced labor in North Korea), and Hilton Worldwide Holding Inc (hotel built on the site of a razed mosque in Xinjiang Uyghur Autonomous Region, China).

**3. Economic Justice Loan Committee (EJLC).**

EJLC maintains a \$7 million revolving loan fund with a focus on impact investing for social and environmental good. EJLC works with CCSR under its mandate but provides its own Blue Book Report through the Executive Council.

**4. Advocacy Account, formerly known as the 100 Shares List:**

CCSR notes it maintains a separate portfolio of minimum shares in companies with which it is engaging or provides a list of those companies to the money managers so that if they are considering selling the shares in the DFMS portfolio a minimum number be kept for CCSR's advocacy work.

**5. Proxy Voting:**

CCSR is grateful to the Church Pension Fund for providing services that allow DFMS to vote proxies in compliance with the TEC's ethical policies (shareholder resolutions filed by TEC or other organizations). This list is reviewed at intervals by CCSR and CPG as a joint effort, although the two entities sometimes have different policies relating to the multiple proxy subjects.

**6. CCSR Information Campaign:**

The work that we do is a part of the Church's gospel mission in the world, and serve as a model for diocesan and parish based investing, as well as an example of where the church is living what it preaches. CCSR welcomes opportunities and invitations to speak with dioceses, parish, and other institutional investors who would like to know more about our approach to this work.

With that in mind, we have launched an information campaign to highlight our work and provide tools for similar advocacy.

- a. With support from the Executive Council, Trinity Church Wall Street, the Diocese of Western Massachusetts, and the Church Pension Fund, CCSR produced a short video<sup>4</sup> of our work, “The CCSR Story,” was produced as part of a planned event celebrating the 50<sup>th</sup> anniversary of CCSR. This was scheduled to be presented at General Convention in 2022 and has now been rescheduled for General Convention in 2024. The committee thanks Mr. Peter Swanson for his excellent production services. We commend this video to the whole Episcopal Church—please share it widely! Our work is often hidden, or at least quiet, and we would love for it to be better known across the Church.
- b. We will be engaging in a communication effort, offering workshops, webinars, presentations, exhibits, and more over the next few years at conferences and other meetings of the larger church. We hope to provide tools for similar work, and to ensure that more people know that their church is actively engaged in the work of Jesus in ways they may not have realized.

**7. Collaboration With Other Investors:**

Our work is strengthened when we join together. As can be seen in the report, we partner with the Church Pension Fund and with the investment managers for the Church of England. There are also some dioceses and parishes that align their investments with the DFMS / Episcopal Church investment strategies, including our approach to ethical, sustainable investment. We welcome conversation with any diocese or parish interested in pursuing such alignment.

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<sup>4</sup> <https://www.episcopalchurch.org/video/the-ccsr-story>



## Summary of Work

### Report on Work Accomplished, 2021-2023

*Note: We are reporting on our work since this committee's last Blue Book report was filed in Fall 2020.*

#### Acronyms commonly used:

CCSR – The Executive Council's Committee on Corporate Social Responsibility  
TEC – The Episcopal Church

DFMS – The Domestic and Foreign Missionary Society, the corporate entity that owns and manages property for TEC

ICCR – The Interfaith Center on Corporate Responsibility, the ecumenical and interfaith body of which TEC is a founding member. Most shareholder activity by CCSR is coordinated with ICCR

SEC – Federal Securities and Exchange Commission which sets regulatory shareholder guidelines  
ESG – Environment, social and governance categories for making ethical investments.

EJLC – Economic Justice Loan Committee

CCLA—Churches, Charities and Local Authorities Investment Management Limited, the investment management company for nearly 13,000 Church of England parishes, dioceses, cathedrals and other Church of England bodies; CCLA is predominantly owned by its church and not-for-profit clients and manages over £2.7bn of Church of England assets.

### 2021 Engagements

The Domestic and Foreign Ministry Society of The Episcopal Church (DFMS) advocacy work consists of multiple engagement methods including company dialogues, filing resolutions, and sending letters. For the 2021 proxy year, DFMS conducted 38 engagements at 36 different companies, and filed nine resolutions, seven of which have been withdrawn due to agreement with the company. This report provides a summary of activity in the 2021 proxy year by Mercy Investment Services, Inc., our contractor for socially responsible advocacy efforts.

## Human Rights

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*Objective – Sex Trafficking: Engage travel companies such as hotel, airline, and trucking companies on compliance with best practice standards to mitigate labor trafficking, and child and women sexual trafficking.*

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### **McDonalds (Dialogue)**

A letter of inquiry was sent outlining investors' concerns about human trafficking and how companies in the restaurant sector can help prevent trafficking and assist victims. The letter requested a dialogue to discuss in greater detail how the company can be a part of the trafficking solution. No response at this point.

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*Objective – Human Rights: Engage companies on efforts to ensure compliance with human rights standards in their own workforce, supply chains, including outsourced labor brokers, requirements in subcontractor contracts, compliance audits and performance/improvement measurement.*

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### **Delta Airlines (Dialogue)**

Delta Airlines issued a statement from CEO Ed Bastian noting the company's opposition to the new voting rights legislation in Georgia that includes new requirements that will make it harder for Black and Brown communities to vote. The memo also noted Delta's efforts to engage elected officials to remove some of the most egregious measures from the bill and acknowledged that the bill and others like it are a response to unfounded claims of voter fraud during the 2020 elections. The company reiterated its commitment to support voting rights and that it will continue the get-out-the-vote efforts throughout the country. Delta also continued to look at human trafficking efforts within the airline and started an to donate miles to Polaris to help victims and survivors of trafficking rebuild their lives.

Mid-year update included a call with Delta to discuss their progress in addressing human rights issues and developing a formal policy, its ongoing adaptation to the COVID-19 situation and plans to resume operations, and its efforts on DEI issues. Anti-trafficking training remains mandatory for all pilots and

flight attendants and Delta's reached near 100% completion for its customer service and technical operations teams. Although it had limited engagement with NGOs and legislators during the pandemic, it planned to continue those partnerships and resume joint events and initiatives, such as providing internships to trafficking survivors and engaging with Congress. Delta has a general policy against human rights abuses and noted willingness to assess expanding the scope and welcomed resources from investors on human rights policies.

## **United Airlines (Resolution)**

After no response to attempts to engage in dialogue with investors, DFMS was lead filer on a resolution requesting that the Board of Directors prepare a report on the company's management systems and processes to implement the commitments outlined in its human rights policies. Call with United discussed the human rights disclosure proposal. The company explained that since the adoption of its human rights policy in 2014 it has taken a targeted approach to implementing it and has focused on areas where it can have the most impact, like trafficking prevention. United acknowledged that it needs to improve its ESG disclosure, and this is something investors can expect in 2021, starting with an updated CSR report this spring. The company shared updates on how it has been addressing human rights issues, including an update on its trafficking prevention training program and the work of its procurement team on embedding clearer expectations on human rights within supplier/vendor contracts. It is open to and interested in having more regular engagements with shareholders and in expanding its work and disclosure on ESG issues. Shareholders withdrew the proposal based on the updates shared during the March call, as well as the following commitments: 1) continued engagement with investors, including two additional dialogues in 2021; and 2) the company will explore ways to increase disclosure of the company's efforts to prevent human trafficking and address human rights risks in the supply chain.

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*Objective – Conflict Affected and High-Risk Areas: Engage companies operating in areas of civil and/or labor strife or racial disparagement (e.g., Democratic Republic of Congo, Israel/Palestine, Peru, Indonesia, and U.S.) on due diligence processes and/or enhancing their capacity to deal with potential human rights violations, in either case to help assure they are not directly or indirectly financially benefiting armed groups or engaged in repressive practices impacting indigenous peoples. Develop Human Rights Screen for Israel/Palestine and all occupied areas as well as areas of conflict.*

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## **ABB Ltd. (Dialogue)**

The lead sold the stock and Mercy Investment Services took over that role. The Business and Human Rights Resource Centre (BHRCC) referred the company to Mercy. We hoped the engagement would restart quickly, with the understanding that if the company failed to respond, pressure would be needed in 2022.

## **Booking Holdings (Dialogue)**

DFMS supported ongoing efforts to engage the company on the development of a global human rights policy, including a specific component for conflict-affected and high-risk areas (CAHRA). Bookings has engaged Business for Social Responsibility (BSR) to do a human rights review (not a full impact assessment) and develop a corresponding policy. The company noted they do see conflict entailing higher risks and is developing plans on how to address these operational contexts and has agreed to ongoing investor engagement, including an opportunity to review and provide detailed

feedback on the draft policy. A call provided updates on the company's progress at developing a CAHRA specific component as part of a broader human rights policy. BSR developed a policy grid and timeline for the company on how to move forward.

### **Chevron Corporation (Resolution)**

A letter was sent asking for dialogue concerning the human rights and operational risks associated with activities in CAHRA, following the company's acquisition of Houston-based Noble Energy. DFMS was the lead filer on a shareholder resolution asking for an assessment and report on the company's approach to these materials risks. DFMS received a letter indicating the company has challenged the resolution with the SEC based on substantial implementation. Investors withdrew the resolution in return for three dialogues this year around how the company will consider conflict risks. Particular focus of the dialogues would be how such risks are identified, assessed, prevented, mitigated, and disclosed through ongoing development and revision of corporate policies and practices. Following the February 1 military coup in Myanmar, where Chevron is working in partnership with Total and the Myanmar Oil and Gas Enterprise, a call was arranged by DFMS to discuss the company's risk mitigation efforts with senior Chevron staff. In light of the lackluster company response, growing momentum among global investors concerning Myanmar, and Chevron's recent decision to shut down the Tamar gas pipeline in the Eastern Mediterranean due to the recent escalation of the Israeli-Palestinian conflict, the DFMS-led coalition began considering specific asks of the company related to both of these operations and a broader conflict.

### **Expedia (Resolution)**

Following a year of no movement, a resolution was filed calling for Expedia to assess and report to shareholders, on the company's policies and procedures to address the human rights risks associated with business activities in conflict-affected and high-risk areas (CAHRA). In the first meeting, the company shared how it assesses risk to travelers and attempts to mitigate conflict-related risks by abiding by various sanctions regimes. The company stated that it will consider human rights reporting and how it fits in with its code of conduct. The resolution was withdrawn after the company shared its draft Human Rights Policy, requested and received analysis of the policy from investors, and agreed to continue the dialogue concerning the ongoing refinement of the policy. Company later reported that the board adopted the new Global Citizenship statement at its June 9 board meeting and that it would be available on the company website soon.

### **General Mills (Dialogue)**

Pillsbury frozen baked goods are produced in a factory located in the Atarot Industrial Zone, part of Israeli-occupied East Jerusalem. International and Palestinian advocacy organizations are concerned about how these business activities may violate international humanitarian and human rights law and financially incentivize the occupation. Investors are determining how best to engage the company concerning the issue in light of the boycott initiated by advocacy organizations.

## Heidelberg Cement AG (Dialogue)

DFMS supported ongoing efforts to engage the company regarding enhanced human rights due diligence in CAHRA. Discussions to date have revealed the company is assessing these issues, but using internal staff, mainly performing desk audits, is doing so in a reactive, *ad hoc* manner based on open conflict, and is not consistently applying international humanitarian law. The company does not provide specific training on this issue, and there are no planned engagements with NGOs on the ground. It does reassess conflict and other human rights risks every three years. A follow-up email thanked the company for dialogue and asked for country assessments concerning human rights risks. Concerning one high-risk area, international nonprofit Inclusive Development International facilitated a virtual meeting for investors to engage with community leaders from the Indonesian NGO JM-PPK. The organization is leading a growing international campaign concerning Heidelberg Cement's planned limestone quarry and cement plant in Central Java, which threatens local communities' homes, water, health, and cultural/religious practices. After the company stopped responding to requests for calls and additional information, the lead submitted a counter-motion at the annual shareholders meeting on May 6, calling for adequate and transparent human rights due diligence in CAHRA, especially in light of the pending German Supply Chain Act, which makes such processes and disclosures mandatory. Lead followed up with company post AGM where comments were made regarding a desire to continue to engage in points made in the counter-motion.

## TripAdvisor (Dialogue/ Resolution)

Shareholders met with the corporate secretary to get an update on the next steps concerning its recent materiality assessment. At the end of the meeting, the report was shared, and the investor group reviewed and circulated comments to one another. The firm that did the materiality assessment is not seen as an expert in human rights work, and the assessment appears to reflect that lack of knowledge. Follow-up discussion focused on the coalition's concerns that the consultants were not familiar with human rights issues; it was only a desk audit not reflecting the risks of stakeholders on the ground, and the report itself was sloppy. The company agreed to look at the possibility of creating a human rights policy first, then a subsequent human rights impact assessment. A follow-up proposal filed by partner Mercy Investment Services requested the Board of Directors to develop and adopt a comprehensive Human Rights Policy stating the company's commitment to respect human rights throughout its operations and value chain, and describing steps to identify, assess, prevent, mitigate, and, where appropriate, remedy adverse human rights impacts connected to the business. The company shared a first draft of its global human rights policy, which failed to meet current best practice and did not address shareholders' specific concerns related to CAHRA. Nevertheless, it was decided to withdraw the resolution in exchange for serious discussions around how to further refine and implement the policy, including in areas with heightened risk. Investors sent an email concerning Myanmar hotels and how the new company policies address the human rights issue and requesting another dialogue. No answer was received as of the end of June 2021.

## Health and Health Care

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*Objective – Gun Safety: As a public health issue, engage gun manufacturers to adopt more smart technologies for weapons and retailers to restrict which weapons they sell and under what conditions; engage both to adopt the Sandy Hook Principles, which protect the rights of gun ownership and the rights of citizens to be safe and secure; and to report on their lobbying activities and expenses for gun rights.*

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### **Smith & Wesson Brands Inc. (f/k/a American Outdoor Brands Corporation)** (Dialogue)

The company uses an off-cycle proxy year, which means actions of the resolution filed in Spring 2020 move into the following proxy year activities, which start in July. The company sent a no action letter to the SEC which was responded to by the lead filer. The company produced a Corporate Stewardship Policy, which although not the human rights policy investors sought, investors believed it reflects a good faith attempt by the company to engage with shareholders regarding their concerns and the resolution was withdrawn. The company indicated it would consider further dialogues around a human rights policy and investors are considering next steps. DFMS co-filed a new proposal in April 2021 requesting the company adopt a comprehensive policy articulating its commitment to respect human rights, which includes a description of proposed due diligence processes to identify, assess, prevent and mitigate actual and potential adverse human rights impacts.

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*Objective – Gun Safety: Engage industries such as credit card companies, shipping companies, and financial institutions on their impact on the epidemic of gun violence in the United States.*

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### **Mastercard and Visa (Dialogue)**

Dialogues were held based on the letter shareholders sent in January 2021 about untraceable firearms purchases. Each company maintains it only facilitates legal transactions and can't see every purchase a customer makes.

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*Objectives – Opioid epidemic: Engage opioid manufacturers and distributors about their corporate policies on the marketing or promotion of drugs that lead to addiction and how the company takes responsibility for these practices; Engage pharmaceutical companies that manufacture antidotes to opioids about their pricing practices.*

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### **AbbVie (Dialogue)**

AbbVie merged with Allergan, which had a Board Report on oversight of opioids. An email sent to AbbVie asked if it plans to continue sale of opioid products and if so, whether it will engage in similar Board Oversight of opioid sales. AbbVie responded that it was assessing the Allergan business lines and followed-up after its assessment by replying that it had started the process to discontinue the three branded opioid products that were remaining at Allergan when the company was acquired. Once the discontinuation process is complete, it will no longer have any opioid products. On a call about the independent chair proposal, investors asked the company to set aside adequate funds for potential settlement of Allergan opioid claims.

### **Johnson & Johnson (Resolution)**

DFMS co-filed a resolution with the Illinois Treasurer's Office requesting Johnson & Johnson issue a report to shareholders describing the governance measures JNJ has implemented since 2012 to monitor and manage more effectively the financial and reputational risks related to the opioid crisis. Shareholders followed-up by asking JNJ to add information about opioid sales outside the U.S. and add metrics recommended by SASB. The resolution was withdrawn based on substantially complete board oversight report and a promise to continue dialogue about the matter.

### **Viatrix (f/k/a Mylan N.V.) (Dialogue)**

Viatrix acknowledged that it did not adopt the Mylan Opioid Board Oversight Report when it became Viatrix, but assured investors that it will work internally to prepare a Viatrix draft report and get it approved. It reported that Viatrix' filing deadline was not yet set, but it will inform investors in advance. The corporate secretary promised that Viatrix would have a new opioid oversight policy by June 30 and that the policy would include the changes shareholders suggested for the Mylan policy and would seek shareholders' input on the new policy.

### **Walgreens Boots Alliance, Inc. (Dialogue)**

Investors sent a letter to the chair of Walgreen's compensation and leadership performance committee asking about incentive pay practices that exclude, or are adjusted to exclude, the impact of costs associated with opioid litigation and settlements. Company responded with a letter saying its incentive program determination follows a rigorous process to understand all the impacts of its business, to ensure programs are aligned with Walgreen's business objectives.

## Care of Creation

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*Objective – Water and Healthy Communities: Engage companies on science-based water stewardship targets and the human right to water, in their operations and their supply chains.*

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### **Coca-Cola (Dialogue)**

Company issued its 2020 ESG report that details the latest statistics from its water replenishment program: 170% of the water used in manufacturing was returned to nature and communities in 2020, either directly, or through support for water access programs. The report also launched Coca-Cola's new 2030 water strategy to increase water security in high-risk areas of operations with a more context-based approach and to reduce water risk in its agricultural supply chain.

### **Constellation Brands (Dialogue)**

A letter was sent to the company outlining investor concerns about the company's management of water risk and requesting dialogue. A call with company's ESG director discussed company's approach to water risk after its experience with community opposition to its proposal to expand its brewery in Mexicali. Company noted that it followed all local rules and regulations and consulted with the government about its plans (we noted there was nothing about community consultation) and was defensive when asked what it had learned from its experience. The company is about to issue its first company-wide targets (early June 2021) and since the Mexicali problems it has centralized its sustainability practices and is reporting regularly to the board on progress. The company believes it has always "done the right thing" but failed to talk about it and knows that investors are looking for more information. It has begun to look at water risk in supply chains and recently joined the Sustainable Agriculture Initiative. It believes it has internal processes that respect human rights but admits that it lacks a formal policy and thinks it is something to investigate; investors recommended some peer company examples and NGOs that could assist with that.

*Objective – Climate Change and a Healthy Environment: Engage companies to adopt science-based targets for reducing greenhouse gas emissions, adopt technologies to monitor and reduce methane emissions, adopt new and cleaner energy technologies, promote efficiency, promote transparency in reporting, and protect consumers, particularly low-income consumers.*

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### **Ameren (Dialogue)**

Investors sent a letter to the company asking for more detailed reporting on how it supports public policies that align with the goals of the Paris Agreement to reduce emissions and transition to cleaner sources of energy. A call with the company discussed climate lobbying disclosure. Company is working



on a new climate risk report to be released this spring. The company pointed to its political spending disclosures as among the best; investors noted Ameren's leadership and urged similar disclosure of its lobbying activities through trade associations and other organizations. Company understands risk in relationships with 501(c)4 organizations after the FirstEnergy scandal and board is having "very robust" discussions. Company asked to see examples of climate lobbying disclosures.

### **Chevron Corporation (Dialogue)**

Call with company to discuss the need for more ambitious short-term and medium-term targets outlined in the company's recent climate report. Also suggested improvements to the company's disclosure of its climate lobbying efforts, a push for a stronger effort to address scope 3 emissions, and a discussion of the company's future price assumptions and accounting practices. Investors also asked for a conversation with some of the company's independent directors to get a better sense of their ongoing oversight of climate issues; the company was amenable to trying to arrange this with the engagement leads.

