

Responses to the General Convention

[Urge Adoption of a Uniform Paid Family Leave Policy \(2022-A003\)](#)³³

Resolved, That the 80th General Convention recognizes the difficulties that currently exist with the implementation of a paid family leave policy, given that there is currently no commercial insurance offering available, and therefore, urges all dioceses of the Church to adopt the proposed policy as soon as practicable, in order to be prepared to implement the policy as soon as a commercial insurance offering becomes available, whether through the Church Pension Group or other avenues; *and be it further...*

CPG appreciated the opportunity to support the work of the task force that proposed this resolution and will continue to monitor the market for paid family leave coverage. CPG also supports the Church's efforts to encourage employers to provide paid family leave to the clergy and lay employees who serve the Church.

[Establish Interim Body to Oversee the Continuing Development of Anti-Harassment Best Practices, Model Policy Examples, and Varied Training Materials \(2022-A066\)](#)³⁴

Resolved, That the Church Pension Group be asked to collaborate with this effort and to appoint a member to serve on the Task Force; *and be it further...*

CPG was glad to serve on the Task Force that was formed in response to this resolution and collaborate in this important work.

[Encourage Adoption of Ethical and Responsible Investment Programs \(2022-A073\)](#)³⁵

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.

CPF takes pride in its investment practices as a fiduciary that has been called upon to care for the Church by providing comprehensive, cost-effective retirement, health, and life insurance benefits to its clergy and lay employees. Our socially responsible investing practices are further described at cpg.org/SRI.³⁶

[Divest from Fossil Fuel Companies and Invest in Renewable Energy \(2022-A089\)](#)³⁷

Resolved, That the 80th General Convention urge The Church Pension Fund (CPF) to be mindful of the Church's desire to become increasingly invested in renewable and clean energy; and be it further

Resolved, That the 80th General Convention request that The Church Pension Fund provide a report that includes a sustainability plan to the 81st General Convention; *and be it further...*

CPF continues to be mindful of the Church's desire to become increasingly invested in renewable and clean energy, and actively researches investment opportunities linked to sustainability and renewable/clean energy. Several recent investments of this type and other related work are described in the Sustainability Report that CPF is submitting in response to Resolution 2022-A089, which can be found at the end of this Blue Book Report.

[Conduct Historical Research on DFMS Assets Tied to Racial Injustice \(2022-A129\)](#)³⁸

Resolved, That this 80th General Convention urges the Church Pension Group to conduct historical research on the origins and sources of its financial and all other assets, and to report the results to its constituents; *and be it further...*

CPF is currently completing this important research and will offer a report on the results to its constituents and the Church in 2024.

[Establish a Shareholder Strategy to Address Carbon-Intensive Lending \(2022-Co16\)](#)³⁹

Resolved, That the 80th General Convention of The Episcopal Church direct the Executive Council (Domestic & Foreign Missionary Society aka DFMS) and its Committee on Corporate Social Responsibility (CCSR), in conjunction with The Church Pension Fund (CPF), to establish and coordinate shareholder strategy addressing Carbon-Intensive Lending by U.S. banks and other financial lending institutions; *and be it further*

Resolved, That the CCSR and CPF identify banks and financial lending institutions within the DFMS and CPF portfolios that are carbon-intensive lenders and initiate the appropriate shareholder strategy with these institutions to slow global warming; *and be it further...*

Information on CPF's work, alongside the CCSR, and how we use our collective voices as shareholders to encourage financial institutions to align their financing activities to achieve greenhouse gas emissions reduction targets, can be found in our Sustainability Report response to Resolution 2022-Ao8g at the end of this Blue Book Report.

[Urge Uniform Maternity Disability Coverage \(2022-Co65\)](#)⁴⁰

Resolved, That the 80th General Convention strongly recommends the Church Pension Group make available adequate 12-week coverage for lay and clergy employees through available marketplace policies.

In response to this resolution, CPG introduced a new short-term disability option that extended the benefit period for maternity disability coverage to 12 weeks, effective January 1, 2023. As of December 2023, approximately 18% of the employers offer short-term disability coverage have purchased the 12-week option.

