

INSIGHTS & IDEAS

Centennial Conversations

Houston

Investing for Positive Impact

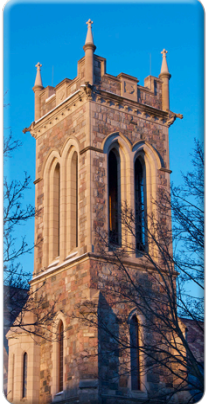
1917 – 2017
A Century of Service
and Benefits for
the Episcopal Church



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A Century of Service
and Benefits for
the Episcopal Church



Investing for Positive Impact



Christopher Rowe
Vice President, Investments



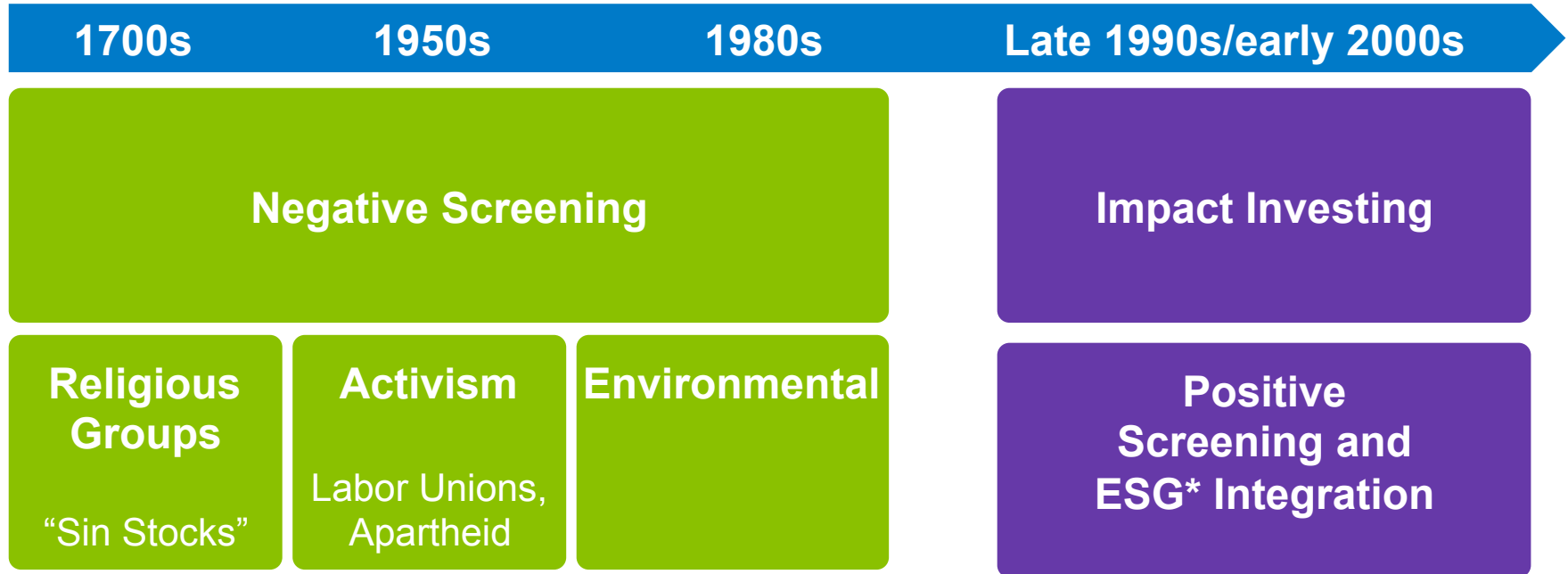
January 24, 2018
Insights & Ideas, Houston



Setting the Stage

- **The History of Socially Responsible Investing**
- **Approaches to Impact Investing**
 - Return and Impact
 - Investors
 - Shareholder Engagement
- **CPG's Approach**