### **Delta Airlines (Dialogue)**

A letter was sent to the CEO and board chair introducing the Climate Action 100+ benchmark and net zero emissions pledge. Climate Action investors met with company to discuss its carbon neutral goal and plans to implement. Company reported plans are moving forward, but items that have costs associated with them may be delayed due to COVID impact on business. Company is not considering a science-based target (SBT) at this time because it needs to rely on carbon offsets at least in the short/medium term because of limits in technology and sustainable biofuel supplies; but will work to limit offsets over time. Company reported it is working to develop metrics and incorporate goals into executive compensation, but probably won't get that done until after COVID impact recedes. A call with the company discussed its plans to increase use of biofuels and how it is considering sustainability impacts of current and potential biofuel feedstocks, particularly biodiversity and land use impacts. It is working with industry groups globally, including participation from the Roundtable for Sustainable Biomaterials and ISCC. The industry is very early in the process but is trying to include sustainability as things develop. Federal and state incentives will be a critical part of scaling up supplies and trade associations are working in that space. In a second call with company, discussion focused on its climate lobbying activities and disclosure. Company noted that trade association policy positions do not always reflect Delta's own position, but that it has pushed them, and that pressure is reflected in recent announcements on net zero emissions and biofuels subsidies. Company believes its disclosure of payments and its own lobbying activities is adequate for investors to understand what the company supports.

### **Phillips 66 (Resolution)**

DFMS co-filed a proposal requesting that the Board of Directors conduct an evaluation and issue a report within the next year describing if, and how, Phillips 66's lobbying activities (direct and through

trade associations) align with the goal of limiting average global warming to well below 2 degrees Celsius (the Paris Climate Agreement's goal). The report should also address the risks presented by any misaligned lobbying and the company's plans, if any, to mitigate these risks. A call was held with the company to discuss the proposal. It believes that its lobbying disclosures are better than many of its peers but is concerned that a report focused on climate lobbying would focus on a single moment in time, becoming outdated quickly. Investors asked for more information on how the company interacts with its trade associations around climate policy and for it to report on how it is or isn't aligned, as well as on steps taken where there is misalignment. Company indicated its willingness to put some expanded information in its CSR report, but it is not clear exactly what information that might include.

At the mid-year point, investors held a call with the company's ESG director and IR manager regarding the majority vote of 62.5% on the climate lobbying proposal. The company reported taking the advisory vote seriously and that it has started working on a report but did not have a publication date. It would likely be an electronic only report and the company would be convening an internal working group led by its government relations team. Investors made several suggestions about content and shared best practices and some examples and reports.

### **Valero Energy Corporation (Resolution)**

In a call with the company's ESG manager, investors emphasized the importance of Task Force on Climate-Related Financial Disclosures (TCFD) reporting; company asserted that we are the only investors pushing TCFD with company and it is planning to use SASB standards for its upcoming reporting. Company is looking at targets and notes that new disclosure will show its leadership on biofuels and in other areas. Investors shared interest in better disclosure around lobbying activities and how company spending on lobbying and other political influence activities aligns with a lower carbon future and the goals of the Paris agreement. The company would like to have a deeper conversation about climate lobbying and understand better what investors would like to see. Investors noted there would be a proposal filed, but that dialogues should continue. DFMS and partners co-filed a proposal requesting that the Board of Directors conduct an evaluation and issue a report within the next year describing if, and how, Valero's lobbying activities (direct and through trade associations) align with the Paris Climate Agreement's goal of limiting average global warming to well below 2 degrees Celsius and how the company plans to mitigate risks presented by any misalignment. Another call followed the filing, and the company said it is considering what the future regulatory landscape will bring and had a recent strategic planning discussion of its board, looking at possible directions for the company. It is looking at revamping its lobbying disclosure on the website to make it more accessible and will be willing to do the reporting investors requested. The proposal was withdrawn after the company agreed to produce the report on climate lobbying activities requested and to update the information going forward. It also agreed to future dialogue on the issues.

In a call with General Counsel Rick Walsh, discussion focused on the company's investment in the Byhalia pipeline, a subject of criticism from groups in Memphis and elsewhere on environmental justice grounds. The project is a joint venture and the crude oil that it will deliver is not for Valero's use but will be a branch off an existing pipeline that it uses. Primary user will be Marathon Petroleum. Community stated it has a strong community engagement policy and tends to have good relationships with its fence line communities due to past experiences, but the engagement here was done by its partner, Great Plains. Great Plains tried to reach out to the community and reports it has also tried to plot the pipeline in a way that will impact the least people and the least environmentally sensitive areas but sees that mounting criticism may mean that the project will not be built. Company stated is looking for ideas and solutions; sees this as a growing concern for building new energy infrastructure. The company acknowledged it needs a constructive new way to approach these problems even if this project doesn't get built.

Mid-year follow-up conversation regarding the company's climate lobbying report: The company reported it is working on an update to its political spending web pages that will include the report and that it hopes to have it live by the end of summer. The company also reported it is working on an updated climate risk report; it will not be able to include the new IEA net zero scenario in data analysis because the data sets for the new scenario will not be available in time but will likely include information from the scenario in the narrative of the report. It will report verified Scope 1 and 2 emissions and begin reporting on some Scope 3, but methodology for estimating Scope 3 is not robust yet. The company will report against existing short-term targets.

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*Objective – Climate Change and a Healthy Environment: Engage companies, particularly in the energy and utility sector, to improve public disclosure and transparency in reporting presented by current and future company operations and products including company plans to manage carbon asset risk and comply with a regulatory scenario that holds global temperature rise below a 1.5/2-degree Celsius threshold.*

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## **NextEra (Dialogue)**

Call was held to discuss the company's new ESG report and the Climate Action 100+ benchmarks, including the request that companies pledge to meet net zero emissions by 2050. Investors noted improved disclosure by the company, but would like to see TCFD compliance, including scenario analysis and noted that could lead the company to be more comfortable with long-range targets (its current emissions target only goes to 2050). Company stated it believes it is not getting credit for its strong investment in renewables through its competitive energy business; focus is on regulated assets, which are moving more slowly, but it will exit coal completely within two years. Mid-year update: A letter was sent to company CEO asking company to make a public commitment to net-zero emissions by mid-Century and to outline plans to achieve this goal.

*Objective – Climate Change and a Healthy Environment: Engage financial institutions to ensure commercial lending and investment policies address socioeconomic and environmental concerns, particularly climate change, water stewardship, pipelines, financing in their lending practices.*

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### **American International Group (Resolution)**

In a call with the company, investors again pushed for increased reporting of climate risk in its investing and insuring business. It is waiting on trade association work on industry scenario analysis for deeper dive into the question of risk. Investors suggested joining Climate Action 100+ to identify and better manage investment risk. DFMS co-filed a resolution requesting that the Board of Directors conduct an evaluation and issue a report within the next year describing if, and how, AIG's lobbying activities (direct and through trade and other associations) align with the goal of limiting average global warming to well below 2 degrees Celsius (the Paris Climate Agreement's goal) and how the company plans to mitigate risks presented by any misalignment. An online meeting was held with the independent director who said the company is coming out of major reorganization and lobbying activities are just restarting. He understands that investor expectations regarding disclosure are increasing, particularly regarding climate action, and it is looking at new commitments this year.

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*Objective – Climate Change and a Healthy Environment: With the Church Pension Fund, push for the addition of a sustainability expert on the board to advocate for positive impact on the environment in line with COP21.*

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### **FLIR Systems (Dialogue)**

A letter was sent to FLIR regarding sustainability reporting and ESG issues, with a request to meet with the company. A call was held with company leadership to discuss the ESG issues raised. The company believes it has good sustainability practices and that its products are part of sustainability practices for many of its customers but knows that it needs to improve disclosures. It submitted its first report to CDP this year and have provided more information in its 2020 proxy and on its website. Investor s suggested that more information about how its board oversees ESG would be a helpful piece to include, as well as to think about adding ESG to the charter of a relevant committee and identifying board members with expertise in sustainability issues. The company is thinking through an initial citizenship report that will focus on more than philanthropy efforts. It was announced the company is merging with Teledyne Technologies, and a special meeting of stockholders approved the merger in May.

### **General Dynamics (Dialogue)**

A letter was sent to the company CEO requesting more information about the company's board and its oversight of sustainability issues. A response was received from the company CEO offering to set

up a call with investors to further discuss the issues raised in the letter. The letter also noted that the company plans to charter a new sustainability committee this year and has appointed a new board member with significant sustainability experience and expertise.

## Corporate Governance and Accountability

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*Objective – Diversity on Corporate Boards of Directors: Engage companies to address board diversity to include women and people of color.*

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### **Skechers (Dialogue)**

A call was held with The Thirty Percent Coalition and Skechers. There was a brief discussion of Skechers perceived hurdles (small company, how to reward those men who had been there a long time and made significant contributions). Investors committed to sending them the Rooney rule language and the company would take that to the nominating committee. A follow-up email was sent with desired charter language.

### 2022 Engagements

The Domestic and Foreign Ministry Society of The Episcopal Church (DFMS) advocacy work consists of multiple engagement methods including company dialogues, filing resolutions, and sending letters. For the 2022 proxy year, DFMS conducted 39 engagements at 34 different companies, and filed nine resolutions.

## Human Rights

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*Objective – Trafficking: Engage travel companies such as hotel, airline, and trucking companies on compliance with best practice standards to mitigate labor trafficking, and child and women sexual trafficking.*

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### **McDonalds (Dialogue)**

Dialogue was held late summer with McDonalds to discuss a number of issues, including how the company could contribute to trafficking prevention. McDonalds shared that several of their carriers are already Truckers Against Trafficking (TAT) members and train their drivers on trafficking

prevention. McDonald's agreed to follow-up with the number of drivers trained and number of TAT sponsors, as well as to have further conversations about how they can support trafficking prevention efforts. A follow-up call in the spring touched on some workforce issues following up on COVID concerns including paid sick leave. The company reported providing three sick dates throughout the system to all employees.

## **Airlines (Dialogue)**

Dialogue with United covered updates on their trafficking prevention training, implementation of their human rights policy, and disclosure plans in their CSR reporting. The company reported that human trafficking prevention training is mandatory for their frontline staff (e.g., flight attendants, pilots, ticket agents) and in 2021 they trained about 20k employees.

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*Objective – Human Rights: Engage companies on efforts to ensure compliance with human rights standards in their own workforce, supply chains, including outsourced labor brokers, requirements in subcontractor contracts, compliance audits and performance/improvement measurement.*

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## **United Airlines (Dialogue)**

United has also embedded its Human Rights Policy Statement into the annual ethics training. United reported that it has added provisions in supplier contracts to address human rights risks (e.g., debt bondage, ethical recruitment processes, no recruitment fees, etc.) and that site visits to supplier facilities are part of the vetting and compliance verification process.

## **Delta (Dialogue)**

In Delta's DE&I progress report, the company highlights some of the initiatives and progress from 2021: creating a talent development pathway to support the advancement of internal employees and grow the pool of diverse talent; increasing the number of external Black candidates for manager and above positions; and converting more part-time reserve employees, 70% of whom are minorities, to full-time positions. The company reported engaging senior leadership in racial equity workshops where over 62,000 employees have completed at least one DE&I training course. Also, the company reported it will be creating an equity-focused pillar for community engagement initiatives and increased charitable contributions to equity-focused organizations. Lastly, the company spent \$325 million with Black-owned businesses, 74% of the annual spending target.

In a mid-year update, Delta reported that it had released 2021 ESG report, including the results of Delta's biennial ESG materiality assessment that identified the top 20 material issues for the company, including DE&I, employee compensation and benefits, ethical conduct, and climate change management among others. To foster employee health and well-being, Delta reported enhancing its health care offerings and introduced a new co-pay plan with lower deductibles. The

company reported that by the end of 2021, Delta had a 95% domestic employee vaccination rate, and in 2022, implemented a 4% across-the-board pay increase to employees below the Officer level. On DE&I, Delta began reporting its EEO-1 data and committed to closing the gap between frontline representation and leadership, with particular focus on advancing women, Black, and other underrepresented racial and ethnic groups. Delta converted part-time reserve employees, 70% of whom belong to underrepresented racial and ethnic groups, to full-time positions. The company also committed to doubling spending with Black-owned businesses to \$690 million by 2025 and reported spending \$315 million in 2021.

Delta reported expanding its work on sustainable sourcing and is working with EcoVadis, a sustainability platform, to assess ESG issues in supply chains. Delta also reported that it is integrating sustainable and responsible sourcing standards into its Supplier Code of Conduct, RFP process, and contract templates. The company noted it is continuing its anti-trafficking efforts through training and NGO partnerships.

In an additional call with Delta, the company reported on its trafficking prevention and human rights efforts, DE&I commitments, and ongoing COVID response. With pandemic restrictions easing, Delta resumed its engagements with external partners including Polaris, Wellspring Living, and federal agencies working on trafficking prevention. Wellspring Living provides holistic support to trafficking survivors and Delta has supported the organization through financial donations and internship opportunities. Thus far over 60,000 Delta employees have been trained on trafficking prevention and it remains a core component of regular staff training programs. Delta is working with EcoVadis, a third-party sustainability ratings platform, to rate Delta's suppliers on ESG issues and to be more proactive in vetting suppliers on potential risks.

On DE&I, Delta is using its Close the Gap strategy to identify and address systems, policies, and other barriers that contribute to diversity and equity gaps. The company reported making progress in increasing representation of women, black, and other underrepresented ethnic groups in four main leadership job categories. Delta conducted a full pay equity analysis in 2021 and made corrections for any identified disparities. Delta increased all starting wages to at least \$15/hour and in May 2022, implemented a 4% increase across the whole pay scale.

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*Objective – High Risk and Conflict Affected Areas: Engage companies operating in areas of civil and/or labor strife or racial disparagement (e.g., Democratic Republic of Congo, Israel/Palestine, Peru, Indonesia, and U.S.) on due diligence processes and/or enhancing their capacity to deal with potential human rights violations, in either case to help assure they are not directly or indirectly financially benefiting armed groups or engaged in repressive practices impacting indigenous peoples.*

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## **ABB Group (Dialogue)**

Heartland Initiative reported the company has been unresponsive to engagement attempts both from the previous coalition lead (Miller/Howard Investments) and the current leads (Mercy/DFMS), but Heartland planned to conduct a fresh round of research and analysis concerning the company's risk exposures in conflict-affected and high-risk areas and a final attempt will be made to expand the current investor coalition and engage the company on these risks. However, due to the war in Ukraine taking precedence further work was postponed to 2023.

## **Booking (Dialogue)**

Heartland reported on the engagement led by Wespath, Booking Holdings hired BSR to develop a global human rights policy. Initial drafts, shared with the coalition, demonstrated the potential for a robust policy and set of corresponding practices, including on conflict-affected and high-risk areas, not only for the online tourism industry but across sectors. However, the last conversation with Booking staff indicated that internal challenges may threaten both the content and transparency of the new policy. Wespath agreed to send an email regarding our concerns and an update call for the coalition was planned.

## **Booz Allen Hamilton (Dialogue)**

Heartland reported that the company developed an ESG & Annual Reporting Hub that will include reports based on the UN Guiding Principles on Business and Human Rights, the Global Reporting Initiative, and the Sustainability Accounting Standards Board, among others. In spite of this progress, significant concerns remain regarding Booz Allen's ongoing contracts with the Kingdom of Saudi Arabia and other rights-violating states. However, no future engagements were planned for 2023.

## **Chevron Corporation (Dialogue)**

In January 2021, Chevron indicated that the company would be withdrawing from Myanmar, taking its lead from its operating partner on the Yadana pipeline, TotalEnergies, which made a similar statement that day. The company's decision prompted the investor coalition led by Mercy and DFMS to consider what would constitute a responsible exit from Myanmar and the company's ongoing need to address systemic risks related to conflict-affected and high-risk areas, especially in light of recent stories around its business activities in Equatorial Guinea and Kazakhstan. A call will be scheduled with Chevron to discuss these concerns in March. A follow up email was sent asking for dialogue to explore questions on movement out of Myanmar.

Company reached out concerning leaving Myanmar. No end date has been announced but they are looking for a responsible transition. Shareholders pushed for transparency in this process as well as



a revision of their policy to account for needed enhanced due diligence in conflict areas. Staff indicated they would take this information forward.

Mid-year update: After shareholders spoke with Crude Accountability DFMS partners met with Chevron. The company owns 15% of the pipeline and 13% of the oil going through it is Russian. Concerns still exist here, and the company states they're working with BSR and Maplecroft on tools for CAHRA reviews. Although exploring a different route is certainly one possible outcome, that is extremely hard geographically and expensive. Chevron is seeking to look at a more systematic approach to the issue. They also indicated they were looking at SASB as to where there are the greatest gaps in disclosure. When questioned about Myanmar, they stated that they have not left yet. Company stated it is still concerned for safety of their people and the operator. There was no specified deadline, but company reported movement is occurring. In terms of Noble acquisition, that work is now set in the sustainability team to review.

### **Cisco Systems (Dialogue)**

Heartland reported they are preparing an initial letter of engagement for Cisco Systems, to be sent by Wespath (lead) outlining human rights risks related to the company's partnerships with rights-violating states (e.g., Saudi Arabia, UAE), development of ICT infrastructure in occupied territories (e.g., Northern Cyprus, OPT, South Ossetia/Abkhazia), and forced labor in its supply chain (e.g., via companies in Xinjiang Uyghur Autonomous Region). In addition, efforts to solicit additional investor involvement in the engagement will begin in earnest in March 2022 with a letter to be sent in May/June.

### **Expedia Group (Dialogue)**

Heartland reported they have learned that Expedia hired an ESG consultancy firm to develop the company's global human rights policy (mirroring Booking's process) and was subsequently interviewed by that firm. This represents a positive development for the coalition led by Presbyterian Church (USA) and adds more momentum to the possibility of a private roundtable on online tourism and human rights.

### **General Mills (Dialogue)**

An introductory letter has been sent to company asking for dialogue concerning enhanced due diligence in conflict-affected and high-risk areas. Company responded with their latest human rights framework which led to a follow up with company highlighting risks and questions associated with OPT and other conflict affected and high-risk areas. Company agreed to meet in the spring of 2022.

After several attempts to get a meeting scheduled, the company agreed to a 1/2-hour call at the end of March 2022 to talk about human rights in conflict areas. The company's first response was to explain their current policy to identify salient human rights issues, including child and forced labor. ICCR partners' concerns about growing human rights issues in conflict areas were shared and the

company said they understood the position but could not tell us any more at that time. In a later follow up, ICCR partners asked them to enhance their due diligence in conflict areas and look at the contradiction of policy to the OPT actions, specifically the presence of the factory in the Atarot Industrial Zone. The company acknowledged the conversation in an email and that they heard shareholders' concerns about the West Bank facility. They indicated they hope to provide news on that front in the next few months. They also indicated the company will evolve their approach to human rights and how to navigate high risk contexts. The email also shared the new 2022 Global Responsibility Report.

### **Heidelberg Cement (Dialogue)**

Heartland reports the engagement resumed after Wespath filed a shareholder countermotion at the company's AGM in the summer of 2021. Since that time, the coalition provided examples of current best practice related to conflict-affected and high-risk areas, discussed specific company measures (prevention, mitigation, and reporting) that would address our concerns, and the steps the company is taking to prepare for the German Supply Chain Act. A company call should take place in the summer when a human rights staff member will have been hired and the reporting requirements for the Act have been finalized.

### **TripAdvisor (Dialogue)**

Company reported last summer that it has adopted a final Human Rights policy. The company group is trying to codify their core values and they will touch on traveler safety, discrimination, criminal activity, animal welfare and right to speech. Next outreach was planned focus on the company's potential participation in a private roundtable and updates to their policy.

This company lags behind the other two engaged online tourism companies - Booking and Expedia in terms of its global human rights policy and has remained unresponsive to successive requests for updates. Following the release of the Booking policy and advancement of Expedia's policy development process, ICCR partners agreed to reach out again to TripAdvisor to schedule an update call and discuss the company's potential participation in a private roundtable.