[Create a Task Force on the Denominational Health Plan \(2022-Do34\)](#)⁴¹

Resolved, That there shall be a Task Force to Advise the Church on the Denominational Health Plan. The Task Force shall receive from the Episcopal Church Medical Trust annual reports for 2021, 2022, and 2023 about the status of the Denominational Health Plan, and a complete copy of all data sets held by the Medical Trust used to create said report; such data shall be appropriately anonymized to withhold personally identifying information and be suitable for review by a third-party actuary. The Task Force shall review the structure and offerings of the Denominational Health Plan, in consultation with the Church Pension Group staff, with special attention to the cost of premiums, and report back to the 81st General Convention a list of options to reduce health insurance costs across the church, including an examination of the impact of individual faith communities opting out of the

Denominational Health Plan, with a full explanation of the reasoning for and costs and benefits of each option. The 81st General Convention shall consider the options in deciding whether to modify the mandate given to the Denominational Health Plan in Resolution 2009-A177. The members of the Task Force shall be appointed by the Presiding Officers, and shall consist of: one member of the Church Pension Group Board of Trustees; one member of the Church Pension Group Client Council; one Church Pension Group staff member who is an expert in the health care issues addressed by the Denominational Health Plan; two members of Executive Council; two Bishops who serve as at-large members of the Task Force; four Clergy or Lay People who serve as at-large members of the Task Force; and two members who are experts in health care and insurance finance issues; *and be it further...*

CPG was pleased to participate in the work of this Task Force. The Chair of CPF's Board of Trustees and our Chief Operating Officer were actively engaged as members of this Task Force, supporting its work in preparation for the 81st General Convention. We look forward to the Blue Book Report of the Task Force and continuing our work to provide high-quality, cost-effective health benefits for the Church.

The Church Pension Fund Sustainability Report

Response to General Convention Resolution 2022-A089

At the 80th General Convention, Resolution A089, entitled “Resolution on Divestment & Just Transition,”⁴² urged The Church Pension Fund (CPF) to be mindful of the Church’s desire to become increasingly invested in renewable and clean energy and also requested that CPF provide a report that includes a sustainability plan to the 81st General Convention.

CPF has been investing directly in climate solutions since at least 2015 and continues to be mindful of the Church’s desire to become increasingly invested in renewable and clean energy. CPF has actively researched investment opportunities linked to sustainability and renewable/clean energy, which are described in the sustainability plan below.

CPF and its affiliated companies (CPG) are committed to corporate social responsibility, and that commitment serves as the foundation for its focus on sustainability. The faith and values of The Episcopal Church guide and inform all of CPG’s work. We recognize that CPF has been called upon to care for the Church by providing comprehensive, cost-effective retirement, health, and life insurance benefits to its clergy and lay employees. CPG gives expression to the priorities of the Church by supporting its social, ethical, and environmental values, while also remaining true to its fiduciary, regulatory, and other legal responsibilities.

This report will review CPG’s environmental sustainability efforts in response to General Convention Resolution 2022-A089. However, CPF also considers a broader definition of sustainability in the context of our work—specifically, what helps make CPF’s vision to provide the highest possible level of financial security in retirement to the people we serve, in a manner that is consistent with exemplary financial stewardship on our part and with the evolving needs of the Church, sustainable for the long term. This vision requires that CPF focus on a broad range of sustainability issues beyond the environment, such as diversity and inclusion, human rights, community engagement, corporate governance, and employee relations.

1. Corporate Values and Environmental Sustainability

As a business, we make meaningful efforts to support environmental sustainability, including:

- **LEED Gold Certification**—The corporate headquarters in New York has received LEED Gold certification for our implementation of environmentally sustainable practices in the construction and operation of our office.

- **Field Agent Transportation**—The agents for Church Insurance Agency Corporation receive higher transportation reimbursements when they use hybrid automobiles for business travel.
- **Sustainability in Responding to Insurance Claims**—In cases where buildings or appliances need to be replaced, we work with clients to encourage the application of LEED and Energy Star standards.
- **Electronic Statements and Communications**—We encourage the use of electronic publishing for benefit statements and communications. We work with our benefits partners to provide their benefits statements electronically and offer all communications, from the annual report to our pension plan guides, electronically.
- **Electronic Processing**—If possible, enrollments and account updates are processed electronically.
- **Green Publishing**—Church Publishing continues to work with its vendors to publish its print titles using green processes and sustainable paper sources. The growth of our electronic offerings has reduced the demand for print titles.
- **Facilities Management**—Through the efforts of employees and facilities management, we follow sustainable practices in running our office. Our efforts include using low-VOC paints and carpets, videoconferencing to replace travel, sustainable construction methods and furniture selection, energy-saving and recycled supplies, and recycling.

2. Investments and Environmental Sustainability

CPF's investment portfolio is managed to generate the returns needed to make benefit payments and meet financial obligations, which is typical for a mature pension fund. We believe we can be true to this primary responsibility while also supporting environmental sustainability objectives through a four-part socially responsible investing strategy:

- **Investing for Positive Impact:** proactively seeking out and investing with managers who deliver both strong returns and positive social impact.
- **Shareholder Engagement:** using CPF's position as an institutional investor to address corporate social responsibility of companies in the investment portfolio.
- **ESG Incorporation:** considering material environmental, social, and governance (ESG) issues as part of CPG's investment analysis and review.
- **Thought Leadership:** sharing CPF's experience and industry relationships to catalyze growth and advance best practices in socially responsible investing.