Socially Responsible Investing: From Social Values to Economic Values



Source: Glenmede and Church Pension Group

*ESG = Environmental, Social, Governance

Environmental, Social, and Governance (ESG) Issues



Environmental

- Carbon Emissions
- Renewable Energy
- Water Stress
- Pollution & Waste
- Packaging Material & Waste



Social

- Labor Management
- Health & Safety
- Data Security
- Product Safety & Quality
- Lobbying

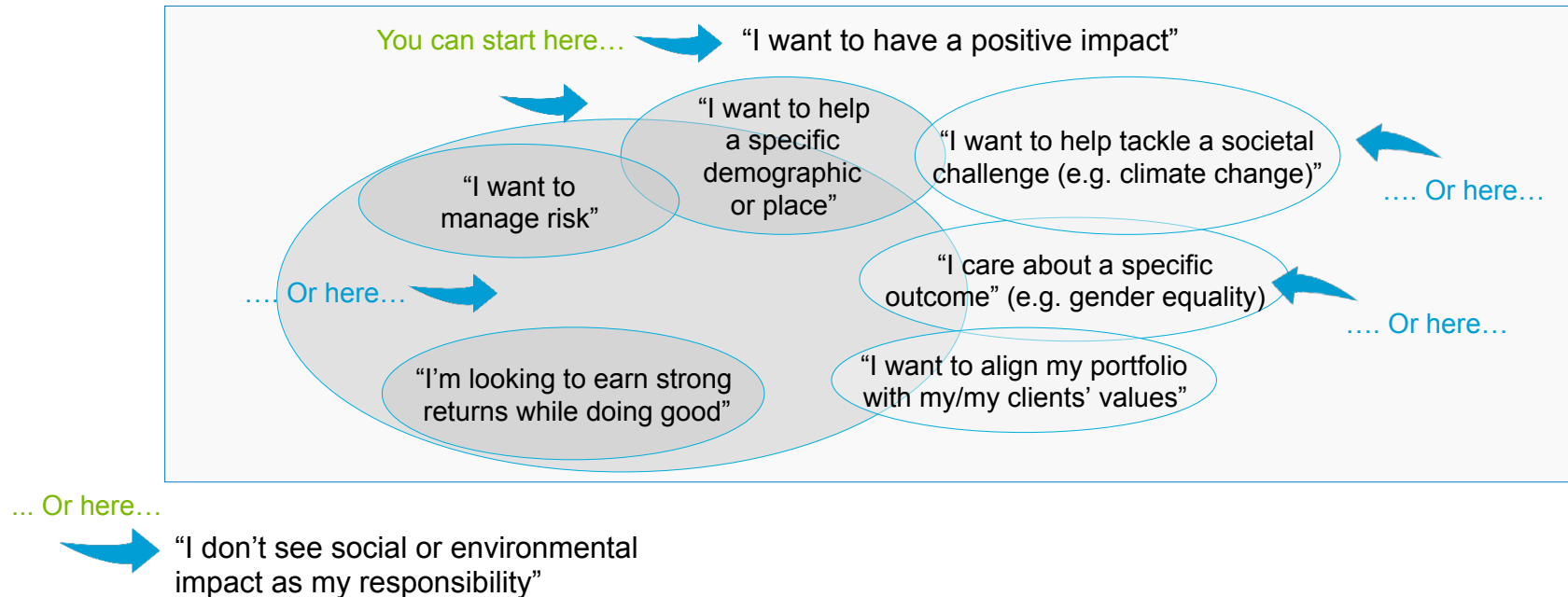


Governance

- Diversity
- Independent Directors
- Executive Compensation & Alignment
- Shareholder Rights

Asset Owners Have Different Expectations Regarding Socially Responsible Investing

WHY an asset owner might, or might not, care about impact



Balancing Financial and Impact Goals

Approach	Traditional	Responsible	Sustainable	Impact-driven / Investing		Philanthropy	
Financial Goals	Deliver competitive risk-adjusted financial returns			Below-market returns		Partial capital preservation	Complete capital loss
Impact Goals	Don't Consider	Avoid Harm	Integrate ESG	Contribute to Solutions			
Individuals							
Foundations							
Endowments							
Public Pensions							
Corporate Pensions							
Faith Based Pensions							