### **Western Digital (Dialogue)**

Lead had followed up on summer call with examples of good Human Rights Risk Assessments (HRIA). Company responded saying they would get back, but never did; in February a second follow-up letter was sent asking for progress on HRIA and a time to set up a call. In a spring 2022 call, Western Digital was praised for conflict minerals report and that they did HRIA. Upon probing shareholders found out that it was a desk audit but they did contact eight outside organizations and twenty inside organizations, both supply chain and downstream groups. The review of EEO data was migrant and gender issues, then sexual violence due to location, health, and safety, then supply chain risks. Company stated they are not involved in the Xinjiang Uyghur Autonomous Region (XUAR) but can't

verify how they got that data. Company was asked how they will implement recommendations from their contractor.

There was a follow up email sent to company asking how company identifies high risk areas, and how they evaluate governments compliance with human rights in countries they work ; specifically, China and XUAR was noted as it seems difficult to audit there.

The company stated it has a due diligence policy but is not going to move further with it right now. Heartland suggested refocusing on a different policy. Despite progress and continuing concerns, it was felt that more change is possible with other companies, so work will be sunset for 2023.

## Health and Health Care

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*Objective – Gun Safety: As a public health issue, engage gun manufacturers to adopt more smart technologies for weapons and retailers to restrict which weapons they sell and under what conditions; engage both to adopt the Sandy Hook Principles, which protect the rights of gun ownership and the rights of citizens to be safe and secure; and to report on their lobbying activities and expenses for gun rights; Determine when to invest in gun manufacturers to change corporate behavior; Engage industries such as credit card companies, shipping companies, and financial institutions on their impact on the epidemic of gun violence in the United States.*

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### **Sturm Ruger (Resolution)**

DFMS filed a shareholder proposal with Sturm Ruger urging the Board of Directors to oversee a third-party Human Right Impact Assessment which assesses and produces recommendations for improving the human rights impacts of its policies, practices, and products, above and beyond legal and regulatory matters. An exempt solicitation was filed with SEC urging shareholders to vote for proposal #4 and the vote proposal was approved - 68.52% in favor.

### **Smith & Wesson (Resolution)**

In 2021, shareholders filed a resolution with Smith & Wesson requesting that the company adopt a comprehensive human rights policy, including a due diligence process to assess adverse human rights impacts. Although the company strongly opposed the proposal, a substantial 44% of shareholders supported the resolution at the company’s fall annual meeting. In December the new Corporate Secretary reached out to shareholders to schedule an introductory dialogue, and the ICCR gun safety group met with the company for introductions and to discuss the proposal and why a human rights

policy with due diligence is necessary for any company and will follow up in more detail about the proposal.

This year, DFMS filed a proposal that the Board of Directors adopt a comprehensive policy articulating its commitment to respect human rights, which includes a description of proposed due diligence processes to identify, assess, prevent, and mitigate actual and potential adverse human rights impacts. In a meeting with the company to discuss the human rights due diligence proposal, the company noted concerns about opening themselves up to liability claims if they adopt UNGPs.

Investors said it is possible to have human rights due diligence processes while referencing other standards.

### **Mastercard (Resolution)**

DFMS filed a proposal asking that the Board of Directors conduct an evaluation and issue a report within the next year describing if and how Mastercard Inc. intends to reduce the risk associated with the processing of payments involving its cards and/or its electronic payment system services for the sale and purchase of untraceable firearms. Mastercard has challenged the proposal on the grounds that it deals with matters related to the company's ordinary business operations. This proposal was challenged but the SEC was unable to support the challenge.

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*Objective – Opioid epidemic: Engage opioid manufacturers and distributors about their corporate policies on the marketing or promotion of drugs that lead to addiction and how the company takes responsibility for these practices.*

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### **AbbVie (Dialogue)**

To start dialogue with the company, partners filed a governance proposal asking the AbbVie board of directors how it oversees risks related to anticompetitive practices. The company has challenged the resolution and has not come to the table to discuss the issue. After a challenge that was rejected by the SEC, the vote was 33.29% in favor.

## Care of Creation

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*Objective – Water: Engage companies on science-based water stewardship targets and the human right to water, In their operations and their supply chains.*

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### **Campbells (Dialogue)**

Regarding water risk, Campbells reported it is identifying high-risk commodities/ingredients and high-risk water basins with the goal of setting context-based targets for those at highest risk and is working with the Alliance for Water Stewardship in this effort. The company also reported it is in the process of setting a science-based emissions target, working with a consultant to establish baselines for scopes 1 and 2 and looking for the first time at scope 3 emissions.

### **Coca-Cola (Resolution)**

Engagement with Coca-Cola has focused on plastic waste which impacts water quality. DFMS co-filed a resolution requesting that the Board of Directors issue a report, within one year, describing the potential to reduce dependence more rapidly on single-use plastic packaging by expanding and supporting refillable bottle systems and infrastructure globally. The report should establish uniform companywide metrics for the company's public reporting on refillable use and evaluate opportunities for setting aggressive refillable goals and deadlines. Shareholders withdrew the proposal based on Coca-Cola's recent announced goal to have at least 25% of all beverages globally across its portfolio of brands sold in refillable/reusable glass or plastic bottles, or in refillable containers through traditional fountain or freestyle dispensers by 2030. The company also committed to reporting annually on its progress and to meet with investors to discuss progress. Given these commitments shareholders withdrew the proposal. The company stated it will report annually on its progress toward their goals and continue to meet with shareholders.

### **Kraft Heinz**

DFMS filed a proposal requesting that The Kraft Heinz Company report to shareholders, using quantitative indicators where available, an assessment to identify, considering the growing pressures on water supply quality and quantity posed by climate change, its total water risk exposure, and policies and practices to reduce this risk and prepare for water supply uncertainties associated with climate change.

In a meeting, Kraft began the discussion with a brief background from their new ESG Global Lead Jonah Smith. The conversation thereafter mostly centered around already stated 2020 commitments involving water reduction targets and some various committees work on responsible

water stewardship. However, when asked about committing to conducting a complete agricultural supply chain assessment, they would not commit. They would not state their reasoning until a later email indicating they feel they have done enough and are continuing to work with committees on lowering direct operations water targets but not supply chain. The resolution went to a vote where the vote was 7.32% in favor.

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*Objective – Climate Change and a Healthy Environment: Engage companies to adopt science-based targets for reducing greenhouse gas emissions, adopt technologies to monitor and reduce methane emissions, adopt new and cleaner energy technologies, promote efficiency, promote transparency in reporting, and protect consumers, particularly low-income consumers.*

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### **Delta Airlines (Dialogue)**

Delta reported they are committed to working with the Science Base Target Initiative (SBTi) and set a target. The target is under old SBTi protocol, but company will look at net zero (1.5 degree) protocol once it is available for aviation. Goal includes 10 percent sustainable aviation fuel (SAF) use by 2030 and Delta joined the Race to Zero campaign announced in Glasgow that requires a science-based target for 2035 and a 2050 net zero ambition/pathway. A big hole in plans is scale up of SAF; pilot program with Chevron is part of their plans. 2030 goal for SAF is that half of supply will cut emissions by 85 percent with other half cutting emissions by at least 50 percent. Board has agreed to produce a report on climate lobbying and is regularly briefed on progress toward company's net zero strategy. Company later released its first climate lobbying report.

### **Chevron (Dialogue)**

ICCR partners filed a proposal requesting that the Board oversee the preparation of a report analyzing a critical climate change concern, the reliability of Chevron's methane emission disclosures. The report should: summarize the outcome of any efforts to directly measure methane emissions by the Company; provide investors with insight as to whether there is likely to be a material difference between direct measurement results and the Company's published estimates of methane emissions; assess the degree to which any differences would alter estimates of the Company's Scope 1 emissions.

DFMS participated in a call with company to discuss proposal and the need for more direct measurement of methane leaks and emissions. The company reported working to improve leak management and to implement more direct measurement. The company reports supporting methane regulations to improve practices across the industry. Investors asked if the company is considering joining the Oil and Gas Methane Partnership (OGMP) and implementing its direct measurement protocols; company is looking into it. The company will consider ICCR partner's request for a report. During a Climate Action 100 call with ESG and sustainability team, there was focus on the company's updated climate goals revolving around their competitive advantages,

lower carbon assets, and their investments. The company believes they have a line of sight to reach their goal of reducing intensity, including scope 3 and growing their low carbon renewable fuels business. Ukraine conflict shows that there remains a role for traditional oil and gas, and they plan to stick with fuels even as they work on net zero scope 1 and 2 emissions over time --not pursuing "electrons" in their business. The company will be updating their lobbying information on their website rather than issuing new reports going forward at least a couple of times per year and will issue their new CSR report in May 2022. Uniquely, the Board supported the shareholder proposal in the proxy statement and the vote was 97.97% in favor.

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*Objective – Climate Change and a Healthy Environment: Engage companies, particularly in the energy and utility sector, to improve public disclosure and transparency in reporting presented by current and future company operations and products including company plans to manage carbon asset risk and comply with a regulatory scenario that holds global temperature rise below a 1.5/2-degree Celsius threshold.*

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### **NextEra (Resolution)**

DFMS filed a proposal requesting that the Board conduct an evaluation and issue a report if, and how, NextEra Energy's lobbying activities align with the Paris Climate Agreement's aspirational goal of limiting average global warming to 1.5 degrees Celsius, and how the company plans to mitigate risks presented by any identified misalignments. A call was held to discuss the proposal. The company reported increased disclosure of trade association memberships, and asked what more investors would want to see. Investors noted that governance structure for lobbying activities and trade association memberships is not clearly stated. Investors are also looking for regular review of association climate positions and action taken on any misalignments with the goals of the Paris Agreement, as well as a clear statement that the company supports the goals of Paris. Resolution withdrawn after company agreed to increase disclosure of trade association memberships and to report on how their lobbying activities on climate issues align with the company's own long range (and Paris-aligned) plans to decarbonize.

During a follow up call with the company to discuss climate lobbying proposal, they described a "terrific" story about its decarbonization efforts and that the company on the record with its support for the climate/energy provisions of the Build Back Better bill. The company reported it doesn't specifically tie public policy efforts to the goals of the Paris Agreement because of the partisan view of it in Florida. Each year their head of government relations reports on their trade association memberships to the CEO and the board is involved in annual review of spending. The company believes the Chamber is improving on climate issues and that other trade associations are well-aligned with climate policies and goals of company. During another call there was discussion on terms for a possible withdrawal including an online statement of their climate policy, an explanation of the board's role in reviewing policy related spending and positions, and a review of trade associations. The Company later announced plans to reach "real" net zero emissions by 2045. The company claims that all other industry pledges include carbon offsets, making their pledge the only

real net zero pledge in the industry. Using NextEra Energy's 2005 standard adjusted baseline, the company now plans to reach a carbon-emissions-reduction rate of 70% by 2025, exceeding its previous commitment. Under its Real Zero goal, the company would improve that carbon emissions reduction rate to 82% by 2030, 87% by 2035 and 94% by 2040 before striving to achieve Real Zero by no later than 2045.

## **UPS (Resolution)**

DFMS filed a proposal requesting that the Board conduct an evaluation and issue a report describing if, and how, UPS's lobbying activities align with the Paris Climate Agreement's goal and how the company plans to mitigate risks presented by any misalignment. The company responded by noting their current disclosure of political and lobbying spending and their view that their level of disclosure is adequate to assure investors that they are supportive of climate action.

During a call with the company to discuss shareholder proposal, the company stated it believes they provide sufficient information on their lobbying activities, and they outlined their climate commitments. Shareholders explained that this report would give investors assurance that the company's lobbying activities align with its ambitious, Paris-aligned, climate goals. The company joins trade associations for many reasons, and despite the negative climate positions taken in the past by groups such as the Chamber of Commerce, UPS has been able to get supportive policies where it needs them "those positions haven't slowed us down." The vote was 33.23% in favor.

## **Valero (Resolution)**

DFMS filed a proposal requesting that Valero issue a report within a year, and annually thereafter, that discloses near- and long-term GHG gas reduction targets aligned with the Paris Agreement's goal, and a plan to achieve them. Reporting should cover the company's full range of operational and supply chain emissions. Investors met with the company to discuss the shareholder proposal, but the company was not comfortable sharing plans where it does not have a line of sight to meet. Investors noted that many companies are sharing long-term ambitions and noting where there are current gaps in technology as a way to show commitment to making the transition where not all details are yet known. Investors also noted this was a Climate Action 100+ engagement with Valero company on the company's lack of long-term emissions targets and the company's plans to increase its production of biofuels. The company stated it doesn't want to risk "greenwashing" in setting aspirational long-term targets and believes that some of its peers are doing so. Valero is spending about 60 percent of their growth capital on expanding their capacity to produce biofuels and is the largest US producer (includes ethanol as well as biodiesel), but they are expanding because they see the market potential in these products. Investors asked about reporting of scope 3 emissions, and they noted that they lack control over product use and emissions are hard to estimate.

Company presented its case for a vote against ICCR partners proposal to the Climate Action 100+ engagement group. They believe proposal is trying to "cookie cutter" the company into a business



strategy: they believe that their fossil fuel business is resilient, plan to assess it under the IEA Net Zero scenario this summer in an addition to their climate report. They believe that any long-term target risks greenwashing, which they try to avoid. Investors noted that we understand long term targets are aspirations, not specific road maps, but show company recognizes long-term reality. The corporate secretary made the remarkable claim that company "was aligned with Paris when Paris was being written." The vote was 47.11% in favor.

During a follow up call with corporate secretary and head of ESG to discuss the proposal, the company announced that they will be updating its climate report in 2022 to include a full analysis using the IEA Net Zero scenario but are still not at a point where they can update their targets or report scope 3 emissions. They note that 70 percent of their growth capital expenditure is going to their renewables business and that they have a major investment in a CCS project for their Gulf Coast refining operations. As is typical, the company made the argument that they are low-cost operator, have already sold or retired their least efficient assets, and expect to be refining petroleum products as "last company standing" into mid-21<sup>st</sup>-century.

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*Objective – Climate Change and a Healthy Environment: Engage financial institutions to ensure commercial lending and investment policies address socioeconomic and environmental concerns, particularly climate change, water stewardship, pipelines, financing in their lending practices.*

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## **American International Group (Dialogue)**

ICCR partners filed an early resolution asking for climate lobbying disclosures. DFMS joined in dialogue with the company to discuss what investors are looking for in a report, highlighted key differences between political spending reporting (note that company has paused contributions indefinitely) and lobbying and why this is seen as a risk and a key metric for companies. After the call investors shared resources and examples with the company. The resolution was later withdrawn because company has agreed to issue a climate lobbying report in 2022. Company shared their plans to issue a report in 2022 that includes a full list of their trade association and an evaluation of how their positions on climate issues align with the goals of the Paris Agreement, plus new disclosures regarding their governance of lobbying activities and trade association memberships. Their first climate lobbying report was issued in May 2022.

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*Objective – Climate Change and a Healthy Environment: Engage companies to ensure positive community impact of company operations on society, local economy and environmental concerns are appropriately assessed and transparently reported (sustainability reports) including environmental justice concerns and the impacts on the most vulnerable such as: women, indigenous persons, and people who are impoverished.*

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## Chewy (Dialogue)

The company was asked to start providing a sustainability report and disclose information on ESG issues. The letter included reasons to disclose, peer analysis of disclosing, and frameworks to view for proper reporting techniques.

## Corporate Governance and Accountability

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*Objective – Diversity on Corporate Boards of Directors: Engage companies to address board diversity to include women and people of color. Engage companies to address income inequalities, racial disparities, and other human capital issues to promote a just society.*

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## Elevance Health (fka Anthem) (Resolution)

DFMS filed a proposal urging Anthem’s board of directors to oversee a third-party audit which assesses and produces recommendations for improving the racial impacts of its policies, practices, products, and services, above and beyond legal and regulatory matters. The vote was 41.24% in favor.

## Johnson & Johnson (Resolution)

DFMS filed a lobbying alignment resolution asking for a third-party report on how JNJ’s lobbying activities align with the company’s position on Universal Health Coverage. The company. Investors will send them examples from Bayer and Shell. The company indicated they may be willing to look at interim measures but are unlikely to commission a full report. They believe their current disclosure is more than sufficient. Dialogue will resume after they have reviewed the example reports. The vote was 62.64% in favor.

## 2023 Engagements

The Domestic and Foreign Ministry Society of The Episcopal Church (DFMS) advocacy work consists of multiple engagement methods including company dialogues, filing resolutions, and sending letters. For the 2023 proxy year, DFMS conducted 48 engagements at 43 different companies, and filed 15 resolutions. This report provides a summary of activity in the 2023 proxy year, including those actions taken by Mercy Investment Services, Inc. and Heartland Initiative, our contractors for socially responsible advocacy efforts.

## Human Rights

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*Objective–Sex Trafficking: Engage companies on with best practice standards to mitigate labor trafficking child and women sexual trafficking. Engage companies to address online child sexual exploitation.*

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### **Delta Air Lines (Dialogue)**

Held dialogue with Delta to discuss its ongoing response to the Covid-19 pandemic and how the company supports employee's holistic health and well-being. Throughout the pandemic, Delta provided close to two million free tests to associates and their families and helped provide over 500k vaccines to staff and communities. Delta reported that the company continues to support its associates by providing free Covid testing, free masks, and up to 10 days of Covid paid leave if an employee contracts the virus. Delta noted that about 94% of its workforce is fully vaccinated and it continues to track infection, hospitalization, and vaccination rates. In 2022, Delta created the Flourishing Index Survey and conducted over 200 interviews across the Company to better understand how to provide equitable benefits and support worker well-being. In response to this feedback, Delta is expanding the number of free counseling sessions from 7 to 12 and in 2023, will partner with a concierge provider to help staff navigate their healthcare plans, benefits, and billing. Delta confirmed that all benefits are available to part- and full-time associates, as well as Ready Reserve employees.

Delta announced that its raising employee pay an additional 5% effective April 1, 2023. The pay raise applies to ground workers and flight attendants.

In July 2023, shareholders had a call with Delta to discuss the Company's work on human rights in the supply chain, trafficking prevention, DE&I initiatives, and worker well-being. Delta reported that since it began its trafficking prevention, the company has trained over 100k current and retired employees with 60k active employees who are currently being trained. Delta continues to work with Wellspring Living to provide apprenticeship opportunities to trafficking survivors and it is exploring partnering with other airlines to help relocate labor trafficking survivors as well. The company began using EcoVadis in 2022 to assess Tier 1 suppliers on social and environmental factors, including human rights. To date, about 280 suppliers have undergone an assessment and about 80% received a good rating, 19% need improvement, and 2% do not have any policies in place. Delta reported plans to do these assessments yearly to gather data and identify trends, and the next target group will be vendors with manufacturing suppliers. It switched to Gap/GPS Apparel to source its uniforms and has embedded human rights expectations into the contracts.

On DE&I, Delta reported using an equity lens and closing representation gaps, rather than just focusing on specific percentage representation targets. It is developing a 2023 DE&I strategy that will

include a focus on Hispanic representation and addressing the challenges for closing the representation gap for Black talent in leadership positions. The company continues to evaluate incorporating DE&I metrics into executive compensation, but said the metrics are not the most useful lever for driving change in the organization now.

Finally, the company discussed employee well-being noting that it is using the MIT Living Wage Calculator to evaluate its pay scale structure and identify equity gaps which resulted in the implementation of a higher cost of labor pay-scale for locations with higher costs of living and labor. Delta is conducting an annual assessment of wages and the pay-scale to identify and remediate any gaps. Additionally, Delta adapted the Flourishing Index to its own employee survey and will benchmark year-over-year progress in terms of participation and response trends. In the first year, financial wellness was the lowest scoring area, so Delta invested resources to improve its workers' financial wellbeing. It noted that employees use, on average, 8-10 of their free mental health visits per year and all U.S. employees have access to the backup care program.

