

R-2: A Resolution to Endorse the Diocesan Investment Policy to Consider Non-Financial Environmental, Social, and Governance (ESG) Factors

1. *Now, Therefore, Be It Resolved*, that the 203rd Convention endorses the Diocesan Investment Policy and
2. encourages all parishes in the Diocese to conduct a similar review of their investment portfolios, taking into
3. consideration the ESG principles described therein.
- 4.
5. **Rationale:** The Joint Investment Fund of the Trustees of the Diocese of Ohio (JIF) is administered by the
6. Trustees for the invested funds of the Diocese of Ohio, existing parishes, and parish organizations. The
7. investments of the fund is managed by the investment advisory firm, Clearstead, with oversight by the
8. Trustees. Currently, 49 parishes participate in the JIF.
- 9.
10. The updated investment policy for JIF continues the long-standing moratorium on direct investment in
11. tobacco and gaming companies (so-called “negative screens”). The recent changes include new guidelines
12. for investment (positive screens) including those that incorporate environmental, social, and governance
13. (ESG) factors.
- 14.
15. In 1998, the 182nd Diocesan Convention adopted a socially responsible investment policy for investments
16. in the diocesan portfolio, imposing a moratorium on tobacco and gaming investments in the diocesan
17. portfolio and created the Socially Responsible Investment (SRI) subcommittee consisting of Trustees of
18. the Diocese of Ohio (“Trustees”) and Bishop’s appointees who meet quarterly to monitor compliance and
19. developments in this area.
- 20.
21. In 2015, the General Convention approved Resolution C045 that “urge[d] all dioceses and parishes of the
22. Episcopal Church to engage the topic of divestment from fossil fuel and reinvestment in clean energy,” in
23. response to which the SRI subcommittee conducted a survey of other dioceses in Province V, and learned
24. that others were making positive investments in solar and other alternative sustainable energy sources.
25. The SRI subcommittee concluded (and the Trustees concurred) that such a divestment effort was
26. impractical given the wide-ranging use of fossil fuels by many different industries, and instead decided to
27. consider expanding the current moratorium on gaming and tobacco investments.
- 28.
29. The subcommittee therefore recommended (and the Trustees approved in 2018) changes to the Diocesan
30. Investment Policy for the Joint Investment Fund (JIF) that included theological justification and
31. consideration of certain non-financial environmental, social, and governance factors (ESG) in making
32. investments that promote sustainability in their corporate practices, policies, and culture, as follows:
33. “Socially Responsible Investing (SRI) is at the heart of our Christian beliefs. The Episcopal Church
34. teaches and practices an incarnational faith seeing the face of Christ in the other, knowing that the
35. fullest expression of God is in Jesus Christ. As such, our investments must honor the embodied
36. realities of humankind and creation, doing no harm to either human communities or our physical
37. environment.
- 38.
39. “Responsible stewardship is a core value which runs through Scripture, from Genesis to Revelation.

R-2: A Resolution to Endorse the Diocesan Investment Policy to Consider Non-Financial Environmental, Social, and Governance (Esg) Factors(Continued)

1. This means that we are accountable for the ways in which we protect, use, and maintain all
2. manner of assets: environmental, human, material, financial. In addition, fulfilling the two
3. great commandments to love God and to love one’s neighbor as one’s self demands our tangible
4. engagement in the complex interplay of fiscal action and faithful values.
5.
6. “While no investing practice is completely without negative consequences with regard to social
7. responsibility, these Biblical principles call us to mitigate those choices and contribute significantly
8. to forward-looking, responsible, and just enterprises in our investment strategies and decisions.
9. “As such, JIF investment strategy will be aligned with core Episcopal Church values in two ways,
10. excluding some industries while actively seeking to include others:
11. • “We will do our best to comply promptly with all General Convention resolutions
12. concerning market investments. Currently, this means a moratorium on direct investment
13. in tobacco and gaming. We recognize that mutual funds may have relatively insignificant
14. holdings in these categories. Direct investment in companies with more than 10% of their
15. revenue in one of the aforementioned industries should be excluded from investment. The
16. Trustees will review overall portfolio exposures including commingled funds in an annual
17. SRI audit.
18. • “Certain non-financial environmental, social, and governance factors (ESG) are part of a
19. holistic investment process and can have a material effect on financial returns. Accordingly,
20. the Fund seeks investments in companies, consistent with our fiduciary duty, which have
21. a positive impact (globally and locally) and promote sustainability in their corporate
22. practices, policies, and culture. To this end, the Fund will consider investment managers
23. who actively incorporate ESG factors into their investment decision-making processes.”
24.
25. For those parishes participating in the JIF, the policy applies to those invested funds. The resolution
26. encourages other parishes and parish organizations to consider the policy for their own portfolios.
27. Parishes desiring more information about the JIF may contact Sue Leishman, Chief Financial Officer,
28. Diocese of Ohio.

30. Submitted by the Socially Responsible Investment Committee and the Trustees of the Diocese of Ohio