

**GENERAL CONVENTION OF THE EPISCOPAL CHURCH 2018
ARCHIVES' RESEARCH REPORT**

RESOLUTION NO.: 2018-D008
TITLE: Practicing Responsible Investing
PROPOSER: Ms. Yvonne O'Neal
TOPIC: Socially Responsible Investment

Directly Related: (Attached)

2015-C045 Call for Investing in Clean and Renewable Energy
2015-D067 Divest from Private Corporations in the Prison Business
2006-A109 Mandate Purpose of the Committee on Social Responsibility in Investments
2006-B002 Acknowledge and Reduce Global Warming
2000-C039 Commend CPF on Union Dispute and Urge Socially Responsible Investments
1994-A042 Encourage Church Investment Strategy on Hazardous Chemicals
1988-C030 Establish and Fund a Ministry of Community Investment and Economic Justice
1985-D059 Recommend That Church Institutions Deposit Funds in Minority Owned Banks

Indirectly Related: (Available in the [Acts of Convention](#) database, searchable by resolution number)

2000-D102 Urge CPF to Develop Investment Policies in Keeping with the Jubilee Year
1982-D124 Work on Eliminate Racism in the Social Responsibility Investment Committee
1979-C031 Encourage Church Involvement in Community Economic Redevelopment

In preparing this report, the Archives researched the resolutions in the Acts of Convention database for the period 1976 through 2015, selecting "direct" resolutions that have a substantive bearing on the proposed legislation. The "direct" resolutions are attached and "indirect" resolutions are available in the Acts of Convention database. Committee members who require other research assistance should contact the Archives at 800-525-9329 before Convention or at Convention in the General Convention Secretariat.

D008 Practicing Responsible Investing

Proposer	Ms. Yvonne O'Neal
Topic	Socially Responsible Investment
Endorsed by	Floberg, The Rev. John; Smith, Mr. William
Sponsored by	
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HiA / Leg. Cttee	HD / 18 - Stewardship & Socially Responsible Investing
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RESOLUTION TEXT

- 1 *Resolved*, the House of _____ concurring, That the 79th General Convention commends to the whole Church the witness to the Gospel of individuals and institutions across the Church for over half a century through socially and environmentally responsible investing consistent with the Church's faith and mission including the Church's teachings on respect for the dignity of every human being and on the stewardship and care of creation ("responsible investing"); and be it further
- 2 *Resolved*, That the 79th General Convention affirms for the Church the following elements of responsible investing consistent with the Church's faith and mission as practiced today by many institutional investors across the Church: applying ethical guidelines in investment selection and management, shareholder activism, and investing for responsible social and environmental outcomes as well as financial return; and be it further
- 3 *Resolved*, That the 79th General Convention recommends that consideration be given across the whole Church to practicing these three elements of responsible investing consistent with the Church's faith and mission and particularly recommends all three of these elements of responsible investing for consideration by the governing body of every diocese, parish, or other organization or institution in the Church that owns or invests investment assets (any "Church Institutional Investor"), as follows:
 - 4 The 79th General Convention urges the governing body of every Church Institutional Investor to consider developing and adopting ethical guidelines for responsible investing consistent with the Church's faith and mission, and implementing them in choosing and managing investment assets under its control, and urges every Church Institutional Investor with sufficient assets to consider becoming a signatory to the United Nations Principles for Responsible Investment; and
 - 5 The 79th General Convention urges the governing body of every Church Institutional Investor to consider having that Investor vote its proxies consistent with the Church's faith and mission, and, to this end, urges Church Institutional Investors to consider using the proxy-voting services provided by The Episcopal Church and the Church Pension Group, and urges every Church Institutional Investor with sufficient assets to consider undertaking advocacy and dialogue with

company managements and to consider joining the Interfaith Center on Corporate Responsibility; and

The 79th General Convention urges the governing body of every Church Institutional Investor to consider having that Investor, consistent with the Church's faith and mission, invest for responsible social and environmental outcomes as well as financial return by, for example, carrying out impact investing through its regular portfolio and community investing through its regular portfolio or a separate community investment mechanism.