### **United Airlines (Dialogue)**

Dialogue with United Airlines covered updates on the company's trafficking prevention training, implementation of its human rights policy, and DE&I commitments. The company reported it has trained over 50,000 employees in trafficking prevention and continues to engage with the Department of Homeland Security on best practices. In the area of human rights in the supply chain, United reported it has embedded expectations on human rights into its standards contract clauses and the Request for Proposal (RFP) process with suppliers. The company is evaluating implementing a third-party supplier risk management process that would include a compliance and audit process. On DE&I, United noted it is trying to take a data-informed approach to setting goals and measuring progress. The Company currently focuses on building diversity in its pilot and technician training programs, with the goal that by 2026, one thousand technicians will go through the apprenticeship program and at least 50% will be women or Black, Indigenous, and People of Color (BIPOC).

United Airlines has also reported it has embedded its Human Rights Policy Statement into its annual ethics training. The company stated it has added provisions in supplier contracts to address human rights risks (e.g., debt bondage, ethical recruitment processes, no recruitment fees) and site visits to supplier facilities are part of the vetting and compliance verification process.

This year, United Airlines released its 2022 ESG Report. On human rights, the report notes that, since 2018, United has trained over 52,000 employees on human trafficking awareness and prevention, and that it has established procedures in the procurement process to ensure suppliers comply with regulations and its Human Rights Policy. Unfortunately, the report does not include new disclosure about the company's human rights due diligence efforts, and the Anti-Slavery & Anti-Human Trafficking Statement are from 2021.

On DE&I, the report highlights that over 90% of new-hire interview slates for management and administrative roles in 2022 contained diverse candidates, and the company has achieved near-perfect pay equity for employees of all genders and races. United has doubled its diverse supplier spending year over year with the goal of doubling it again in 2023. United was listed in the Disability Equality Index's 2022 list of best places to work for disability inclusion. Finally, the company is disclosing its Equal Employment Opportunity (EEO-1) data and has committed to publishing an annual EEO-1 report.

### **Redacted (CONFIDENTIAL Dialogue)**

Dialogue with [redacted] to discuss the company's ongoing work to identify and prevent child sexual abuse material.

### **Meta Platforms, Inc. (Resolution)**

DFMS filed a resolution requesting that, within one year, the Board of Directors adopt targets and publish annually a report assessing whether Meta Platforms, Inc. has improved its performance globally regarding child safety impact and actual harm reduction to children on its platforms. The resolution received 16.28% of the vote at Meta's annual general meeting.

In addition to the vote, DFMS partners attended the annual general meeting and asked a question regarding how the Company is incorporating considerations of child rights and potential risks, including online sexual exploitation, into the design and implementation of the Metaverse and Meta's virtual reality platforms and spaces. Unfortunately, the question was not addressed by the Meta during the Q&A session.

### **Visa Inc. (Dialogue)**

DFMS participated in multiple dialogues with Visa discussing policies and risk management systems in relation to child sexual exploitation and child sexual abuse material. Visa's business model is a network that connects cardholders to merchants through financial institutions; these institutions, or 'acquiring banks,' are Visa's clients and are subject to Visa's rules and standards regarding high-risk transactions. These include all acquiring banks in Visa's network are now expected to conduct due diligence on their merchants, and if an acquiring bank engages in high-risk transactions, such as adult entertainment, they must also register with Visa for a high-risk liability license. Visa then uses internal quality control and monitoring systems to flag any potential illegal activity. If illegal activity, such as child sexual abuse material, is found, Visa investigates and implements a remediation process on the acquiring bank that could include applying financial penalties, requiring an independent review/audit of risk controls, non-compliance assessment, or termination of the business relationship if remediation is not possible. Visa recently amended its policies with acquiring banks to require that merchants in the adult entertainment sector verify age and consent before content is produced or uploaded, implement a content review process, and implement a

grievance/complaint mechanism. Because adult entertainment is legal, Visa noted the challenge of needing evidence that illegal activity has occurred before it can act with the acquiring bank.

In a follow up dialogue, Visa continued the discussion on its due diligence processes to ensure its credit cards and services are not used to purchase and perpetuate child sexual exploitation online. As previously discussed with Visa, the company updated its merchant acquirer guide in August 2022 to strengthen expectations, including that the acquirers will require merchants to verify age and consent in the adult entertainment sector, as well as to implement grievance mechanisms for anyone depicted in child sexual abuse material, or other non-consensual material. To verify the acquirers' compliance with this new guidance, Visa has an audit control process that includes reports from 'secret shopper' companies that flag potential violations. Visa also works closely with global law enforcement agencies and non-governmental organizations, including the National Center for Missing and Exploited Children and the National Center on Sexual Exploitation (NCOSE), to help flag issues. If Visa receives information indicating a potential violation, it investigates the acquirers, which could include suspension or termination. The company's Audit & Risk Committee has oversight at the board level and receives regular updates from the Chief Risk Officer. Visa also shared that effective March 2023, it will join the Internet Watch Foundation, a multi-stakeholder initiative focused on ending child sexual exploitation online.

Later in the year, Visa emailed investors and responded to some outstanding questions from shareholders in the last dialogue with the company. The email noted that Visa joined the Internet Watch Foundation (IWF) in March and that members of the company's risk team are engaged with IWF. It also included a summary of the changes made to the Visa Integrity Risk Program that require acquirers and their merchants to verify legal age and consent of anyone in the adult entertainment industry, implement monitoring mechanisms for uploaded and live-streamed content, and apply grievance and reporting systems to take down and resolve any noncompliant contact.

In Visa's 2022 ESG Report, investors noted the inclusion of a section on transaction integrity with a high-level overview of the company's Integrity Risk Program that establishes controls, requirements, and compatibilities to deter, detect, and remediate any non-compliant transactions across Visa's network. The report does not include any detail on the updates that Visa made to strengthen its acquirer standards to help prevent child sexual abuse material and online sexual exploitation and does not detail Visa's participation in the Financial Coalition Against Child Sexual Exploitation.

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*Objective – Labor Trafficking in Workplace & Supply Chain: Engage companies on efforts to ensure compliance with human rights standards in their own workforce, supply chains, including outsourced labor brokers, requirements in subcontractor contracts, compliance audits and performance/improvement measurement. Address a focus on mental health issues.*

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## **Kroger (Dialogue)**

ICCR partners filed a resolution with Kroger asking that the Board publish a report on whether the company participates in compensation and workforce practices that prioritize company financial performance over the economic and social costs and risks created by income inequality and racial and gender disparities. The company did not speak with investors and the resolution was omitted from Kroger's proxy after the Company won an SEC challenge.

A March press release indicated Kroger will invest an additional \$770 million in its associates in 2023. This investment will be used to raise average hourly wages, improve health care options, build new training and development opportunities, and expand other benefits and services for associates.

DFMS participated in a May 2023 call with Kroger regarding the Company's progress to survey suppliers and set a sustainable agriculture commitment. Investors asked about Kroger's responses to recent reporting about the prevalent use of migrant child labor in the U.S., especially in the food processing in manufacturing sectors. The company is working with the Equitable Food Initiative and Ethical Charter on Labor and Human Rights Standards for the produce sector, which should be rolled out later in 2023. The company noted that it conducted a Human Rights Impact Assessment (HRIA) of its mixed greens suppliers in California to identify human rights risks and recommendations for improvement. More information on the HRIA will be disclosed in the Company's next ESG Report.

Kroger received the 2023 Gold Bell Seal for Workplace Mental Health from Mental Health America. The Bell Seal is a certification that recognizes employers who create mentally healthy workplaces for all its associates and Kroger received this award based on its strong wellness programs, including benefits and perks to support associates' mental health.

## **Procter & Gamble (Dialogue)**

DFMS joined the work of the CCLA (Church of England investment management) Mental Health Initiative that sent investor letters to global companies, including Procter & Gamble, based on the results of the 2022 Global 100 Mental Health Benchmark. The letter outlines the business case for providing mental health benefits to employees and asks companies to implement effective management systems, including publicly acknowledging workplace mental health as an important issue, signal board and senior management commitment to promoting mental health in the workplace, publish a commitment and set objectives to improve workplace mental health, and report annually on progress.

The Company responded in writing to the investor letter regarding its ranking in the 2022 Global 100 Mental Health Benchmark. The company outlined its approach to mental health as part of its broader wellbeing business strategy, "Be at my Best." Through its Vibrant Living Program, the Company provides employees benefits and services on fitness, nutrition, mental and emotional resilience, and health and education training. Procter & Gamble has a personalized Wellness Assessment to help

guide employees on their health and wellbeing journey, Global Standards for Employee Health & Wellbeing, and a Network of Mental Health First Aiders who are employees trained to provide help and support on issues of mental health and wellbeing. The company noted that it has a Corporate Wellbeing Strategy supported by a committee of senior leaders including Wellbeing Core Standards. Proctor & Gamble is investing in training to build manager capability for addressing mental health issues and supporting employees.

### **Elevance Health, Inc. (Resolution)**

DFMS co-filed a resolution urging Elevance Health's Board of Directors to oversee a third-party audit which assesses and produces recommendations for improving the civil rights impact of its policies, practices, products, and services. In a call with the Company, investors learned that Elevance Health has reached out to the Business for Social Responsibility (BSR) to do a health equality materiality assessment. Investors discussed the scope, shareholder involvement, and other specifics of what that assessment would entail. Shareholders reached an agreement with the Company, so the resolution was withdrawn.

A later press release from the Company about the Racial Equity Audit discussed the scope, partnerships, and auditor.

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*Objective – Conflict Affected and High-Risk Areas: Engage companies with direct or value chain activities in conflict-affected and high risk areas in areas of civil and/or labor strife or racial disparagement (e.g., Democratic Republic of Congo, Israel/Palestine, Russia, Myanmar, Xinjiang Uyghur Autonomous Region (XUAR), China, U.S./Mexico border) on heightened human rights due diligence processes to help ensure they are not directly or indirectly financially benefiting repressive regimes and/or armed groups or engaged in repressive practices impacting vulnerable populations (e.g., human rights defenders, workers, indigenous peoples). impacting Indigenous peoples. Develop Human Rights Screen for Israel/Palestine and conflict affected areas such as Burma/Myanmar, Russia, XUAR, Sudan etc.*

*Note: all engagements in this objective are supported by Heartland Initiative.*

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### **ABB Ltd. (Dialogue)**

Heartland reported this year that after several unsuccessful attempts to engage the Company in dialogue about the Occupied Palestinian Territories (OTP) as well as other conflict-affected and high-risk areas, the proposed engagement should end. That said, ABB Ltd. did reach an agreement in September 2022 to sell its remaining stakes in Hitachi Energy, which owns and operates the solar energy projects in Moroccan-occupied Western Sahara.



## **Booking Holdings, Inc. (Dialogue)**

Heartland reported engaging Booking Holdings on its human rights and material risks in the Occupied Palestinian Territories and other conflict-affected and high-risk areas with the lead, Wespath. After promising to start the development of a new global human rights policy, led by consultant Business for Social Responsibility (BSR), the company has reneged on several key commitments, including removing “human rights risks” from certain “controversial” geographies; abandoning international legal terms (e.g., occupied territory); and providing a list of what the company considers conflict-affected and high risk. Subsequent conversations with Booking Holdings staff and the lead failed to address investor concerns regarding changes to the partially released public policy or the state of the “evolving” policy. Communication with the company has broken down. As a result, Wespath is planning to file a shareholder resolution that will seek to address deficiencies in Booking Holding’s global human rights policy and corresponding set of practices. Wespath will work with coalition members to build support for this resolution.

Booking Holdings has added travel warnings to listings in the Occupied West Bank. The new alert urges customers searching for rentals in Israeli settlements to review their government’s travel advisories before booking in the area. The warning also appears for a few other conflict-ridden regions around the world, including the separatist Nagorno-Karabakh region partially occupied by Azerbaijan.

## **Chevron Corporation (Dialogue)**

Heartland reported meeting with Chevron in the fall of 2022 to discuss the company’s ownership of 15% of the Caspian pipeline, given that 13% of the pipeline oil is Russian. The company stated it is working with BSR and Maplecroft on tools for conflict risk reviews. Although exploring a different route is a possible outcome, it is extremely hard geographically and expensive for Chevron to build. Chevron stated it is seeking to look at a more systemic approach to the region.

Investors exchanged emails with Chevron concerning the militarization around the port of Novorossiysk where the CPC pipeline ends. The company feels there is good freedom of movement and transit, yet media reports missiles being launched from that area. Additional questions have been proposed for discussion around risk thresholds for suspension of operations and financial implications of the payments from the pipeline.

Shareholders wrote Chevron an email asking it to evaluate the ability to ensure facilities are not used in war crimes by the Russian military, oil being transported by the pipeline is not involved in war crimes, and how it is working with business partners to adhere to international human rights principles. The company responded and said that its oil is not involved, and it works to apply laws and regulations.

With DFMS as lead, investors continue to engage with the company given its multiple conflict-related risks including the sale of shares in the Yadana pipeline in Myanmar to Canadian company MTI. While

the coalition developed a positive working relationship with Chevron staff, the company has failed to address the original shareholder resolution, namely the development and implementation of policy, practice, and governance related to conflict- and human rights-based risks. DFMS and their partners plan to file a shareholder resolution focused on the company's conflict-related and human rights risks in Angola, China, Iraq, Nigeria, Saudi Arabia, Venezuela, and in the Eastern Mediterranean and will seek to build a broader coalition of investors to support the effort.

### **Cisco Systems (Dialogue)**

DFMS joined a coalition led by Wespeth to engage Cisco Systems concerning its ongoing operations in Russia and value chain partnerships with other rights-violating states. Topics include its role in developing IT infrastructure in occupied territories, and its exposure to forced labor in Xinjiang Uyghur Autonomous Region, China.

Heartland reported a first and positive call with Cisco's business and human rights manager in July 2023 concerning the Company's lessons learned from the Russian invasion of Ukraine and its ongoing human rights risks related to partnerships with rights-violating states (e.g., Saudi Arabia, UAE), development of ICT infrastructure in occupied territories (e.g., OPT, Golan Heights, Northern Cyprus, South Ossetia/Abkhazia, Transnistria), and forced labor in its supply chain (e.g., via companies in Xinjiang Uyghur Autonomous Region). Following this preliminary call and Cisco's staff commitment, a series of follow-up calls are being planned with the next one taking place in the Fall of 2023.

### **Expedia Group (Dialogue)**

For two years, DFMS has been working in a coalition with the Presbyterian Church (USA) on an engagement with Expedia Group concerning the company's conflict-related risk in the Occupied Palestinian Territories and other areas of conflict. As with Booking, Expedia has hired BSR to develop a global human rights policy and plans to release it this year.

Expedia staff reported that BSR's human rights saliency assessment prioritized two salient issues for the Company: human trafficking, and operations in conflict-affected and high-risk areas. Since this initial process, the investor coalition led by Presbyterian Church (USA) has held two meetings with company representatives. However, unlike Booking, Expedia has not shared drafts of the new global human rights policy with investors, and the company remains unsure of when it will be published, leading to increased concerns that the company may pursue and release an inadequate policy. The next call with Expedia is planned for Fall 2023.

### **General Mills (Dialogue)**

In a dialogue with General Mills, investors discussed the sale of joint venture at the Atarot plant. The Company reports that none of its products will be sourced from the Atarot Plant and future products from the plant will not be marketed under the Pillsbury name. DFMS has worked with Friends

Fiduciary to engage General Mills on its direct and value chain risks in conflict-affected and high-risk areas, primarily in Southeast Asia and the Occupied Palestinian Territories.

Following the sale of General Mills' factory in the Israeli-occupied West Bank and due to staff capacity limitations for the lead investor (Friends Fiduciary) there has been a decision to sunset this engagement.

### **Heidelberg Materials (f/k/a Heidelberg Cement) (Dialogue)**

Heartland reported that the engagement resumed after the coalition lead, Wespeth, filed a shareholder counter-motion at the Company's annual general meeting in the summer of 2021. Issues of particular concern to the investor coalition, including operations in the Occupied Palestinian Territories, Western Sahara, Indonesia, and Ukraine, have been raised at successive annual general meetings by the coalition's German partner, Ethical Shareholders Germany. In follow-on conversations with the company, investors met with the new human rights program officer (a former jurist from Colombia with extensive human rights expertise), discussed the company's reporting requirements under the new German Supply Chain Act, and explored ongoing concerns, including the pending sale of the Nahal Raba quarry in the Occupied Palestinian Territories, the expansion of operations in Western Sahara, and the reticence of the company to release its environmental and social impact assessment report to stakeholders in Indonesia. Another conversation is planned for Fall 2023.

### **JPMorgan Chase (Dialogue)**

After an initial letter requesting dialogue, JPMorgan Chase agreed to meet with investors. Topics included trying to better understand how the Company conducts due diligence in conflict-affected areas, how it is managing Russian president Putin's Partial Mobilization Order, and what post-war plans it has for Ukraine. The Company indicated it has procedures, but none are specific to conflict-affected areas, nor are they publicly displayed.

During a meeting, JPMorgan Chase noted that it is taking a "fresh look" at human rights and the specific concerns of conflict zones. It is looking to do a human rights saliency mapping project to learn, as it has with climate lending. The earlier letter to shareholders noted that the Company is aware of the geopolitical risks threatening the business and that it aims to look deeper into these risks. However, it is not clear if the Company will conduct an internal or external review. The Company will get back to investors on their questions concerning staffing in Russia and agreed to meet again.

Investors led by Miller Howard sent a follow-up letter asking for calls twice a year and sent resources and questions for the next dialogue focused on both board skills in conflict-affected and high-risk areas and the use of outside experts to assess those situations.

## **Keysight Technologies (Resolution)**

DFMS filed a shareholder resolution with Keysight Technologies following the Russian invasion of Ukraine, highlighting concerns over the Company's sale of deep packet inspection equipment used to surveil and censor the internet to the Kremlin as well as electronic warfare simulation software to the Burmese and Chinese governments. In exchange for a withdrawal of the resolution, the company agreed to: (1) update its Human Rights and Labor Policy to address human rights impacts associated with customer use of Keysight's products and services including access to remedy; (2) train relevant staff on end use risks and basics of human rights due diligence in sales; (3) add human rights review to the customer screening process; (4) if any red flags are identified as a result of the human rights customer screening process, a steering committee will review to determine course of action (e.g., approve the sale, approve the sale with conditions, reject the sale, suspend business, stop business); and (5) agree to two calls with the investor coalition in 2023 to discuss progress.

The coalition had its first update in July 2023, and the company detailed specific changes to its policy, reporting on external experts that were brought in to assist in the process, training programs conducted to date, and steps taken to integrate human rights into the company's know-your-customer due diligence process.

## **Siemens (Dialogue)**

Heartland reported it will sunset this engagement due to changes to the corporate structure of the company. A dialogue was originally proposed prior to Siemens split with Siemens Energy, which is exposed to several conflict and human rights related risks due to its operations and relationships with Western Sahara, Russia, Golan Heights, China, and other conflict-affected and high-risk areas.

## **TripAdvisor, Inc. (Dialogue)**

Heartland reported that of the three parallel engagements with online tourism companies, TripAdvisor is the least robust and most disappointing. Unlike Booking Holdings and Expedia, the Company hired a marketing firm (versus an organization with expertise in business and human rights) and developed a generic and substandard human rights "policy."

Following the release of Expedia's global human rights policy, DFMS will lead a coalition of investor partners to reach out to the company to discuss how its current policy compares to its peers with an emphasis on deficiencies in conflict-affected and high-risk areas and related risk prevention and mitigation. Should TripAdvisor remain unresponsive, DFMS and its partners will consider filing a shareholder resolution in 2023.

## Health and Health Care

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**Objective – Opioid Epidemic:** *Engage opioid manufacturers and distributors about their corporate policies on the marketing or promotion of drugs that lead to addiction and how the company takes responsibility for these practices.*

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### **AmerisourceBergen and Cardinal Health (Dialogue)**

The Investors for Opioid and Pharmaceutical Accountability’s (IOPA) Opioid Risk Disclosure Toolkit was sent to both AmerisourceBergen and Cardinal Health for input. The company did not respond but DFMS partners have decided to sunset both the AmerisourceBergen and Cardinal engagements due to the disbandment of the IOPA and the termination of the risk-management workstream.

### **CVS Pharmacy, Inc. (Dialogue)**

Despite investors’ hopes for further dialogue, DFMS partners have decided to sunset this engagement due to the disbandment of the IOPA and the termination of the risk management workstream.

