Socially Responsible Investing

N. Kurt Barnes
The Episcopal Church

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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.)

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<th>1980s – 1990s</th>
<th>ICCR grows</th>
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<td>Growth of shareholder filings and proxy voting by pension funds, unions, foundations and mutual funds</td>
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<th>Today</th>
<th>ICCR reflects more than 275 member organizations</th>
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<td>Nearly $2.3 trillion in assets invested through socially responsible investment funds</td>
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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](http://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®.