EXPLANATION

What is new here: calling on all Church Institutional Investors to consider adopting and practicing all three of the elements of responsible investing that have been and continue to be used by many institutional investors in the Church: implementing ethical guidelines, shareholder activism, and investing for responsible social and environmental outcomes, all done consistent with the Church's faith and mission.

Now it seems more than ever that the global economic system raises issues of social, economic, and environmental justice daily. Yet since at least the 1960s individuals, congregations, dioceses, and other institutions across the Church, and General Convention and Executive Council, again and again have acted in witness to the Gospel through responsible investing. Perhaps the most dramatic early example: in 1971 Presiding Bishop John E. Hines stood up at the General Motors annual meeting to present the first ever shareholder resolution by an investor of faith. On behalf of TEC, Bishop Hines called on GM to stop doing business in South Africa. That was the opening move by investors in support of the wider effort to end apartheid.

Responsible investing has three elements: (i) implementing ethical guidelines in investment management, (ii) shareholder activism, and (iii) investing for responsible social and environmental outcomes.

For years Church institutional investors have applied ethical guidelines in investment selection and management regarding a number of issues, including apartheid, tobacco, and fossil fuels. As responsible investors do, Church investors have used methods such as “negative screens” (e.g., “no buy” lists and divestment) and “positive screens” (e.g., choosing investment opportunities that support ethical goals, such as alternative energy companies).

As the field has matured and information on issues has become more widely available, an approach to implementing ethical guidelines for responsible investing has evolved: addressing environmental, social and governance (“ESG”) issues throughout the investment management process. Addressing ESG has become a commonly accepted approach; there are managers and consultants who can help institutional investors implement their ethical guidelines through applying ESG. Moreover, academic analyses have shown that ESG investing delivers long-term financial returns competitive to those obtained through traditional (non-ESG) approaches, as well as positive social and environmental impact.

The Trustees of the Diocese of New York have adopted responsible investing based on ethical guidelines as investment policy and ESG as the approach to implementing that policy.

Signing on to the UN Principles for Responsible Investment (PRI) obligates an institutional investor

to apply ESG. The Diocesan Investment Trust of the Diocese of New York is now a signatory to the PRI. See below for more on the PRI.

Both The Episcopal Church – through Executive Council’s Committee on Corporate Social Responsibility (CCSR) – and the Church Pension Group vote their proxies, submit shareholder resolutions and actively advocate with managements on issues. In recent years the issues dealt with through such engagement include human trafficking (both sex trafficking and labor trafficking), climate change, indigenous rights (including Dakota Access), human rights (including Israel and Palestine), and gun safety. TEC and the CPG seek to develop shared positions and annually seek to vote their proxies consistent with their positions. TEC and the CPG enable other Church Investors, now at no cost, to have their proxies voted along with those of the CPG and TEC. The Diocese of New York now votes its proxies by means of this arrangement Both TEC and the CPG work ecumenically and across faiths through the Interfaith Center on Corporate Responsibility. See below for more on ICCR.

Investing for responsible social and environmental outcomes, the third element, may be defined as investing for a financial return – as with all institutional investing – and, at the same time, acting to promote one or more responsible social and/or environmental outcome(s) through that investing – sometimes called a “double bottom line.” Two common methods are impact investing and community investing. Impact investing puts assets into private capital arrangements, either as debt or equity, and commonly, but not always, for market rate returns. Community investing puts assets into community financial institutions, commonly as debt and commonly, but not always, at subsidized rates. Either community or impact investing may, for example, promote social and economic justice by financing affordable housing.

Community investing invests in community financial institutions that in turn provide capital, usually with management support services, to community organizations that cannot access conventional financing. Executive Council’s Economic Justice Loan Committee (EJLC) administers a \$7 million fund of TEC investment assets making loans to community development financial institutions such as credit unions and loan funds that in turn make loans for housing, small business development and social service programs. At the diocesan level, the Diocese of New York is now forming a diocesan community development credit union.

CPG has about \$1 billion in impact investments at market rates in its regular portfolio overseen by its Investment Committee. CPG makes impact investments in private market pools to supply capital for groups and communities with needs often not being met through the usual capital markets. Such private pools can provide larger aggregate amounts for communities than community development institutions typically can. CPG impact investments, for example, provide financing for affordable housing and for installing solar panels for households in developing countries to bring them electric power, often for the first time, through environmentally sustainable and economical means.