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**Objective – Gun Safety:** *As a public health issue, engage gun manufacturers to adopt more smart technologies for weapons and retailers to restrict which weapons they sell and under what conditions; engage both to adopt the Sandy Hook Principles, which protect the rights of gun ownership and the rights of citizens to be safe and secure; and to report on their lobbying activities and expenses for gun rights; Determine when to invest in gun manufacturers to change corporate behavior; Engage industries such as credit card companies, shipping companies, and financial institutions on their impact on the epidemic of gun violence in the United States.*

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### **Sturm, Ruger & Company (Resolution)**

DFMS filed a shareholder resolution with Sturm, Ruger & Company urging the Board of Directors to oversee a third-party Human Rights Impact Assessment (HRIA) which assesses and produces recommendations for improving the human rights impacts of its policies, practices, and products, above and beyond legal and regulatory matters.

During a call with the company regarding the marketing resolution, investors reiterated their hopes that the company would conduct the HRIA for which shareholders won a majority vote in FY22. The General Counsel, who was present at the meeting, would not speak on the HRIA, citing fair disclosure and confidential information, characterized as forward-looking statements. Shareholders know nothing regarding the resolution other than that the issue was in front of the board. With regards to the marketing resolution, the General Counsel pointed investors towards the Gun Safety Report—

which was the report resulting from shareholders' first successful resolution—for their edification on the company's responsible practices. Based on this report, the company's general counsel sees the marketing resolution as inappropriate and noted that the company's small legal team has limited capacity to deal with shareholder resolutions. Despite the company sending over marketing materials post-meeting, investors decided to not withdraw. The resolution received 26.52% of the vote at Sturm, Ruger's annual general meeting.

### **Smith & Wesson Brands, Inc. (Resolution)**

Last year, shareholders filed a resolution with Smith & Wesson Brands, Inc. requesting that the Board of Directors adopt a comprehensive policy articulating its commitment to respect human rights, which includes a description of proposed due diligence process to identify, assess, prevent, and mitigate actual and potential adverse human rights impacts. The resolution received 41.77% of the vote at the September AGM.

This year, DFMS filed a resolution directing Smith & Wesson Brands, Inc.'s Board of Directors to oversee an independent third-party Human Rights Impact Assessment (HRIA) to assess and produce recommendations for improving the human rights impacts of its policies, practices, and products, above and beyond legal and regulatory matters. Investors had a call with the company to discuss the HRIA resolution and the corporate secretary asked shareholders for examples of companies that would conduct such an assessment, as well as completed assessments Smith & Wesson Brands, Inc. could look at. Investors shared these lists after the meeting.

### **Mastercard Inc. (Dialogue)**

In the Fall of 2022, Mastercard and other payment networks announced that they would adopt the International Organization for Standardization's (ISO) new Merchant Company Code (MCC) for gun sales. This past March, investors learned that Mastercard, along with other payment networks, would pause implementation of the new MCC for gun merchants. According to the Company, it did this "due to proposed legislation in several U.S. states related to ISO's newly issued MCC for gun and ammunition shops."

So far, seven states have banned the use of MCC code through legislation. Using MCC for firearms prevents legal risks for Mastercard and customers. The Company has adopted a "wait and see" approach with the legal battles to come. Investors will circle back on this issue in future dialogues.

## Care of Creation

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**Objective – Water and Healthy Communities:** *Engage companies on science-based water stewardship targets and the human right to water, in their operations and their supply chains with a focus on the Ceres 'Valuing Water' initiative.*

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### **Campbell Soup (Dialogue)**

Dialogue with Company included discussion of its recent climate scenario analysis, which considers drought and precipitation. The company reported that it has not fully integrated information from its water assessment into an action plan but continues to push ahead on direct and manufacturing water goals. The Company reported starting to focus on integrating its science-based target as a priority in ESG reporting while also hiring a full-time supply chain lead on its ESG team who will address water in addition to climate change. Campbells has conducted a 2022 Supply Chain Water Assessment and is taking that information to suppliers to implement changes needed.

### **Constellation Brands, Inc. (Dialogue)**

In a dialogue with Constellation, investors learned it will be conducting a direct operations water risk assessment to assess 10-12 facilities. Additionally, the company reports that between fiscal year 2023 and fiscal year 2025, it has a target to restore approximately 1.1 billion gallons of water withdrawals from local watersheds, while improving accessibility and quality of water for the communities where it operates. The company announced financial support to a two-year commitment to The Nature Conservancy to preserve watershed areas in California. With regards to the water risk assessment, Constellation notes it is in the initial stages of engaging suppliers to help understand its practices and risks and that it will set targets based on that assessment of its supply chain risk.

### **Coca-Cola (Dialogue)**

Engagement this season with Coca-Cola included a meeting where the company discussed adding new sustainability goals to long-term incentives in executive level pay, including metrics for its water targets, world without waste (plastic reduction program) and a science-based climate target. The Ceres Valuing Water Initiative is coordinating the next steps for an engagement team for Coca-Cola.

Coca-Cola released its 2022 ESG Report in which it stated a goal of achieving 100% regenerative water use across its 175 facilities identified as high levels of water stress by 2030. Additionally, Coke stated its goal of returning two trillion liters of water to nature and community globally by 2021 and 2023. In 2022, the Company returned 159% of water used in 2022 as well as joined the Open Call to Accelerate Action on Water, a collective action to achieve positive water impact in 100 vulnerable

water basins by 2030. The Company has also helped develop a standardization methodology to measure the benefits of Water, Sanitation and Hygiene (WASH) projects and guidance to turn commitments into integrated business practices.

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**Objective – Climate Change and a Healthy Environment:** *Engage companies to adopt science-based targets for reducing greenhouse gas emissions, adopt technologies to monitor and reduce methane emissions, adopt new and cleaner energy technologies, promote efficiency, promote transparency in reporting, and protect consumers, particularly low-income consumers.*

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## **Ameren (Resolution)**

Engagement with Ameren included a resolution requesting a report disclosing Scope 1 and 2 operational greenhouse gas targets in the short, medium, and long term aligned with the Paris Agreement’s goal of maintaining global temperature rise at 1.5 degrees Celsius. Since filing the resolution, investors met with Ameren to discuss their climate lobbying expectations and the Scope 1 and 2 resolutions as well as the company’s scope 3 emissions. Although the company has increased the ambition of its targets and is in the process of developing a new integrated resource plan, the resolution asks Ameren to increase its ambition in relation to peers’ accelerating coal retirements. The resolution was challenged and denied by the SEC. The lead filer submitted a proxy memo urging other Ameren shareholders to vote for the GHG Report resolution.

In a follow-up call Ameren noted that it believes its current targets are 1.5C-aligned but investors reminded the company that electric utilities need to be the first movers to reduce emissions and that the company’s goals are lagging its peers. The company sees transmission shortfalls and a need for upgrades as a barrier to greater adoption of renewables.

The resolution received 13.79% of the vote at Ameren’s annual general meeting. The Climate Action 100+ initiative recently announced that Ameren will be added to the initiative as it begins its second phase.

## **Chevron Corporation (Dialogue)**

In the spring of 2023, investors had a call with Chevron to discuss new energy sources, emissions targets, and climate disclosure. Shareholders asked if the Company was considering an increase in capital expenditure for new energy sources. Chevron’s current spending on new energy sources is about 10% and is giving priority to low-carbon spending as well as return on investment—which is problematic for less mature energy sources. Much of Chevron’s spending goes toward lower carbon oil and gas production, such as assets purchased from Noble. The company is looking to expand efforts in carbon capture; its current spending is low but the company thinks that carbon capture will have a big impact. Chevron did not meet its emissions targets last year and reports ramping up efforts this year to drive down the carbon intensity of assets it operates and has an equity stake in. On disclosure,



it is waiting to see what the SEC will require. The company is currently in conversation with Oil and Gas Methane Partnership 2.0 about concerns with its framework but is still working independently to increase direct measurement of methane emissions.

The meeting ended with the company adding that it does not plan to increase reporting on climate lobbying because it does not think investors need the information and large investors are not asking for such reporting. One of the Climate Action 100+ leads for Chevron filed an exempt solicitation with the SEC urging fellow shareholders to vote against key directors due to the company's lack of response to the 2021 majority vote on climate lobbying, resulting in a slight drop in support for those directors.

### **Delta Air Lines (Dialogue)**

The Climate Action 100+ engagement team met with Delta to discuss implementation of new science-based targets, investments in sustainable aviation fuel, company lobbying activities and the impact that the Inflation Reduction Act (IRA) may have on the company. Delta needs to increase its use of Sustainable Aviation Fuel (SAF) from the current level of five million gallons per year to three billion gallons by 2030 to meet its goal of 10 percent usage. This is a huge increase, and the IRA will help, but the company notes that the IRA will not support supplies in the long term. The company continues to see the "glide path" in its 2022 ESG report as its pathway to net zero and includes its mid-term science-based target. Investors requested more details about how and where the company is spending additional capital expenditures to support its plans. Investors asked if there will be update of their 2022 climate lobbying report in the new year and were assured that it will happen.

### **Marathon Oil Corporation (Resolution)**

DFMS filed a resolution requesting that Marathon Oil issue a report analyzing a critical climate change concern, the reliability of its methane emission disclosures. The resolution was withdrawn after Marathon agreed to provide new disclosure and commentary in its forthcoming Sustainability Report, which will be published by the Fall of 2023 and will outline its efforts to reduce methane emissions intensity and the reliability of its methane emission disclosures. Investors felt that this report is consistent with the resolution.

### **Phillips 66 (Dialogue)**

The company reached out to investors to update them on ESG work and its sustainability platform. During the dialogue, investors called for increased information on methane disclosure.

DFMS met with a member of the Phillips staff. Investors discussed the need for authentic community engagement in South Louisiana and elsewhere. The company indicated that it believes the measures it takes are sufficient and investors reminded the staff that the community disagrees. It is aware of the beginning of a broader engagement in Mossville, Louisiana which it will be part of. The company

pointed investors to the Lake Area Industry Alliance as a possible forum to bring the community and industry together.

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**Objective – Climate Change and a Healthy Environment:** Engage companies, to improve public disclosure and transparency in reporting presented by current and future company operations and products including company plans to manage carbon asset risk and comply with a regulatory scenario that holds global temperature rise below a 1.5/2-degree Celsius threshold.

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## **[Redacted]** (Resolution – CONFIDENTIAL)

DFMS worked closely with CCLA (Church of England investment management firm) in a confidential engagement with an energy company.

### **Nucor Corporation** (Dialogue)

Call with Nucor to discuss investor concerns regarding the Company's long-term greenhouse gas targets. The company believes it is the most sustainable North American steelmaker because of its electric arc-based steelmaking process. It has a Net Zero ambition for 2050 but has not yet set an interim target. The company believes the easiest reductions will be to Scope 1 and 2 emissions; Scope 3 is much more difficult to measure and reduce for Nucor because of carbon content of raw materials and heavy transportation needs. Nucor is participating in the Science-based Targets Initiative work with steelmakers, but it has concerns about the direction the work is taking. It believes that it may be taking an overly complex route to Net Zero.

In a later dialogue, investors learned that Nucor pulled out of the Steel Group within the Science-based Targets Initiative (SBTI) and wanted to discuss the reasoning behind Nucor dropping out. The company notes that its steelmaking uses electricity and that the Paris-aligned pathway proposed by SBTI would set up a tiered system to assess steelmakers that Nucor believes penalizes electric arc steelmakers, making it more difficult for the company to set and meet targets as compared to steelmakers that use fossil-fuel-based steelmaking process. The company currently doesn't see a full pathway to Net Zero due to the limits of renewable energy to provide sufficient power for its high-demand business.

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**Objective – Climate Change and a Healthy Environment:** Engage companies to accelerate progress towards a net zero future in the food sector focused on the Ceres Food Emissions 50.

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### **Darden Restaurants, Inc.** (Resolution)

In a meeting with investors, Darden stated that it has committed to a strategy to address Scope 1 and 2 emissions with the goal of achieving 100% renewable energy by 2023. There is no quantifiable target

date for Scope 1 and 2 as part of its roadmap. Darden is also waiting for verification on the number of emissions used before disclosing.

DFMS filed a resolution requesting that Darden issue near-and long-term science-based greenhouse gas reduction targets for Scopes 1, 2 and 3 emissions aligned with the Paris Agreement’s ambition of maintaining global temperature rise to 1.5 degrees Celsius and summarize plans to achieve them. The resolution is off-cycle and will be voted on later in 2023.

## **Ingredion (Dialogue)**

As part of the Food Emissions 50, DFMS participated in a dialogue with Ingredion discussing the company’s well-below 2 degrees Celsius science-based targets, which were validated. Ingredion has committed to reducing absolute Scope 1 and 2 greenhouse emissions by 28% and absolute Scope 3 GHG emissions by 15% by 2030 from a 2019 base year.

Ingredion released its 2022 ESG report. The report covers (1) goals and targets to achieve a 25% reduction in absolute GHG emissions by the end of 2030, (2) source 50% of purchased electricity from renewable sources by the end of 2030, (3) reduce its water use intensity by 30% in all extremely high-stress geographies where it manufactures products by the end of 2030, (4) assess agricultural biodiversity risks for priority crops and sourcing regions by the end of 2030, and (5) achieve zero deforestation or 100% sustainable use of forest-based recourses by the end of 2030.

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**Objective – Climate Change and a Healthy Environment:** *Engage financial institutions to ensure commercial lending and investment policies address socioeconomic and environmental concerns, particularly climate change, water stewardship, pipelines, financing in their lending practices.*

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## **American International Group (Dialogue)**

In a dialogue with AIG, investors discussed the company’s climate lobbying report and Shareholders suggested specific improvements on how its own lobbying activities reflect long-term Net Zero goals. The company is beginning to look at where it needs to focus to meet goals, finding gaps in emissions data is a problem in many industries. The company is also looking at the possibility of a science-based target, but it is spinning off its life insurance business and that project is taking time.

## **JPMorgan Chase (Resolution)**

DFMS filed a resolution requesting that JPMorgan Chase issue a report disclosing a transition plan that describes how it intends to align its financing activities with its 2030 sectoral greenhouse gas emissions reduction targets. During a call with the company, investors raised questions about how the bank is operationalizing Net Zero targets. JPMorgan Chase is spending time educating bankers on transition and goals and working with clients to push investments in transition. The company is

planning to start looking at aviation as its next focus for assessment and action but has no plans to exit the oil and gas sector.

During another call with the company, investors discussed the transition plan resolution and learned that the bank is developing a framework for the companies in its priority industries and targets have been set. The national pushback on ESG investing is having an impact on its conversations with companies but the company is waiting on the U.S. climate disclosure rule and watching the EU reporting framework to help with planning. The Company's Carbon Assessment Framework is playing a role in how it manages client relationships, not only for loan but also in capital markets. JPMorgan Chase noted that it is still working within the Net Zero Banking Alliance on how to address issues like offsets.

The transition plan resolution received 12.44% of the vote at JPMorgan Chases' annual general meeting.

### **PNC Financial Services Group (Resolution)**

DFMS filed a resolution asking that PNC set near, and long-term greenhouse gas emission reduction targets aligned with the Paris Agreement's ambition to limit warming to 1.5 degrees Celsius. Investors later had a call with PNC to discuss the resolution and shareholders noted that the bank has grown significantly with new acquisitions and is now in group of the largest U.S. banks. However, the Company lags behind its new peers in setting targets—many of its peers have Net Zero and 2030 targets. The company is learning about its client base and is not ready to set a Net Zero target.

Investors had another call with PNC to discuss what they are looking for in mid-term (2030 or 2035) targets. Investors noted that once the company's Partnership for Carbon Accounting Financials (PCAF) baseline is complete, it should be able to set targets for the highest emitting sectors. The bank is in a pilot phase of training key employees in talking to clients about targets and lowering emissions, basics of climate science and ESG principles as part of training.

During a meeting with PNC, investors learned that the bank is close to having data on financed emissions of highest emitting sectors. PNC disclosed that it would be willing to detail financed emissions in one of its highest emitting sectors in its 2023 Task Force on Climate-Related Financial Disclosures (TCFD) Report and state that it plans to adopt a 2030 target for that sector in its 2024 TCFD Report. The target will be an intensity target due to flaws in data and will cover business loans. Investors discussed the resolution and withdrew the resolution due to the company meeting our request.

**Objective – Climate Change and a Healthy Environment:** Engage companies to ensure positive community impact of company operations on society, local economy and environmental concerns are appropriately assured and transparently reported (sustainability reports) including environmental justice concerns and the impacts on the most vulnerable such as: women, Indigenous persons, and people who are impoverished. In addition, with the Church Pension Fund, add a sustainability expert on the board to advocate for positively impacting the environment CO21.

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## Chewy (Resolution)

DFMS filed a resolution as lead filer requesting that online pet retailer Chewy issue a report describing the Company’s ESG policies, performance, and improvement targets, including a discussion of greenhouse gas emissions management strategies and quantitative metrics. In a call with the company, Chewy noted that it is waiting for SEC climate rule finalization before publishing its initial ESG report. The Company is currently going through the audit and verification process on its emission numbers and will be setting targets once the numbers are finalized for Scope 1-3. Chewy has looked at the reporting framework and will likely align with known frameworks. Its goal is to publish the ESG report in 2024 and the Company does not want to put targets out before the numbers come out. Chewy understands that most of its footprint is Scope 3 (70 -90%) so when it releases report, it wants to make sure Scope 3 is included. The Company will work on a climate transition plan after ESG disclosure and number verification and recently hired an ESG lead and have an internal ESG working group.

Investors withdrew the resolution based on a signed agreement stating that after the Company gets its emissions numbers verified, it will publish an ESG Report and set reduction targets. These implementations are likely to take place in 2024.

## Corporate Governance and Accountability

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**Objective – Governance and Diversity:** Engage companies to address board diversity to include women and people of color. Engage companies to address income inequalities, racial disparities, and other human capital issues to promote a just society.

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## Johnson & Johnson (Resolution)

DFMS filed a resolution asking the Board of Directors to establish and report on a process by which the impact of extended patent exclusivities on product access would be considered in deciding whether to apply for secondary and tertiary patents. Secondary and tertiary patents are patents

applied for after the main active ingredient/molecule patent(s) and which relate to the product. The resolution was challenged due to dealings with matters related to the Company's ordinary business operations. The SEC couldn't concur with the company's view and the challenge was denied.

Investors met with the Company to discuss the patent resolution. The meeting was extremely short, and the Company asked shareholders to send over language they would like added. The patent resolution received 14.42% of the vote at JNJ's annual general meeting.

## **UnitedHealth Group (Resolution)**

DFMS filed a resolution requesting the Board of Directors to oversee a third-party audit which assesses and produces recommendations for improving the racial impacts of UnitedHealth Group's policies, practices, products, and services. In a dialogue with UnitedHealth, the Company noted that it is taking steps to address the issue of algorithmic harm through the formation of internal advisory and oversight boards around AI. In another call, UnitedHealth continued to assert that it is doing everything it can regarding health equity and pointed to its internal DE&I initiatives, community giving, and Medicaid certifications. However, the Company still will not disclose any data to support these assertions, nor will it release any data on the enforcement of its AI policies. Shareholders decided that the resolution would remain on the proxy.

Shareholders filed a proxy memo urging other investors to vote for the REA and the resolution received 20.61% of the vote at UnitedHealth Group's annual meeting.

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**Objective – Governance and Diversity:** *Engage companies to address political spending, lobbying and trade associations contribution and other financial support such as political ads and trade association memberships to climate issues. Ensure companies align public pronouncements with expenditures in lobbying and stated values match lobbying asks about regulation, investments and that asks are in line with transforming industries that are harmful.*

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## **United Parcel Service (Resolution)**

DFMS filed a resolution urging UPS to conduct an evaluation and issue a report annually, beginning in 2023 describing if, and how, its lobbying, directly and through the activities of its trade associations and other UPS-funded organizations, aligns with the Paris Climate Agreement's goal to hold the increase in the global average temperature to well below 2 degrees Celsius above preindustrial levels, aspiring to limit increases to 1.5 degrees Celsius. In a call with UPS to discuss the shareholder resolution, the Company asked about reporting best practices and discussed how it has engaged with recent legislation, including the Inflation Reduction Act, and the type of policies that it believes would be helpful to support its climate goals. The resolution was withdrawn due to UPS agreeing to issue a climate lobbying report.