We discuss each of these topics below.

INVESTING FOR POSITIVE IMPACT

Consistent with Resolution 2022-A089, CPF is aware of the Church’s desire to actively invest in renewable energy. Its impact investment strategy directly responds to this desire. Since the last General Convention, CPF has made the following investments, which add to the number of clean energy investments already in its portfolio:

- \$30 million investment in Environmental Commodities Partners Capital. This investment fund invests in environmental commodities, which are designed to create a market and set a price for carbon emissions, such as carbon allowances, carbon offsets, and regional emission reduction credits. These commodities create costs for carbon emissions and incentives for using cleaner fuels, while supporting a regulatory framework to reduce emissions.
- \$25 million investment in New Energy Capital VI, which provides funding for mid-stage renewable energy projects. This investment fund meets the need for renewable energy project developers to obtain flexible financing and catalyzes growth in renewable energy.
- \$10 million investment in ArcTern Ventures Fund III, which invests in companies that provide carbon reduction solutions for high-emitting industries, such as electricity and energy, manufacturing, mobility, and food systems.

In addition to identifying, researching, and making these investments, CPF continues to research additional opportunities on an ongoing basis.

SHAREHOLDER ENGAGEMENT

CPF uses our voice as a shareholder to advance issues of environmental sustainability within the companies we own. The shareholder engagement process includes letters, dialogues, and, if necessary, the filing of shareholder resolutions to raise issues we believe to be important to CPF and the Church.

Historically, CPF has advocated for increased environmental disclosure from companies with high carbon emissions, believing that “what gets measured gets managed” and that more efficient management of resources leads to better investment results. While advocating for disclosure is still a component of the CPF strategy, recent efforts have been guided by General Convention Resolution 2022-Co16 (Climate Change—Carbon-Intensive Lending),⁴³ which requested

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CPF works with CCSR and other investors to encourage financial institutions to issue reports disclosing a transition plan that describes how they intend to align financing activities with sectoral greenhouse gas emissions reduction targets, including the specific measures and policies to be implemented, reductions to be achieved by such measures and policies, and timelines for implementation and associated emission reductions. We believe that by requiring these companies to be explicit about their transition plans, investors can hold them accountable, and the targets are more likely to be achieved.

THOUGHT LEADERSHIP

CPF seeks to convene and connect investors, to advance best practices in socially responsible investing, and to increase the flow of capital into renewable and clean energy and other socially responsible investments. CPF has hosted in-person events and virtual *Insights & Ideas* webinars outlining best practices in responsible investment. These events have brought together industry leaders and stakeholders across the Church to advance our shared knowledge of the space.

Specific to environmental sustainability, since the last General Convention, CPG has hosted the following events:

- **Global Faith-Based Investors and the Climate Crisis:** Held during the United Nations Climate Week in 2023, this event focused on the role global faith-based investors can play in promoting solutions to address the climate crisis.
- **Sustainable Investing Landscape and Strategies:** This event highlighted key issues being raised in 2023, including how climate represents both a risk and an opportunity that investors need to consider carefully.
- **The ABCs of ESG:** This webinar sought to demystify the confusing terminology used by investors and explain how all investors can work with their financial partners to ensure environmental issues are properly considered in their investment portfolios.

Replays of some of these events can be found on CPG’s website at *Insights & Ideas*.⁴⁴

OTHER MATERIAL ENVIRONMENTAL SUSTAINABILITY INVESTMENT CONSIDERATIONS

The CPF investment team believes many environmental, social, and governance (ESG) issues present material opportunities and risks. As part of their normal investment analysis and review, CPF investment professionals work with current and prospective managers to more fully understand how the managers incorporate environmental issues into their investment decision-making.

Among the most material ESG issues, climate change presents significant opportunities and risks to investors. Significant capital will be flowing into climate change solutions, which could generate attractive returns. On the other hand, climate change may negatively impact some industries and investments, and companies need to manage the transition to a lower carbon economy. The CPF investment team has introduced climate change as a macroeconomic lens that will be considered in constructing a long-term investment portfolio. This lens can be applied to understanding what investment themes to pursue and how to evaluate the investment firms responsible for managing CPF's assets.

3. Collaboration Across the Church

In pursuing a socially responsible investment strategy, CPF works closely with CCSR to coordinate on shared priorities. We believe we can focus on meeting our fiduciary obligations while also supporting environmental sustainability. CPF has invested in renewable energy, advocated on issues of environmental sustainability and corporate social responsibility, collaborated and invested with other sustainable investors, and incorporated environmental considerations into its investment portfolio, taking into account our fiduciary responsibilities.

In doing so, we support the call for Stewardship of Creation, and the faith and values of The Episcopal Church are reflected in our work.

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