United Nations Principles for Responsible Investment

The UN Principles for Responsible Investment (PRI) are a set of principles developed in 2005 by institutional investors under the sponsorship of the UN. This is a link to the PRI website page about the PRI: <https://www.unpri.org/pri> To adopt the PRI, an institutional investor becomes a “signatory” to the PRI and joins a network called the PRI initiative. Well over 1,000 institutions in the United States, Europe and the United Kingdom have joined. The Church of England and its pension fund are

signatories. In the U.S., universities and pension funds, as well as the United Church of Christ and the United Methodist Church, have joined.

As noted above, joining the PRI initiative obligates an institutional investor to apply ESG in its investment management. Signatories are not required to agree on outcomes, or how to deal with such issues, but, by joining, each institution agrees that it will deal with the ESG issues that arise for the institution as it acts as an investor.

The six Principles for Responsible Investment are:

- 1 We will incorporate ESG issues into investment analysis and decision-making processes.
- 2 We will be active owners and incorporate ESG issues into our ownership policies and practices.
- 3 We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- 4 We will promote acceptance and implementation of the Principles within the investment industry.
- 5 We will work together to enhance our effectiveness in implementing the Principles.
- 6 We will each report on our activities and progress towards implementing the Principles.

The PRI Initiative is a voluntary, cooperative effort. The sixth Principle is key: “We will each report on our activities and progress towards implementing the Principles.” Every signatory must report annually in a common format, which makes signatories publicly accountable. The reporting requirement means any signatory needs to have internal capacity to track its efforts to implement the PRI – to be able to indicate how it has incorporated ESG analysis into its processes and decisions. Joining the PRI Initiative is not for every institutional investor; in particular, those with smaller amounts of assets may well not have the resources to join.

If a Church Institutional Investor elects not to become a PRI signatory, that Investor nevertheless should consider incorporating ESG analysis into the implementation of its ethical guidelines. And, whether or not a Church Institutional Investor signs on to the PRI, every Church Institutional Investor should consider reporting regularly on its responsible investing efforts to the appropriate constituencies.

Interfaith Center on Corporate Responsibility

The Interfaith Center on Corporate Responsibility (ICCR) was organized in 1973 as a result of church-led shareholder activism focused on South Africa. TEC was a founding member. Today ICCR is a preeminent shareholder activist organization, with about 300 members. Most are investors of faith, principally Protestant denominational bodies and Roman Catholic orders, but the members include Muslim and Jewish organizations. Through ICCR investors advocate for corporate social and environmental responsibility, file shareholder resolutions, engage in dialogue with companies, and advocate for public policies supporting corporate responsibility. See the ICCR website:

<http://www.iccr.org/>

The entire deputation from the Diocese of New York supports this resolution. The resolution draws on resolutions adopted in 2015 by the New York Diocesan Convention for the diocese.



Resolution Number: 2015-C045
Title: Call for Investing in Clean and Renewable Energy
Legislative Action Taken: Concurred as Amended
Final Text:

Resolved, That the 78th General Convention of the Episcopal Church welcomes the release of the Environmental Protection Agency's proposed carbon rule for existing power plants; and be it further

Resolved, That the 78th General Convention calls upon the Investment Committee of the Executive Council, the Episcopal Church Endowment Fund, and the Episcopal Church Foundation to divest from fossil fuel companies and reinvest in clean renewable energy in a fiscally responsible manner; and be it further

Resolved, That the 78th General Convention calls on the Investment Committee of the Executive Council, the Episcopal Church Endowment Fund, and the Episcopal Church Foundation to refrain from purchasing any new holdings of public equities and corporate bonds of fossil fuel companies; and be it further

Resolved, That the 78th General Convention urges all dioceses and parishes of the Episcopal Church to engage the topic of divestment from fossil fuels and reinvestment in clean energy within the coming year.

Citation: General Convention, *Journal of the General Convention of...The Episcopal Church, Salt Lake City, 2015* (New York: General Convention, 2015), pp. 879-880.