## Walt Disney (Dialogue)

ICCR partners filed a resolution with Walt Disney requesting the preparation of a report, updated annually, disclosing company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications. In a call with the Company to discuss the shareholder resolution, ICCR partners received the following offers from Walt Disney: (1) fully disclose trade associations, (2) do a lobbying alignment report, and (3) schedule a meeting with investors and the government relations director. Shareholders and Walt Disney were able to reach an agreement that satisfied the requirements of the resolution, so it was withdrawn.

## Continuance

CCSR, celebrating its 53 years of ethical investing advocacy, believes that as long as the Church invests in securities, there will be a need for CCSR. Therefore, continuance is recommended.

## Budget Request

A significant portion of our committee's work should already be included in existing DFMS budget, but we name them here for the sake of clarity:

- The Episcopal Church's ICCR membership and the Heartland Initiative contract will be paid as an investment management expense (see General Convention resolution 2018-A296 and EXC102019.15); and the Mercy Investment Services contract will be funded within the Treasurer's budget. We request continuance of the ICCR membership and both consultant contracts in this manner.
- We understand all the Interim Bodies meeting budgets will be included as line item in the General Convention Office budget and that the final meeting schedule is determined by the officers of The General Convention once all the interim bodies are established. As CCSR, we request that we be able **meet in person once per year in the 2024-2027 triennium** to enable a full discussion of our corporate advocacy priorities and develop our strategies for the coming year. We would intend to meet several times each year via Zoom as well.
- **Additional funds request:** We request consideration of additional funds of **\$20,000 for the 2024-2027 triennium**. These funds would support:
  - CCSR member travel to ICCR meetings, now being held in person again, two times per year, in New York City, and meetings held by institutional investors of the Church, such as the Episcopal Parish Networks, and parishes and dioceses (estimating these expenses as \$14,000 for travel to send one representative to each ICCR meeting at

\$2,000 x six meetings during the triennium, plus one additional trip during the triennium, for a total of \$14,000; and

- o CCSR information and outreach to the wider church as described in our report: materials development and design, language translation, purchase, printing, and shipping estimated at \$6,000 – this would include materials to bring to events such as an Episcopal Parish Network conference; to send or bring to dioceses and parishes as part of our information campaign; and to bring to General Convention in 2027.

## Proposed Resolutions

### **A028 Support for Freedom to Consider Ethical Issues in Investing**

*Resolved*, That the 81st General Convention reaffirm its commitment to and encouragement across the Church of faithful and ethically responsible investing addressing ethical concerns for social, environmental and governance matters, including climate change and human rights, commonly referred to as ESG (Environment, Social, Governance) investing as set forth in General Convention resolution 2022-A073; and be it further

*Resolved*, that General Convention reaffirm the Episcopal Church's long practice of aligning its investments with the values of Jesus Christ as expressed in General Convention and Executive Council resolutions, through such means as corporate engagement through dialogue, filing and voting on shareholder resolutions, voting in director elections, and divestment and affirmative investment, including ESG (Environment, Social, Governance) investing, and, more broadly, participation in boycotts and sanctions campaigns, as with South Africa, all in order to help carry out the Church's commitment to environmental sustainability, justice, and equal rights at home and globally, while generating positive financial returns; and be it further

*Resolved*, that General Convention affirm the use of ESG investing by Executive Council's Investment Committee in its management of the investments of the Domestic and Foreign Missionary Society (DFMS), and affirm the work of the Executive Council's Committee on Corporate Social Responsibility (CCSR) in advocating for corporate engagement through dialogue, filing and voting on shareholder resolutions, voting in director elections, and divestment and affirmative investment, including ESG (Environment, Social, Governance) investing, as CCSR supports General Convention and Executive Council in carrying out their responsibilities for the Church's investments; and be it further

*Resolved*, that General Convention affirm and support the Church's advocacy for the right of all investors, whether or not they are guided by faith commitments, to consider all financial and other factors relevant to investing, to use ethical criteria, including ESG investing, to assess investment risks



and opportunities, and to engage with companies, including through dialogue and voting, in making responsible investments; and be it further

*Resolved*, that General Convention lament, condemn and oppose proposals and actions of some federal, state and local legislatures and agencies, and attorneys general, to suppress and outlaw the consideration of all financial and other factors relevant to investing and the use of ethical criteria, including ESG investing, to assess investment risks and opportunities; and be it further

*Resolved* that General Convention encourage the Church to advocate publicly for the freedom to invest responsibly and against legislation that would prohibit divestment, or ESG investing, or consideration of all environmental, social and governance factors relevant to responsible investment decision-making; and be it further

*Resolved*, that General Convention encourage active support for the rights of shareholders to raise important issues through the proxy resolution and voting process, including support for the authority of the United States Securities and Exchange Commission to rule on shareholders' access to corporate ballots; and be it further

*Resolved*, that General Convention direct CCSR, as part of its advocacy of responsible investing, to continue its ongoing engagement, divestment and investment work with companies that contribute to and/or benefit from human rights violations and/or environmental exploitation in areas of conflict and high risk, such as Sudan, Myanmar, the Occupied Palestinian Territories, and elsewhere; and be it further

*Resolved*, that General Convention commend CCSR's 53-year record of promoting corporate responsibility and encourage all dioceses and congregations to view The CCSR Story video (currently linked at <https://www.episcopalchurch.org/video/the-ccsr-story/>) that celebrates our Church's witness, and to share the video with their people.

## EXPLANATION

### ESG:

Environment – striving for protection of all God's creation, especially through a clean energy future

Social – Promoting human and civil rights through justice for all humanity

Governance – promoting equity in the workplace and diversity among corporate leadership (gender and ethnicity)

(See generally General Convention resolution 2022-A073, appended at the end of this explanation.)

Using ESG promotes responsible investing that aligns with the Church's values while also assuring sound financial returns.

Divestment has been a tool of the Church for decades, as has been affirmative investment. The Church has used these tools on issues like tobacco, fossil fuels, private prisons, military contractors, and South Africa apartheid, and other instances where human rights have been or are being denied and/or routinely ignored, such as in the Occupied Palestinian Territories, Sudan, and Saudi Arabia. Other tools include boycotts—such as those of Nestle infant formula (1979) and of oil companies doing business in South Africa (1988)—and advocating with government for government action, such as imposing government financial sanctions on South Africa (which ultimately led to the end of apartheid).

In the United States, some federal, state and local legislatures and agencies, and attorneys general, have sought recently to ban or stifle use of ESG by government investors. These efforts, while not aimed directly at the Church, threaten the Church's ability to continue its efforts, now carried on over many years, advocating for applying ethical standards by all investors, including faith-based investors.

The Freedom to Invest campaign, launched by CERES and other responsible investors, is pushing back against this dangerous threat. The Church can influence the public to reject such efforts to suppress ESG.

Previous General Convention resolution on this topic:

2022-A073 Encouraging Faithful, Ethical, and Responsible Investing

Final [Original Documents](#)

*Resolved*, That the 80th General Convention affirm to all institutional investors across 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 across The Episcopal Church be encouraged to adopt faithful and ethically responsible investing for their investment programs and portfolios and to manage their investment assets using the following elements of ethically 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.

## **A029 Divest from Fossil Fuels**

*Resolved*, That the 81<sup>st</sup> General Convention express appreciation that the Investment Committee of Executive Council has acted responsibly to implement General Convention resolution 2015-C045, calling for divestment of fossil fuel companies from the investment portfolio of the Domestic and Foreign Missionary Society (DFMS) and for reinvestment of DFMS assets in clean energy alternatives, and be it further

*Resolved*, that, having learned that the Church Commissioners of the Church of England and, separately, the Church of England Pensions Board announced on June 22, 2023 that each will divest from all fossil fuel investments by the end of 2023, and noting that more than eight years have passed since the adoption of resolution 2015-C045, this General Convention direct that any and all investments in companies in fossil fuel industries remaining in the DFMS portfolio be sold by December 31, 2024, and be it further

*Resolved*, that all institutional investors across The Episcopal Church be requested to take note of the decisions of General Convention that DFMS is (a) to divest fully and finally from all companies in fossil fuel industries by December 31, 2024, and (b) to reinvest divested fossil fuel company assets in clean energy alternatives, and that all such institutional investors be encouraged to adopt the same target for full and final divestment of such fossil fuel company investments and also to reinvest such assets in clean energy alternatives.

### EXPLANATION

The Executive Council's Committee on Corporate Social Responsibility noted in its Blue Book report that several fossil fuel companies remain in the equity portfolio of the Church while also being on the No Buy List. This is part of a transition to full exclusion or divestment called for by the 2015 General Convention in 2015-C045. Chevron, now the largest oil company in the U.S., Phillips Petroleum, Valero and Marathon were among the remaining companies at the time of the preparation of the Blue Book. CCSR, having reviewed this matter, recommends that any and all investments in fossil fuel companies remaining in the DFMS investment portfolio be fully and finally divested by December 31, 2024.

### **A030 No Investment in Certain Weapons**

*Resolved*, That the 81st General Convention of The Episcopal Church adopt the following as investment policy for the Domestic and Foreign Missionary Society (DFMS) (hereinafter, the DFMS No Investment in Certain Weapons Policy):

That DFMS shall not invest in any company or corporation that is engaged or involved in the production, use, or stockpiling, or the sale, transfer, or export of, any weapon or weapons system, or any key component thereof, whether now existing or developed hereafter, that can cause or lead to mass or indiscriminate injury or death to civilians or widespread destruction of civilian infrastructure, including, without limitation, biological weapons, chemical weapons, nuclear weapons, weapons that injure by fragments which are not detectable in the human body (non-detectable fragment weapons), incendiary weapons, blinding laser weapons, anti-personnel mines, cluster munitions, and lethal autonomous weapons, or any other weapons or weapons systems or key components thereof that are excessively injurious or have indiscriminate effects;

And be it further

*Resolved*, That this Convention direct the Executive Council Committee on Corporate Social Responsibility to create and administer a DFMS Weapons No Buy List based on the DFMS No Investment in Certain Weapons Policy; and be it further

*Resolved*, That this General Convention recommend the DFMS No Investment in Certain Weapons Policy to each institutional investor in The Episcopal Church for adoption as investment policy for that institutional investor and direct that this resolution be shared with all institutional investors in The Episcopal Church.

#### EXPLANATION

The Episcopal Church already has a policy that the Domestic and Foreign Missionary Society (DFMS) shall not invest in any company that makes certain weapons that are excessively injurious or have indiscriminate effects — cluster bombs, anti-personnel land mines, chemical and nuclear weapons— and such companies are placed on a DFMS portfolio screen or “No Buy” list; the latest policy on this topic was passed by Executive Council in June 2023 based on existing General Convention resolutions. This new resolution would clarify that the prohibition should extend to all weapons and weapons systems, whether now existing or developed hereafter, that are excessively injurious or have indiscriminate effects, including those developed in recent decades, such as blinding laser weapons and lethal autonomous weapons and any weapon or weapons system that is designed to cause mass or indiscriminate injury or death to civilians or widespread destruction of civilian infrastructure.

By passing this resolution, General Convention would adopt this investment policy for DFMS and recommend the same investment policy for adoption by all other institutional investors in The Episcopal Church.

In addition, by this resolution the Executive Council Committee on Corporate Social Responsibility (CCSR) would be tasked with reviewing the DFMS investment portfolio and recommending to the Executive Council those companies that should be placed on a comprehensive DFMS “Weapons No Buy List.”

Leading socially responsible and faith-based investors in North America and Europe proscribe investment in companies involved in the use, production, stockpiling, sale, transfer, or export of such weapons and/or their key components. Companies involved in such weapons and/or their key components are excluded from investment portfolios because the use of such weapons violates, as a regular matter, fundamental humanitarian principles. Such weapons are prohibited by international treaties, including:

- The Ottawa Treaty (1997), which prohibits the use, stockpiling, production, and transfer of anti-personnel mines.
- The Convention on Cluster Munitions (2008), which prohibits the use, stockpiling, production, and transfer of cluster munitions.
- The Chemical Weapons Convention (1997), which prohibits the use, stockpiling, production, and transfer of chemical weapons.
- Biological Weapons Convention (1975), which prohibits the use, stockpiling, production, and transfer of biological weapons.
- The Treaty on the Non-Proliferation of Nuclear Weapons (1968), which limits the spread of nuclear weapons to the group of so-called Nuclear Weapons States (i.e., United States, Russia, United Kingdom, France, and China).
- Council Regulation (EU) 2018/1542 of 15 October 2018 concerning restrictive measures against the proliferation and use of chemical weapons.

Further, in 2019 the Norwegian government appointed a committee to review and make recommendations concerning the *Guidelines for Observation and Exclusion of Companies* of the Norwegian Government Pension Fund Global, the world’s largest sovereign wealth fund. The Committee proposed that lethal autonomous weapons (LAWs) be added to the list of proscribed weapons, finding:

In the Committee’s opinion, it is fundamentally problematic that the critical decisions relating to the use of force are not subject to meaningful human control. Although the future may see the emergence of technological sophistication capable of meeting the requirements of distinction under humanitarian law, i.e., the capacity to distinguish between military objectives and civilians, such autonomy would still be ethically problematic because of the ensuing erosion and disintegration of accountability implied under humanitarian law.<sup>5</sup>

The Episcopal Church’s faith-based investor peers are similarly adopting exclusionary screens for such weapons, including the Presbyterian Church (USA)<sup>6</sup>, The Church of England<sup>7</sup>, Friends Fiduciary<sup>8</sup>, Wespath Benefits & Investments<sup>9</sup>, and United Church Funds.<sup>10</sup>

The expanding list of types of weapons that can cause or lead to mass or indiscriminate injury or death to civilians or widespread destruction of civilian infrastructure, and the expanding scope of exclusionary screens, correspond to improved awareness, understanding, and documentation of the ways in which such weapons are used in violations of international humanitarian and human rights law and the devastating consequences of such use for civilian populations and infrastructure in conflict-affected areas around the world.

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<sup>5</sup> Ola Mestad, “Values and Responsibility: The Ethical Framework for the Norwegian Government Pension Fund Global,” June 15, 2020, <https://www.regjeringen.no/contentassets/86dac65c22384dda9584dc2b1a052a91/en-gb/pdfs/nou202020200007000engpdfs.pdf> (accessed August 2, 2022).

<sup>6</sup> Presbyterian Church (USA), “2022 General Assembly Divestment/ Proscription List,” October 4, 2021, <https://www.presbyterianmission.org/wp-content/uploads/FINAL-APPROVED-MRTI-2022-GA-Long-Form-Divestment-List.pdf> (accessed August 2, 2022).

<sup>7</sup> Church of England Ethical Investment Advisory Group, “Defence investments policy,” May 2010, <https://www.churchofengland.org/sites/default/files/2017-11/Defence%20Investments%20Policy.pdf> (accessed August 2, 2022).

<sup>8</sup> Friends Fiduciary, “Investment Guidelines,” June 2020, <https://friendsfiduciary.org/wp-content/uploads/Investment-Guidelines-June-2020-FINAL.pdf> (accessed August 2, 2022). <sup>9</sup> Wespath Benefits & Investments, “Investment Exclusions Guidelines,” 2022, <https://www.wespath.org/retirement-investments/investment-information/investment-philosophy/investment-exclusions/investment-exclusions-guidelines> (accessed August 2, 2022).

<sup>10</sup> United Church Funds, “Corporate Social Responsibility,” [https://ucfunds.org/wp-content/uploads/2019/09/InvEdu\\_CSR.pdf](https://ucfunds.org/wp-content/uploads/2019/09/InvEdu_CSR.pdf) (accessed August 2, 2022).

Exclusionary lists vary by investor, but such lists typically exclude biological weapons, chemical weapons, nuclear weapons, non-detectable fragments, incendiary weapons, blinding laser weapons, anti-personnel mines, cluster munitions, and lethal autonomous weapons (LAWs).<sup>11</sup>

General Convention and Executive Council have adopted positions on four types of weapons that are excessively injurious or have indiscriminate effects: nuclear weapons, chemical weapons, anti personnel mines, and cluster munitions. In addition, Lambeth Conferences since 1930 have continued to affirm that “war as a method of settling international disputes is incompatible with the teaching and example of Our Lord Jesus Christ.”

The 74th General Convention endorsed study of the criteria and moral standards of “Just War Theory.” The fundamental incompatibility of the weapons discussed above with humanitarian principles would necessarily lead to the conclusion that their use conflicts with these criteria and standards, especially the following elements of Just War Theory:

**Noncombatant immunity:** Civilians may not be the objects of direct attack, and military personnel must take due care to avoid and minimize indirect harm to civilians.

**Proportionality:** In the conduct of hostilities, efforts must be made to attain military objectives with no more force than is militarily necessary and to avoid disproportionate collateral damage to civilian life and property.<sup>12</sup>

In sum, the use of the types of weapons and weapons systems identified above (and any additional ones with similar effects that may be developed) is fundamentally incompatible with humanitarian principles and the moral standards embodied in Just War Theory. Such weapons and weapons systems are proscribed from use in warfare on moral grounds specifically due to their lack of precision, the user’s inability to control, minimize, or avoid harms they cause, their high degree of lethality to civilians, and the widespread destruction they cause to civilian infrastructure. As their use in war is proscribed by international standards, the securities of companies that make and sell them also should be excluded from Church investment portfolios.

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<sup>11</sup> Ibid.

<sup>12</sup> Episcopal Peace Fellowship, “Cross Before Flag: Episcopal Statements on War and Peace,” February 2005, [https://www.episcopalchurch.org/wp-content/uploads/sites/2/2020/12/cross\\_before\\_flag.pdf](https://www.episcopalchurch.org/wp-content/uploads/sites/2/2020/12/cross_before_flag.pdf) (accessed August 2, 2022).

# EXECUTIVE COUNCIL COMMITTEE ON HBCUs

## Members

The Very Rev. Canon Martini Shaw, D.Min., Chair	Pennsylvania, III	2021
Scott E. Evenbeck, Ph.D., Vice-Chair	New York, II	2021
Martha Bedell Alexander, Ed.D.	North Carolina, IV	2021
The Rev. Canon James G. Callaway, D.D.	New York, II	2021
Joel L. Cunningham, Ph.D.	Tennessee, IV	2021
Canon Anita George, Ph.D.	Mississippi, IV	2021
The Rev. Canon Michele Hagans, D.Min.	Washington, III	2021
The Rev. Eugene Y. Lowe, Ph.D.	New York, II	2021
The Rt. Rev. Samuel Rodman	North Carolina, IV	2021
The Rt. Rev. Ruth Woodliff-Stanley	South Carolina, IV	2022
Ms. Julia Ayala Harris, Ex Officio	Oklahoma, VII	n/a
The Most Rev. Michael Curry, D.D., Ex Officio	North Carolina, IV	2021

## Changes in Membership

The Rev. Richard A. Burnett (Southern Ohio, V), added 9/2023

## Representation at General Convention

Bishop Samuel Rodman, Bishop Ruth Woodliff-Stanley and Dr. Martha Bedell Alexander.



## Mandate

2015 - AN028

*Resolved*, That the Executive Council establishes a committee of Executive Council from the task group formed January 11, 2015 to continue to support and understand the role of Historically Black Colleges and Universities and the important relationship with The Episcopal Church; and be it further

*Resolved*, That the Executive Council charges the committee to explore and make recommendations to Executive Council by General Convention 2021 the long-term needs of the HBCUs to ensure access to students of color for future generations; and be it further

*Resolved*, That the Executive Council authorizes a budget up to \$15,000 for this triennium for the work of the committee with composition to consist of the current membership of the task group and that the committee may consist of eight to ten members jointly appointed by the Presiding Officers and provide to Executive Council an annual report at the June meetings of Council; and be it further

*Resolved*, That the Executive Council expresses gratitude to the members of the task group for their contributions in forging an important relationship between TEC and the schools and requests a report of the accomplishments of the task group to date be prepared by the end of 2017.

