



Socially Responsible Investing

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The Episcopal Church

Grand Hyatt, New York
September 26 – 29, 2006



Episcopal
Business
Administration
Conference
for Dioceses

SRI in the Episcopal Church

- **The Episcopal Church seeks to be faithful to its calling by being socially and financially responsible in its investments**
- **How can parishes and dioceses support this work?**



Recent History of SRI for the Episcopal Church (TEC)

- 1934** • **The Securities and Exchange Act regulates public companies and begins to require standardized financial reporting**
- 1950s – 1960s** • **Corporate “gadflies” present resolutions to press companies to be more responsive and accountable to shareholders**
- 1960s** • **General Convention establishes its first *ghetto loan fund***
- 1971** • **TEC files the first SRI resolution – with General Motors on that company’s involvement with apartheid in South Africa**
- 1971** • **The Interfaith Center on Corporate Responsibility is founded with TEC among the seven founding members**



Recent History of SRI for the Episcopal Church (cont.)

- 1980s – 1990s**
- **ICCR grows**
 - **Growth of shareholder filings and proxy voting by pension funds, unions, foundations and mutual funds**
- Today**
- **ICCR reflects more than 275 member organizations**
 - **Nearly \$2.3 trillion in assets invested through socially responsible investment funds**



The Episcopal Church Approach to SRI

The triple-A trinity

- **Avoidance**
- **Affirmative action**
- **Advocacy**



SRI: Avoidance – Social Screening

When a company's activities are contrary to an investor's values, excluding it from a portfolio may be appropriate

- **The Episcopal Church has a policy against owning shares in companies engaged in militarism, tobacco and the Sudan. Currently there are 19 domestic and 13 non-US companies on the no-buy list**
- **Militarism: Shares of military contractors may not be held if revenue generated from defense or military contracts exceeds 50% of the company's total revenue**
- **Tobacco products: Shares of companies that produce tobacco or tobacco-related products may not be held, regardless of the contribution of tobacco products to the company's earnings**
- **Sudan: Shares of companies conducting business in Sudan or benefiting the rebel-controlled government may not be held**



SRI: Affirmative Investments

Economically targeted investments in specific categories

- **Economic Justice Loan Fund – \$7 million, or nearly 3% of the endowment, available for deposits in minority-controlled banks and lending to community development financial intermediaries like community development loan funds and credit unions**
- **Modest financial return – interest earned is generally below market rates but above inflation in order to safeguard the principal available for future loans**
- **Goal of economic justice – jobs creation, housing development, etc.**



SRI: Advocacy

Avoiding or not buying certain securities eliminates the possibility of positively influencing corporate behavior through shareholder resolutions and proxy voting

Episcopal Church actions

- **Anti-apartheid resolutions in the 1970s – 1990s**
- **Regularly engaged in voting proxies that address board diversity and EEO, improving and protecting the environment, executive compensation, corporate governance, health, human rights and international labor and military contracting**



SRI: Advocacy – Shareholder Resolutions

- SEC generally permits a shareholder of a U.S. company to file a 500-word resolution when seeking a policy change by that company
- The Episcopal Church files between 15 and 20 shareholder resolutions annually
- ICCR members file some 250 shareholder resolutions annually
- Many shareholder resolutions are withdrawn after dialogue and agreement between filers and corporate management
- If resolutions proceed to a vote, public awareness of the issue is increased



SRI: Advocacy – Proxy Voting

- **General Convention and the Executive Council adopt various social policies**
- **The Social Responsibility in Investments Committee recommends voting positions on specific categories of social-issue and corporate-governance shareholder resolutions**
- **Executive Council, in turn, considers the recommendation and decides whether to vote in favor of, against, or abstain from particular types of resolutions**
- **The Treasurer votes the proxies of all companies held in the DFMS investment portfolios**
- **Find proxy guidelines at www.episcopalchurch.org/finance**



SRI: How can parishes and dioceses participate in this work?

- **Think about your investments as opportunities that provide financial support to your ministries**
- **Consider alternative investments to support economic and social justice**
- **File resolutions or assist in letter writing in support of resolutions**
- **Vote your proxies**
- **Join the Episcopal Church and the Church Pension Group in voting proxies through ProxyEdge ®.**