Resolution Number: 2015-D067
Title: Divest from Private Corporations in the Prison Business
Legislative Action Taken: Concurred as Amended
Final Text:

Resolved, That the 78th General Convention directs The Episcopal Church to continue a no-buy policy with respect to corporations which own or operate for-profit prisons and hereby encourages the Church Pension Fund to institute a similar no-buy policy.

Citation: General Convention, *Journal of the General Convention of...The Episcopal Church, Salt Lake City, 2015* (New York: General Convention, 2015), p. 424.



Resolution Number: 2006-A109
Title: Mandate Purpose of the Committee on Social Responsibility in Investments
Legislative Action Taken: Concurred
Final Text:

Resolved, That the 75th General Convention designate the Executive Council Committee on Social Responsibility in Investments as a Committee of the Executive Council; and be it further Resolved, That the 75th General Convention adopt the following mandate for the Executive Council Committee on Social Responsibility in Investments (SRI): The Executive Council Committee on Social Responsibility in Investments is comprised of nine (9) members, including at least one (1) Bishop, one (1) Priest or Deacon, and one (1) Lay Person. It is responsible for searching the social responsibility records of corporations whose stock is held in DFMS portfolios, and to recommend appropriate courses of action based on the positions established by the General Convention and Executive Council. With the approval of Council, it will develop shareholder resolutions on social justice issues to be submitted to the companies in which the Church invests its funds.

Citation: General Convention, *Journal of the General Convention of...The Episcopal Church, Columbus, 2006* (New York: General Convention, 2007), p. 193.



Resolution Number: 2006-B002
Title: Acknowledge and Reduce Global Warming
Legislative Action Taken: Concurred as Amended
Final Text:

Resolved, That the 75th General Convention affirm that Global Warming threatens the future of God's good creation, and the effects of Global Warming disproportionately hurt the lives of the poorest and most vulnerable in the United States and around the world; and be it further

Resolved, That Episcopalians and The Episcopal Church at every level support efforts that seek to reduce Global Warming, including national and international legislation that increase the supply of clean energy and reduce consumption of fossil fuels; and be it further

Resolved, That the Convention commend the Executive Council and particularly its Socially Responsible Investment Committee (SRI) for the work they are now doing with the Global Warming Shareholder Campaign (GWSC), and the Coalition for Environmentally Responsible Economies (CERES) and the leadership they exercise as a member of the Interfaith Center on Corporate Responsibility (ICCR); and be it further

Resolved, That the Convention urge the Executive Council and its SRI to:

- (a) use resources of The Episcopal Church, including its investments, to promote a sustainable global environment;
- (b) seek by shareholder resolutions to change current policies and behaviors of those companies that are significant contributors to Global Warming, and if necessary, divest from those companies;
- (c) call upon the expertise of Episcopalians who are closely connected with the GWSC to assist in this initiative;
- (d) report the results of this initiative to Executive Council no later than its fall meeting in 2007.

Citation: General Convention, *Journal of the General Convention of...The Episcopal Church, Columbus, 2006* (New York: General Convention, 2007), p. 662.



Resolution Number: 2000-C039
Title: Commend CPF on Union Dispute and Urge Socially Responsible Investments
Legislative Action Taken: Concurred as Amended
Final Text:

Resolved, That the 73rd General Convention commend the Church Pension Fund for its constructive participation in the solution in 1998 of a long-standing dispute involving low wage janitors in Washington, D.C. and their desire for a union; and be it further
Resolved, That the 73rd General Convention strongly encourage the Church Pension Fund to continue and increase its involvement in stockholder actions and other means to encourage the companies in its portfolio toward more social responsibility, thus following the good example of the Committee on Social Responsibility in Investments of the Executive Council of the Episcopal Church; and be it further
Resolved, That the 73rd General Convention urge all dioceses, congregations, and institutions of this Church to exercise similar social responsibility in their investments.

Citation: General Convention, *Journal of the General Convention of...The Episcopal Church, Denver, 2000* (New York: General Convention, 2001), p. 356.