## Summary of Work

The work of the Episcopal Historically Black Colleges and Universities Committee (HBCUs) has focused since our last report on seeking ways to strengthen the capacity of Saint Augustine's University and Voorhees University to fulfill their educational missions. The HBCUs Committee has met virtually thirteen times in the last two years. Our group has met in person once during this period on the Saint Augustine's campus in a meeting that also included Voorhees University's new dean of the chapel.

In addition to fund raising support, the HBUC's Committee is pleased to report that both institutions now have chaplains. The Rev. Hershey Mallette Stevens continues her ministry at Saint Augustine's University, having recently returned from parental leave. Voorhees University has recently announced the appointment of the Rev. Marie-Carmel Chery as Dean of the Chapel and Spiritual Engagement.

These appointments have each been completed with the cooperation and support of the cognizant diocesan bishops of the dioceses of North Carolina and South Carolina. Both Bishop Rodman and Bishop Woodliff-Stanley are members of the Committee.

Both Saint Augustine's and Voorhees Universities have emerged from the pandemic period with a revitalized focus and programming designed to transform lives and hopes of the students they are committed to serve. Voorhees has completed its SACS-COC accreditation, and embarked on new initiatives in the local community. St. Augustine's is making progress on plans to address deferred maintenance.

With the support of TEC office of development, both institutions have benefitted from increased support from the Absalom Jones Fund. We have also encouraged Voorhees and Saint Augustine's Universities to use the TEC development office for advice and support about other fund-raising opportunities in the church.

A highpoint in the Committee's efforts of making our HBCUs more known among Episcopalians came at the Episcopal Parish Network Annual Conference in Jacksonville in February 2023, which highlighted the two universities. The combined choirs from both universities gathered in Jacksonville to sing at the opening of the conference before Jon Meacham's keynote that recognized them. T.J. Houlihan, from the TEC development office collaborated to make the visit meaningful to the students, with hospitality assistance of Kurt Barnes, TEC's chief financial officer.

These two institutions carry forward historic commitments of TEC to address and redress the destructive and sin-filled consequences of racism in the church and in the USA. The HBUCs Committee and our two universities deeply appreciate the financial support that the GC has made in recent triennial budgets.

While Episcopalians can take pride in our continuing support, but budget allocations have remained flat in the last decade. It is time now to address this gap by increasing the annual grant to each school to \$500K per year for the next triennium. We come to this conclusion based on our assessment of the

history we outline in the supplemental materials, the commitment TEC is undertaking to reckon with this history, and the need these universities address to provide educational and life changing opportunity to students with limited means (demonstrated by their high Pell grant eligibility) and high hopes.

Given the particularly challenging contexts that private HBCU's continue to confront, we are forwarding to the budget committee the recommendation to address the budget and priorities committee about this substantial increase in the budget for the coming three years. After careful consideration, our committee recommends this request to provide additional TEC resources to support the core missions of our two remaining Episcopal HBUCs

## Supplementary Materials

While not necessary, some groups may want to include supplementary materials. If you would like to do so, please be in touch with the GCO ([gc.support@episcopalchurch.org](mailto:gc.support@episcopalchurch.org)) and we will advise you further. All supplementary documents must be approved and in a translatable form. For example, a copyrighted document would not be allowed unless written permission to publish were obtained by the group. Or, for example, supplemental material might not be included because it is provided as a PDF file, which cannot be translated.

### **Historical Episcopal Church HBCU role**

In 1865, The Episcopal Church's General Convention organized the Protestant Episcopal Freedman's Commission (renamed the Commission of Home Missions to Colored People in 1868), to establish schools in the South that would provide higher education and religious instruction to African Americans.

The American Church Institute for Negroes (ACIN), founded in 1906, was renamed the American Church Institute (ACI) in 1961. It was established to coordinate church-affiliated schools and refocus attention on the educational needs of men and women of color. The ACIN administered schools and colleges dedicated to the education of African Americans in the South to fulfill the Church's mission to close the gap between educational opportunities for African Americans and whites. In 1924 the Institute agreed to support the college as its South Carolina member, beginning the Episcopal Church relation that continues today.

ACI began its work three years prior to the founding of the NAACP and dissolved three years after passage of the Civil Rights Act of 1964. During those years, ACI witnessed a major shift in American society's approach to rights for African Americans, from a "separate but equal" segregation-based policy, to a growing movement toward a racially integrated society at all levels, including education. While ACI's decision to cease its oversight of schools arose from concern that it was supporting segregated education, its positive contributions to higher education for African Americans remain. Since 1965 support for the remaining Episcopal HBCUs has been provided through General Convention allocations, drawing on remaining ACI endowments and general church funds.

# EXECUTIVE COUNCIL ECONOMIC JUSTICE LOAN COMMITTEE

## Members

The Rev. Will Mebane, Chair	Massachusetts, I	2024
The Very Rev. M.E. Eccles	Chicago, V	2024
Mr. Timothy Gee	El Camino Real, VIII	2024
The Rt. Rev. Anne Hodges-Copple	North Carolina, IV	2024
Mr. Joe McDaniel	Central Gulf Coast, IV	2024
Ms. Diane Pollard	New York, II	2024
Mr. Byron Rushing	Massachusetts, I	2024
The Rev. Andrew Walter	Washington, III	2024
Ms. Julia Ayala Harris, Ex Officio	Oklahoma, VII	
The Most Rev. Michael Curry, Ex Officio	North Carolina, IV	

## Representation at General Convention

The committee representatives at General Convention are the following:

- Joe McDaniel, HOD, Diocese of the Central Gulf Coast
- The Rev. M.E. Eccles, HOD, Diocese of Chicago
- The Rt. Rev. Anne Hodges-Copple (resigned North Carolina), HOB
- Mr. Timothy Gee, HOD, Diocese of El Camino Real
- Diane Pollard, HOD, Diocese of New York

## Acknowledgements

Mr. Kurt Barnes, *DFMS Treasurer and Chief Financial Officer*

Ms. Margareth Crosnier de Bellaistre, *Director of Investment Management and Banking*

Mr. Tanie Oconer, *Assistant Controller*

Mrs. Nancy Caparulo, *Staff Liaison*

## Mandate

### **2015 - AN/FFM 007**

The following is a true copy of a Resolution adopted by the Executive Council at its meeting from November 15-18, 2015 at which a quorum was present and voting. Resolved, That the Executive Council, meeting in Linthicum Heights from November 15-18, 2015, establish the Executive Council Economic Justice Loan Committee to be responsible for overseeing the assets set aside by General Convention and Executive Council for loans that support greater economic justice by enhancing people's ability to improve their economic wellbeing and empowering the powerless and oppressed. The Economic Justice Loan Committee is to be made up of a minimum of five persons nominated by the Presiding Officers and appointed by the Executive Council, from the Investment Committee and Committee on Corporate Social Responsibility and other appropriate persons at large. The Committee will report on its work to Executive Council at least once annually through the Committee on Corporate Social Responsibility or the Investment Committee. Loan criteria are to be approved by Council.

## Summary of Work

The Episcopal Church has committed \$7 million of its assets for economic justice initiatives around the globe and in the United States. The Executive Council Economic Justice Loan Committee (EJLC) administers this \$7 million in TEC 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 TEC, is re-loaned by TEC to others. All the loans pay interest, and that interest income is used to support TEC's program budget.

Since the beginning of 2023, EJLC has met four times, and will continue to meet once each quarter, to review potential borrowers.

EJLC loans generally range in size from \$250,000 to \$350,000 and may be as large as \$500,000. Every EJLC loan enjoys the support of the local Episcopal diocesan bishop. The most recent loan portfolio is posted on the Finance Office website at <https://www.episcopalchurch.org/wp-content/uploads/sites/2/2023/10/Economic-Justice-Loan-Program-Report.pdf>

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 TEC 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.

Examples of investments made through the program overseen by EJLC include:

- Support of community economic development in the Holy Land, TEC recommitted a \$500,000 deposit with the Bank of Palestine, earmarked by TEC for creating and supporting small businesses in the Palestinian community, especially businesses owned by women.
- Support of housing, economic development, education and health of indigenous people through a \$300,000 loan to Citizen Potawatomi Nation (CPN). CPN is headquartered in Shawnee, Oklahoma, with tribal jurisdictional area in Cleveland and Pottawatomie Counties, Oklahoma. The program offers emergency shelter, counseling services, legal assistance, emergency transportation, and financial assistance.
- Support of community economic development in Mississippi. TEC has made a \$250,000 loan to Renaissance Community Loan Fund (Jackson, MS) that provides financial assistance and development services which facilitate the development of communities in building safe, quality housing for the residents of Mississippi and in creating economic opportunities to add or retain jobs in the community. Lay leadership from Episcopal churches in the Diocese of

Mississippi has been involved in the board and management of Renaissance Community Loan Fund.

- Support of community economic development in South Africa with a \$300,000 deposit note of 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.

## **Portfolio Composition and Risk Performance**

As of September 30, 2023, \$5,947,624 of the allocation was funded into 15 loans and three-term deposits with an average annual yield of 3.0%.

We anticipate \$6,597,624 of the \$7,000,000 EJLC portfolio allocation to be funded by December 31, 2023 at an annual average yield of 3.2% – a rate that is reasonable relative to Treasury yields while providing below market rates to our borrowers.



# EXECUTIVE COUNCIL INVESTMENT COMMITTEE

## Members

The Rev. Andrew Walter, Chair	Washington, III	2024
Mr. Dale Akinla	New York, II	2024
Mr. N. Kurt Barnes	New York, II	2024
Ms. Janet Brown	California, VIII	2024
Mr. Gordon Fowler	Pennsylvania, III	2024
Mr. Charles Garland	New York, II	2024
Mr. Timothy Gee	El Camino Real, VIII	2024
Ms. Kirsten McElroy	Long Island, II	2024
Mr. James Simon	Ohio, V	2024
Ms. Julia Ayala Harris, Ex Officio	Oklahoma, VII	
The Most Rev. Michael Curry, Ex Officio	North Carolina, IV	

## Mandate

Executive Council By-Laws Article VIII Sec. 4

Joint Committees Created by the Executive Council

### (a) Duties

- i. There shall be a Joint Investment Committee whose charter shall be adopted by the Council.
- ii. The Joint Investment Committee’s charter shall be reviewed annually by the Joint Investment Committee and the Council and renewed annually by the Council.

### (b) Membership and Term

- i. The Investment Committee shall consist of the Treasurer of the Council, along with at least six, but no more than nine additional members. At least one of the additional members shall be a member of Executive Council’s Joint Standing Committee on Finances for Mission.
- ii. Members of the Investment Committee shall be nominated jointly by the Chair and Vice Chair of the Council and elected by the Council.
- iii. Members shall serve for a term of three years or until a successor has been elected. Members may serve two consecutive terms, after which three years must elapse before the member may be reelected.

## Summary of Work

In accordance with Executive Council By-Laws, the Investment Committee has all the authority of the Council and Board of Directors of the Domestic and Foreign Missionary Society of the Protestant Episcopal Church (DFMS, or the Society) under the law to act on the investment and reinvestment of institutional funds or assets of The Episcopal Church, the General Convention, the Council, and the Society, as well as any other funds or assets held by the foregoing for investment.

The Investment Committee recommends investment objectives designed to provide a sustainable and increasing level of income to support the 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. It also develops and regularly updates Investment Policies that assist the Committee in effectively supervising, monitoring and evaluating the investment of the Endowment's assets.

The Committee establishes strategies and policies for the management of the investment portfolio, which includes the trust funds of the official corporation, the Domestic and Foreign Missionary Society of the Protestant Episcopal Church, and other Episcopal entities who wish to co-invest with the DFMS.

The portfolio is diversified and continues to be focused on equities, with approximately 63% invested in equities, 18% invested in fixed income, and 19% in hedge fund-of-funds and real estate. The Committee continues to evaluate the portfolio return while maximizing risk protection by reducing US equity allocation and increasing non-US equity and alternative investments.

Long-term performance of the trusts was negatively impacted by a 19.0% decline in 2022, thus leaving annual returns, after all fees and expenses, of 6.0% for the 10 years ending September 30, 2023. The current one (1) year net return ending September 30, 2023 reflects a 14.8% gain. The portfolio, which is actively managed, has generally outperformed similar portfolios invested in passive investments. Since inception of the portfolio in February of 1993, the annualized net performance has been 7.5%. Since September 30, 2015, the market value of the portfolio has grown from \$346 million to \$536 million, as of September 30, 2023.

The DFMS endowment portfolio consists of the following three types of funds:

- Endowment funds, held and managed by DFMS and benefiting DFMS
- Funds owned and benefiting other Episcopal and Anglican entities in the United States and abroad, for which DFMS is the trustee
- Custodial funds held and managed by DFMS, but owned by and benefiting other Episcopal and Anglican entities in the United States and abroad

## Report to the 81<sup>st</sup> General Convention

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There are nearly 1,350 trust funds maintained in a common portfolio, managed by 16 investment managers and participating on a pro-rata basis in all returns of that portfolio. The Society is also trustee for 19 charitable trusts, which are separately invested and managed, but are not commingled with any other fund, as required by law. The Treasurer's Office publishes an annual trust fund book, and the Committee reports regularly to the Executive Council.

The Investment Committee continues to work closely with the Committee for Corporate Social Responsibility and the Economic Justice Loan Committee, with liaisons to each of those committees. The Investment Committee continues to be well-served by Mr. Kurt Barnes and a very dedicated staff from the Episcopal Church Center, as well as by our investment consultants.

The Investment Committee meets four times each year to review performance and discuss current investment issues. The expenses of the Committee are covered by the budget for committees of Executive Council.

# JOINT AUDIT COMMITTEE OF THE EXECUTIVE COUNCIL AND THE DFMS

## Members

Ms. Tess Judge, Chair	East Carolina, IV	2024
The Rev. Shelly Banner	Central New York, II	2024
Mr. Julian M. Bivins, Jr.	Virginia, III	2024
Canon Andrea McKellar	South Carolina, IV	2024
Mr. Daniel Packard	Arizona, VIII	2024
The Rt. Rev. Phoebe Roaf	West Tennessee, IV	2024
Ms. Julia Ayala Harris, Ex Officio	Oklahoma, VII	
The Most Rev. Michael Curry, Ex Officio	North Carolina, IV	

## Representation at General Convention

Deputy Tess Judge –East Carolina

## Mandate

2022 - Canon I.4.3

Sec. 3. Upon joint nomination of the Chair and the Vice-Chair, the Executive Council shall elect an Audit Committee of the Council and the Domestic and Foreign Missionary Society. The Committee shall be composed of six members: one member who, at the time of appointment, is a member of the Executive Council committee with primary responsibility for financial matters; and the remaining five from members of the Church-at-large having experience in general business and financial practices. The members shall serve a term beginning on January 1 following the regular meeting of the General Convention at which elected or immediately following their appointment, whichever comes later, and continuing through December 31 following the adjournment of the next regular meeting of the General Convention or until a successor is appointed, and may serve two consecutive terms, after which a full interval between regular meetings of the General Convention must elapse before being eligible for reelection. Annually the Audit Committee shall elect a Chair of the Committee from among its members. The Audit Committee shall regularly review the financial statements relating to all funds under the management or control of the Council and the Domestic and Foreign Missionary Society and shall report thereon at least annually to the Council.

Upon recommendation of the Audit Committee, the Executive Council shall employ on behalf of the Council and the Domestic and Foreign Missionary Society an independent Certified Public Accountant firm to audit annually all accounts under the management or control of the Council and Domestic and Foreign Missionary Society. After receipt of the annual audit, the Audit Committee shall recommend to the Council and the Domestic and Foreign Missionary Society what action to take as to any matters identified in the annual audit and accompanying management letter. The responsibilities of the Audit Committee shall be set out in an Audit Committee Charter. The Audit Committee shall review, at least annually, the Committee's Charter and recommend any changes to the Executive Council for approval.

## Summary of Work

We draft our report in the summer of 2023, having completed one-third of the 2023-2024 biennium.

The Audit Committee provides oversight of the financial reporting process, the audit process, the system of internal controls, and compliance with laws and regulations on behalf of Executive Council. New York State law, and industry best practices, recommend (and in some cases require) that an organization appoint an audit committee comprised of independent, non-employee members to provide oversight of the organization.

To exercise this oversight, the committee is given broad authority to discuss issues of concern with staff members, employees, board members, and other individuals as needed.

The Audit Committee and the Executive Council and the Domestic and Foreign Missionary Society engage an independent Certified Public Accountant firm to audit annually all accounts under the management or control of the Council and Domestic and Foreign Missionary Society. The Committee may, with the approval of the Executive Council, also hire such independent investigators and firms as may be necessary to review allegations that come to the Committee's attention.

The Audit Committee uses the findings of the annual audit to recommend to the Council and the Society the action needed for any matters identified in the annual audit and accompanying management letter.

The Committee has met two (2) times during 2023 and expects to meet an additional two times during 2023, and four (4) times during 2024. Most meetings are conducted virtually; at least one meeting is held in person annually when the annual audit is received and reviewed. In all meetings, the Committee is able to continue its practice of engaging with senior staff members in executive session to ensure that candid conversations can occur regarding any legal, financial, or other risks to the organization, and receive regular updates on pending litigation.

The Committee also continued to monitor reputational risks to the organization. According to its chartered responsibilities, the Committee reviewed:

- Quarterly and annual financial statements, and the judgements and assumptions underlying them;
- The adequacy of the Society's internal controls especially for cybersecurity;
- The performance, and subsequent recommendation for the appointment, of the external auditing firm;
- The nature and scope of the proposed audit with the independent auditing firm;
- The final audit report of the Society's financial statements and the independent auditors' recommendations to management for improvements in any areas of weakness; and,
- In cooperation with the Society's legal counsel, any potential liability exposure that could directly affect the Society's financial statements.

An unqualified opinion was received from the independent auditing firm, Grant Thornton, for the 2022 financial year. The Executive Council accepted these reports upon recommendation from the Audit Committee.

## **Major Projects in This Triennium Include**

### **1. The Annual Review of the Audit Committee Charter**

The Committee reviewed its charter and recent changes to New York State Law—where the Society is incorporated—on the role of the Audit Committees in Corporate Governance. After conducting the review, the Committee recommended changes to the Charter that included responsibility for reviewing the Society's risk management program, reputational and other, non-financial risks to the organization. The Executive Council accepted the recommended revisions to the Audit Committee's charter.

### **2. The Appointment of the External Auditor**

In 2023, the Committee expects to recommend that Grant Thornton, LLP be appointed to complete an audit of the Society's financial statements for 2023. This recommendation will be forwarded to the Executive Council.

In 2024, the Audit Committee plans to conduct a comprehensive request for a proposal process for the possible selection of a new auditor for the 2025-2027 triennium. The selection criteria will be similar

to those used in a search conducted during 2017. Firms will be evaluated by criteria such as price, capability, financial stability, expertise, staff turnover, and industry reputation.

3. Enterprise Risk Assessment

The Committee continued to receive updates regarding a range of risks the Society faces. The Committee received reports on all insurance coverage purchased by the Society and received reports outlining practices to minimize risks associated with labor, property and information technology.

# JOINT BUDGET COMMITTEE

## Members

The Rev. Patty Downing, Chair	Delaware, III	2024
The Rev. Hickman Alexandre	Long Island, II	2024
La Rvda. Gina Angulo Zamora	Litoral Ecuador, IX	2024
The Rt. Rev. Thomas J. Brown	Maine, I	2024
The Reverend Canon J. Michael Ehmer	Northwest Texas, VII	2024
The Rt. Rev. Jeff W. Fisher	Texas, VII	2024
Mr. William Fleener, Jr.	Western Michigan, V	2024
Mr. Timothy Gee	El Camino Real, VIII	2024
Ms. Tess Judge	East Carolina, IV	2024
Ms. Louisa J. McKellaston	Chicago, V	2024
The Rev. Canon Dr. Wilmot T. Merchant II	South Carolina, IV	2024
Ms. Dianne Audrick Smith	Ohio, V	2024
The Rt. Rev. Susan Brown Snook	San Diego, VIII	2024
Ms. Julia Ayala Harris, Ex Officio	Oklahoma, VII	2024
The Rev. Canon Dr. Michael Barlowe, Ex Officio	California, VIII	2024
Mr. N. Kurt Barnes, Ex Officio	New York, II	2024
The Most Rev. Michael Bruce Curry, Ex Officio	North Carolina, IV	2024
Mr. Patrick J. Haizel, Staff	New York, II	2024
Mrs. Nancy Caparulo, Staff	Newark, II	2024

## Acknowledgements

The Joint Budget Committee would like to thank the members of the DFMS staff and the church for their assistance in charting this new process of creating the budget for the Episcopal Church. We also want to thank the member of Program, Budget, and Finance for their tireless work in the past to craft budgets that reflect the mission and ministry of Jesus Christ that the Episcopal Church is engaged in pursuing.



## Mandate

### Executive Council Bylaws Section 2.d.

- a.
  1.
    - i. There shall be a Joint Budget Committee of the Executive Council which, pursuant to the Constitution and Canons of The Episcopal Church, shall, with the Chair and Vice-Chair and the Council, develop an Episcopal Church Budget consistent with the resolutions of the General Convention, for each budgetary period, which budgetary period shall be equal to the period between the January 1 following the adjournment of the most recent meeting of the General Convention and ending with the December 31st following the adjournment of the next regular meeting of the General Convention.
    - ii. The Chair of the Budget Committee shall be jointly nominated by the Chair and Vice Chair and appointed by Council.
    - iii. The members of the Budget Committee shall be jointly nominated by the Chair and Vice-Chair and appointed by Council, and shall include: one member of each Executive Council Joint Standing Committee, and at least five and not more than seven other individuals who may or may not be members of Council, including individuals with financial and budgetary expertise, and, further, the membership shall represent the diverse voices of the Church and a balance of the Church's orders consistent with the historic polity of the Church. The Treasurer and the Executive Officer of the General Convention shall be members *ex officio*. The members shall serve a term beginning at the first regular meeting of Council following the regular meeting of the General Convention or immediately following their appointment, whichever comes later, and continuing through December 31 following the adjournment of the next regular meeting of the General Convention or until a successor is appointed, and may serve two consecutive terms, after which a full interval between regular meetings of the General Convention must elapse before being eligible for reappointment.
    - iv. In the development of The Episcopal Church Budget, pursuant to the Constitution and Canons of The Episcopal Church, the Budget Committee shall solicit input from Interim Bodies, Executive Council Joint Standing Committees, the Society's staff, and other interested parties, and shall further establish a timeline for preparation of The Episcopal Church Budget that shall include appropriate time for open and accessible hearings prior to the presentation of the completed Episcopal Church Budget for acceptance by the Council and subsequent submission to the Secretary of the General Convention; such timeline shall be published to the church at large through the General Convention Office.

- v. Following the completion of each regular meeting of the General Convention and at least thirty (30) days prior to the first regularly scheduled Council meeting, the Budget Committee shall consider all resolutions with budgetary impact and shall make adjustments to The Episcopal Church Budget for consideration by Council pursuant to the Constitution and Canons of The Episcopal Church.
  - vi. The Budget Committee shall meet as necessary (but not necessarily concurrently with Council) and shall provide an informational report to the Joint Standing Committee on Finance at each regular meeting of the Council.
- b. Every committee shall provide in writing an annual report to the Council of its work and activities.

## Summary of Work

Enter here a summary of the work the group did and any recommendations the group wants to make. Please see the “Blue Book Report Instructions” for information on formatting.

The Joint Budget Committee of Executive Council (JBC) began its work on the 2025-2027 budget at a meeting held at the Maritime Institute in Baltimore Maryland (February 1-3, 2023). At that meeting we established our norms, appointed an executive committee (The Reverend Patricia Downing, Ms Dianne Audrick Smith, The Right Reverend Susan Snook, and Mr. William Fleener), we roughed out a timeline for our work, agreed that the 2025-2027 budget would utilize the same format as the current budget, divided ourselves up into four subgroups (Mission within and beyond, Income, Presiding Bishop’s Ministry, Governance), and reviewed the current budget in detail. Additionally, we set our meeting schedule. We agreed to have executive committee meetings via zoom on the second Monday of the month (noon eastern time) and full committee meetings via zoom on the fourth Monday of the month (noon eastern time).

We publicized a list of questions pertaining to the budget priorities to the church for their feedback. We held a listening session, via zoom on Monday April 17<sup>th</sup> (4pm to 6pm eastern). Responses to the questions and comments from those attending the Listening session were posted on the JBC page of the General Convention website and distributed to all members of the JBC.

At the end of May we received from DFMS staff a rough draft of the 2025-2027 budget. JBC met via zoom on June 8<sup>th</sup>, 2023, to review those figures. At the June 8<sup>th</sup> meeting we agreed on a series of assumptions about income and expenses that would govern our work.

June 20<sup>th</sup>, 2023, we held a churchwide listening via zoom (7pm – 9pm eastern) session specifically on the income side of the budget. JBC received feedback from the church.

At the June meeting of the Executive Council, a request was made by the JBC for a dedicated time for conversation with the Executive Council to hear from them about the assumptions we were using on income. That meeting was held, via zoom, on Friday June 30<sup>th</sup> (noon to two pm eastern). We emerged from that discussion with the following:

Diocesan assessments would remain at 15%

The calculation of diocesan giving would have a 2% increase per year due to increased income in dioceses by that same 2%.

We were comfortable with both the calculation of a 7.5% annual return on investments and the usage of a 5% draw on a 5-year rolling average of those investments.

June 30<sup>th</sup>, 2023, a letter was sent from the JBC to the Presiding officers of DFMS asking for a revised budget. That revised budget was received by JBC on July 26<sup>th</sup>. Having received the revised budget, the subcommittees began their work to fully understand the proposed budget by having conversations with DFMS staff. A request was made to Interim bodies to submit their budget requests to the JBC.

Next steps in the process:

The JBC will meet October 4-6<sup>th</sup> at the Maritime Institute in Baltimore to finalize the draft 2025-2027 budget. That draft budget will be presented to the Executive Council at their October meeting in Panama City Panama. If the draft budget is approved by the Executive Council, it will be made public, and the church will be invited to make comments upon the budget. The JBC will hold zoom hearings during the months of November and December to hear from the Church. January of 2024, the JBC will meet at the Maritime Institute in Baltimore to finalize the budget. That final budget will be presented to the Executive Council at their January meeting. If approved, the Executive Council will send the 2025-2027 budget to the Secretary of General Convention.

# UNITED THANK OFFERING BOARD

## Members

Ms. Sherri Dietrich, President	Maine, I	2024
Ms. Joyce Landers, Vice-President	Central Gulf Coast, IV	2024
Ms. Lorraine Candelario	Puerto Rico, II	2024
The Rev. Dr. Caroline Carson	New Jersey, II	2027
Ms. Daria Condon	Kansas, VII	2027
Ms. Rosamond Daniels	Washington, III	2021
The Rev. Caitlyn Darnell	North Carolina, IV	2021
Ms. Gail Donovan	Michigan, V	2024
Ms. Karin Elsen	Colorado, VI	2027
Ms. Sedona Jacobson	Navajoland, VIII	2024
The Rev. Rowan Larson	Massachusetts, I	2027
Ms. Kate Mietus	Spokane, VIII	2024
Ms. Maggie Noland	Alabama, IV	2024
Ms. Julia Ayala Harris, Ex Officio	Oklahoma, VII	
The Most Rev. Michael Curry, Ex Officio	North Carolina, IV	

## Changes in Membership

Ms. Rosamond Daniels' term expired; she was replaced by Ms. Mathy Milling Downing, Maryland, III

The Rev. Caitlyn Darnell's term expired; she was replaced by Ms. Erin Sample, Indiana, IV

Ms. Kate Mietus resigned; she was replaced by Ms. Sedona Jacobson, Navajoland, VIII

Ms. Maggie Noland was elected secretary; she was replaced by Ms. Linda Kennedy, Alabama, IV

Ms. Molly Minnerath, Massachusetts, I, joined as our second young adult member

Ms. Laura Jackson, Illinois, V, joined as our second appointed member

Mr. Joe McDaniel, Jr., Florida, IV, was appointed as our Executive Council liaison in 2022

Karin Elsen is the president-elect and Rowan Larson is the vice-president-elect; they will take office at the end of General Convention in 2024

## Representation at General Convention

Sherri Dietrich and Joyce Landers are authorized to receive amendments to this report at GC.

## Mandate

The United Thank Offering (UTO) is a ministry of The Episcopal Church for the mission of the whole church. Through UTO, individuals are invited to embrace and deepen a personal daily spiritual discipline of gratitude. UTO encourages people to notice the good things that happen each day, give thanks to God for those blessings and make an offering for each blessing using a UTO Blue Box. UTO is entrusted to receive the offerings, and to distribute 100% of what is collected to support innovative mission and ministry throughout The Episcopal Church and Provinces of the Anglican Communion.

## Summary of Work

UTO's ministry of gratitude is 130 years old and our familiar Blue Boxes are nearly that old, but UTO's work continues to change as the Church and the world change. When UTO was founded in 1898 it was safe to assume that Episcopalians attended church regularly and contributed financially to their parishes and beyond. As we know, that had been changing for decades and the COVID pandemic dramatically accelerated that change in our parishes and in patterns of Episcopal financial contributions. Although UTO still encourages and promotes parish- and diocese-level ingatherings, we have broadened our messaging to support and enable gratitude practices and ingatherings on the individual level so that we include all of those people who don't attend services regularly but still love and serve God. UTO believes that gratitude goes with everything, so we partner with many other Episcopal Church groups and ministries to promote both groups because what strengthens one part of the Church strengthens the whole Church.

In the past triennium UTO has offered many well-attended webinars, training days for members and leaders, promoted The Great EpisGOPal Race, lead book study groups, strengthened the UTO community of grateful people, and collected millions of dollars in Ingathering donations and distributed that money in grants throughout the Episcopal Church and Anglican communion. Because UTO values knowledge, accountability, and transparency around our work, we began publishing annual reports in 2018 that cover our work in greater depth. Please go to <https://unitedthankoffering.com/annualreport/> to read our latest annual reports and discover more about UTO's work over the past several years.

## REPORT ON RESOLUTIONS REFERRED TO DIOCESE

Forty-two (42) dioceses responded to resolutions referred for action or consideration after the 80<sup>th</sup> General Convention, as recorded below:

Resolutions Referred for Action or Consideration		Action Completed	Action Ongoing	No Action
<b>A003</b>	Uniform Paid Family Leave Policy	9	21	11
<b>A016</b>	Adopt, Study, and Promote Guiding Principles for World Mission & Initiate Global Mission Advocate Program	6	18	17
<b>A020</b>	Support Decade of Action to Achieve Sustainable Development Goals	4	21	14
<b>A021</b>	Support for the United Nations	4	22	16
<b>A028</b>	Join, Participate, and Fund The Global Episcopal Mission Network	8	15	19
<b>A032</b>	Amend Canon III.11.9.b to Correct an Oversight in a 2018 Canonical Amendment	20	6	11
<b>A040</b>	Specify Electronic Transmission of Certain Documents and Records	23	6	8
<b>A042</b>	Permitting Sending Required Notices and Other Papers by Electronic Means	24	7	6
<b>A044</b>	Amend Canon IV.14.4 Provisions for Notices of Accords	21	8	9
<b>A045</b>	Amend Canon I.19.2.b to Update a Word	26	6	6
<b>A048</b>	Amend Canons and Rules of Order to Implement the Recommendations of the Task Force on the Budget Process	22	8	8
<b>A050</b>	Support collaborative efforts with Equal Justice Initiative (EJI) to place historical markers	2	22	17
<b>A053</b>	Ensure the vital role of the Episcopal HBCUs in building The Beloved Community	3	19	20
<b>A055</b>	Receive and Study Proposal of Ecumenical Dialogue with Presbyterians (PCUSA)	7	14	16
<b>A060</b>	Endorse Guidelines for Expansive and Inclusive Language	9	19	9
<b>A061</b>	Amend Canon I.4.6.j to include data regarding gender	19	10	8
<b>A062</b>	Requiring Dioceses to Create a Plan to Narrow Gender Gaps	4	24	13
<b>A068</b>	Safe Church Training	22	15	5
<b>A073</b>	Encouraging Faithful, Ethical, and Responsible Investing	11	25	5
<b>A075</b>	Resolution Amending Canon IV.5.4 Provision for the Court of Review	21	8	9

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<b>A076</b>	Resolution Amending Canon IV.15.2 Provision to serve Notice of Appeal	20	9	9
<b>A077</b>	Resolution Amending Canon IV.15.3 Provision to serve Notice of Appeal by Bishop Diocesan	20	8	9
<b>A078</b>	Imagining a Church Grounded in Social Justice as Christian Ministry	5	25	11
<b>A081</b>	Amend Canon III.11.1a regarding Standing Committee's Role in Episcopal Elections	21	9	7
<b>A082</b>	Amend Various Canons Regarding Preparation of Medical and Psychological Evaluation in the Ordination, Episcopal Election, and Reception Processes	20	10	8
<b>A087</b>	Net Carbon Neutrality by 2030	4	23	14
<b>A088</b>	Commit to the Pressing Work of Addressing Global Climate Change and Environmental Justice	4	28	9
<b>A090</b>	Allies for Recovery in the Episcopal Church	3	24	14
<b>A092</b>	Churches Beyond Borders	15	12	10
<b>A093</b>	The Episcopal Church-United Methodist Church Dialogue	6	16	15
<b>A094</b>	Affirm Ongoing Work and Dialogue with Ecumenical Partners	11	15	11
<b>A095</b>	Celebrate and Support the Planting of New Episcopal Communities	4	25	12
<b>A096</b>	Develop Sustainable Congregational Revitalization Ministries	13	16	8
<b>A103</b>	Describing a Christian Life of Faith in the Episcopal Tradition	6	18	13
<b>A107</b>	Ministry with People with Mental Illness and Their Families	4	28	9
<b>A109</b>	Developing Curriculum and Required Training for Clergy in Mental Health Pastoral Care	2	19	20
<b>A116</b>	Amend Canon III.10.2 to Correct Inadvertent Omission on Clergy Ordained in Churches in Full Communion	22	8	8
<b>A117</b>	Amend Canons III.10, III.12.1, III.12.5.b.3, and III.13.1 to Clarify Language on the Reception of Bishops	20	7	10
<b>A118</b>	Amend Canon IV.5.4 on the Election of Members of the Court of Review	22	6	10
<b>A119</b>	Amend Canon IV.17.3 and .4 on the Term of Office for the Disciplinary Board for Bishops	23	7	8
<b>A120</b>	Amend Canon IV.17.8 on Vacancies on the Court of Review for Bishops	21	8	9
<b>A125</b>	A Resolution Extending and Furthering the Beloved Community	10	14	12
<b>A131</b>	Resolution Regarding Language	10	22	10

Report on Resolutions Referred to Diocese after the 80<sup>th</sup> General Convention

Report to the 81<sup>st</sup> General Convention

<b>A133</b>	Amend Joint Rule of Order III.12 to modify the method of showing additions or amendments to facilitate translation	21	10	7
<b>A135</b>	Amend Joint Rule of Order VII.22 to Streamline the Procedure for Obtaining a Background Check, if Required, before a Nomination from the House Floor	21	9	8
<b>A137</b>	Church of Sweden - Full Communion Relationship	15	10	12
<b>A140</b>	Urge The Episcopal Church and Constituents to Designate Indigenous Peoples GÇÖ Day	10	22	9
<b>A144</b>	Add Updated Editions of NRSV and New Jerusalem Bible to Canon II.2	18	9	10
<b>A145</b>	Amend Constitution Article X [Book of Common Prayer Supplementary Text--Second Reading]	21	9	7
<b>A146</b>	Amend Constitution Articles VI and VIII [Regarding Full Communion--Second Reading]	22	7	9
<b>A147</b>	Amend Article IX [Court of Trial for Bishops--Second Reading]	23	7	8
<b>A148</b>	Amend Constitution Article I.2 [House of Bishops--Second Reading]	24	6	8
<b>A149</b>	Amend Constitution Article II.4-8 [Bishops Suffragan--Second Reading]	21	7	9
<b>A150</b>	Amend Constitution Article III [Bishops Consecrated for Foreign Lands--Second Reading]	22	7	9
<b>A151</b>	Amend Constitution Article IV [Standing Committees--Second Reading]	22	6	9
<b>A152</b>	Amend Constitution Article 5.1 [Admission of New Dioceses--Second Reading]	24	6	8
<b>A153</b>	Amend Constitution Article IX [For the Trial of Presbyters and Deacons--Second Reading]	22	7	9
<b>A161</b>	Addressing the Burden of Medical Debt	5	15	19
<b>Bo02</b>	Let there be sight! - Proposal for Episcopal Church Assistance in Yemen and funding for an Ophthalmologist Medical Director at the Ras Morbat Eye Clinic in Aden	11	8	18
<b>Bo03</b>	Regulating Ghost Guns and 3D Printed Guns	7	18	16
<b>Bo04</b>	Establishing Religious Life Sunday	6	14	20
<b>Bo06</b>	Investing in State-Level Gun Violence Prevention Advocacy	10	19	12
<b>Bo07</b>	Investment in Community Violence Intervention to Prevent Gun Violence	5	24	12
<b>Co04</b>	Inclusion of June 19th, "Juneteenth" in the Church's Liturgical Calendar in Recognition of the End of Slavery in the United States	16	11	9



Report to the 81<sup>st</sup> General Convention

<b>C007</b>	Designate March 10 as the Date to Commemorate Harriet Ross Tubman	13	10	14
<b>C009</b>	Mandates Anti-Racism & Racial Reconciliation Training for the House of Deputies	10	24	8
<b>C023</b>	On Commemorating the Rt Rev Barbara Harris	17	9	11
<b>C033</b>	Encourage Sacred Ground Curriculum	15	20	7
<b>C054</b>	Address the issue of Voter Suppression	4	19	19
<b>C063</b>	Participate in Thursdays in Black	2	17	22
<b>C064</b>	Break the Silence Sunday	2	22	17
<b>C070</b>	Amend Canon III.9.5.d	24	7	7
<b>C072</b>	Land Acknowledgment	7	26	9
<b>D023</b>	Support for Care Workers	3	17	20
<b>D029</b>	Affirming Non-Binary Access and Leadership	12	21	9
<b>D046</b>	Supporting Child Welfare Systems and Foster Care	3	18	20
<b>D048</b>	Supporting Public Investment in Post-High School Education and Training	4	15	22
<b>D050</b>	Reunion of the Dioceses of The Episcopal Church in North Texas with The Episcopal Dioceses of Texas	22	6	10
<b>D052</b>	Amending Canon III.11.8 regarding Objections to Episcopal Elections	21	8	9
<b>D056</b>	Amend Canon III.11.9.a to correct cross-reference	21	8	8
<b>D063</b>	Support for Truth to Confront Misinformation and Violence	10	15	12
<b>D064</b>	Endorse and Encourage Green Deal Legislation	3	25	13
<b>D066</b>	Addressing restrictions on access to gender affirming care	5	21	15
<b>D070</b>	Addressing Inequities in the Quality of Life of Native Peoples	3	24	14
<b>D072</b>	Resolution on Gender and Sexuality Training	2	17	22
<b>D083</b>	Addressing the erosion of reproductive rights and autonomy	11	12	14
<b>D090</b>	The Church's Teaching on Racism	9	27	5
<b>D091</b>	Defining Equal Place in the Life of the Church	10	21	10
<b>D093</b>	Broad Representation in Discernment Processes	9	24	8
<b>D094</b>	Reaffirming the Role of Ethnic Ministries	7	25	9
<b>D098</b>	The Promotion of Public Health	4	20	17