Resolution Number: 1994-A042
Title: Encourage Church Investment Strategy on Hazardous Chemicals
Legislative Action Taken: Concurred As Amended
Final Text:

Resolved, That the 71st General Convention of the Episcopal Church reaffirm its commitment to justice for all people inside and outside the United States, including those who, because of their race, poverty, and powerlessness, bear the brunt of hazardous waste disposal which endangers their health and safety; and be it further

Resolved, That investors--dioceses, congregations, Church institutions, and individuals--be encouraged to influence corporations through shareholder resolutions and proxy voting to find alternatives to the manufacture, use, and disposal of hazardous chemicals; and be it further

Resolved, That the Executive Council through its Social Responsibility in Investments Committee be directed to screen its investment portfolios for environmentally responsible corporate behavior inside and outside the United States, and to pursue corporate dialogue and shareholder resolutions with those companies wherever they are located to assure compliance with environmentally sound practices, \$12,000 for the triennium allocated for implementation of these goals, subject to funding in the budget.

Citation: General Convention, *Journal of the General Convention of...The Episcopal Church, Indianapolis, 1994* (New York: General Convention, 1995), pp. 327-28.



Resolution Number: 1988-C030
Title: Establish and Fund a Ministry of Community Investment and Economic Justice
Legislative Action Taken: Concurred As Amended
Final Text:

Resolved, That the Episcopal Church hereby establish a ministry of community investment and economic justice directed to community-controlled economic development programs of the disadvantaged, with a special focus on land trusts, housing cooperatives, worker-owned businesses and community development credit unions by:

A. Urging the Church at every level to utilize, where possible, its buildings, properties, personnel, financial resources and moral power in support of this ministry;

B. Urging each diocese to appoint a Commission on Community Investment and Economic Justice for the local implementation of this ministry;

C. Urging each diocese to provide for the financial support necessary for the local implementation of this ministry;

D. Authorizing the appointment jointly by the Presiding Bishop and the President of the House of Deputies, of an implementation committee to oversee the project for the coming triennium. Membership on this committee should include theologically sensitive people with expertise in land trusts, housing cooperatives, worker-owned businesses and community development credit unions. Members should also be drawn from those national Episcopal organizations which focus on economic development. The implementation committee shall be accountable to the Executive Council. The Executive Council, with the advice of the Committee, shall determine the criteria for grants and loans from the National Episcopal Fund for Community Investment and Economic Justice.

The effort at the national level will be funded in the amount of \$250,000 per year from the National Church Program Budget.

A working group on community reinvestment and economic justice will be established with appropriate representation from Church Center units on National Mission in Church and Society, Education for Mission and Ministry and Stewardship and Development, which will work in close collaboration with dioceses to facilitate training, support and guidance to local efforts.

E. Establishing a National Episcopal Fund for Community Investment and Justice, to be administered by the Coalition for Human Needs, with goals of:

Providing \$4,000,000 per year for six years for the economic empowerment of the disadvantaged;

Providing up to 10% of its annual receipts as matching grants to participating dioceses for the local administrative costs of the program;

F. Urging the church at every level to work in conjunction with other bodies for public policies at the municipal, state and federal levels, which are supportive of Community Economic Development.

Citation: General Convention, *Journal of the General Convention of...The Episcopal Church, Detroit, 1988* (New York: General Convention, 1989), p. 233.



Resolution Number: 1985-D059
Title: Recommend That Church Institutions Deposit Funds in Minority Owned Banks
Legislative Action Taken: Concurred As Amended
Final Text:

Resolved, That the Treasurer of the Church be commended for his efforts to maintain deposits in minority banks, Federally insured savings and loan associations, and credit unions and that this practice be, and it hereby is, commended to all of the Church's dioceses, parishes, missions, and Episcopal institutions and agencies; and be it further

Resolved, That the Episcopal Church Pension Fund be requested to consider seriously, within the limits of its fiduciary duties, the continuation of the practice of depositing funds in minority banks, Federally insured savings and loan associations, and credit unions; and be it further

Resolved, That the Executive Council's Committee on Social Responsibility in Investments be requested to develop a clearing house of information pertaining to socially responsible investing.

Citation: General Convention, *Journal of the General Convention of...The Episcopal Church, Anaheim, 1985* (New York: General Convention, 1986), p. 161.