Source: The Impact Management Project and CPG

Spectrum of Options for Different Investors

Approach	Traditional	Responsible	Sustainable	Impact-driven / Investing		Philanthropy	
Financial Goals	Deliver competitive risk-adjusted financial returns				Below-market returns	Partial capital preservation	Complete capital loss
Impact Goals	Don't Consider	Avoid Harm	Integrate ESG	Contribute to Solutions			
Individuals	✓	✓	✓	✓	✓	✓	✓
Foundations	✓	✓	✓	✓	✓	✓	✓
Endowments	✓	✓	✓	✓	✓		
Public Pensions	✓	✓	✓	✓			
Corporate Pensions	✓	✓	✓	✓			
Faith Based Pensions		✓	✓	✓			

Source: The Impact Management Project and CPG

Shareholder Engagement: Another Approach to Impact

- **Shareholder efforts to influence behavior of companies in our investment portfolio**
 - Initially — letters, phone calls, meetings, etc.
 - If unsuccessful, may submit resolution for shareholder vote
 - Proxy voting
- **Strategy to encourage dialogue and affect change**





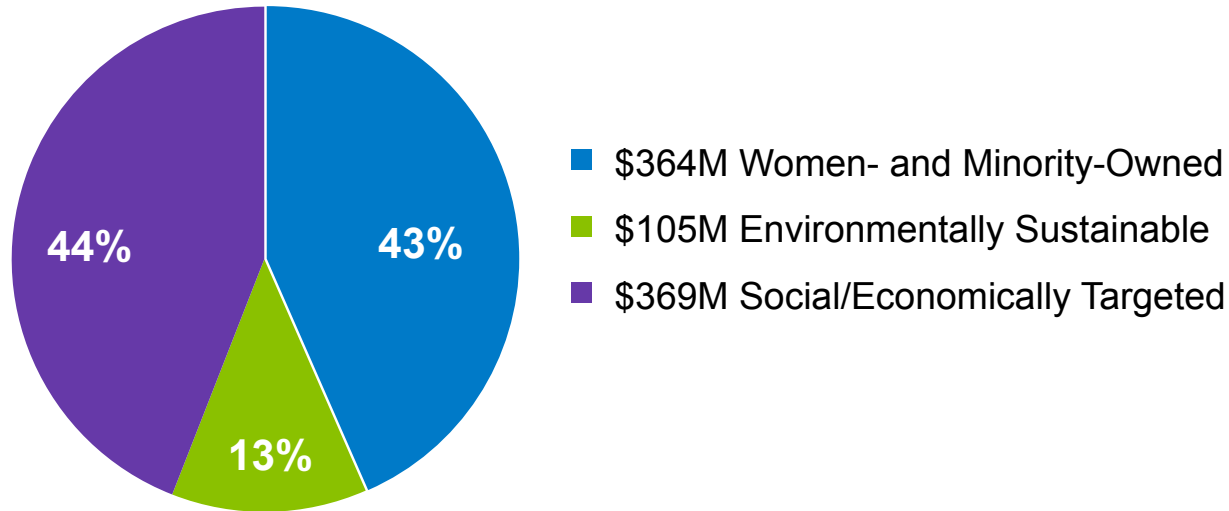
CPG's Three Part Socially Responsible Investing Strategy

- 1. Positive Impact Investing**
- 2. Shareholder Engagement**
- 3. Thought Leadership**

Current CPG Portfolio of Positive Impact Investments

■ Positive impact investments:

- \$837M currently invested (6.6% of CPF's assets)
- Additional \$268M committed to be invested (2.1% of CPF's assets)



CPG Shareholder Engagement — Areas of Focus



Environment



Human Rights



Corporate Diversity



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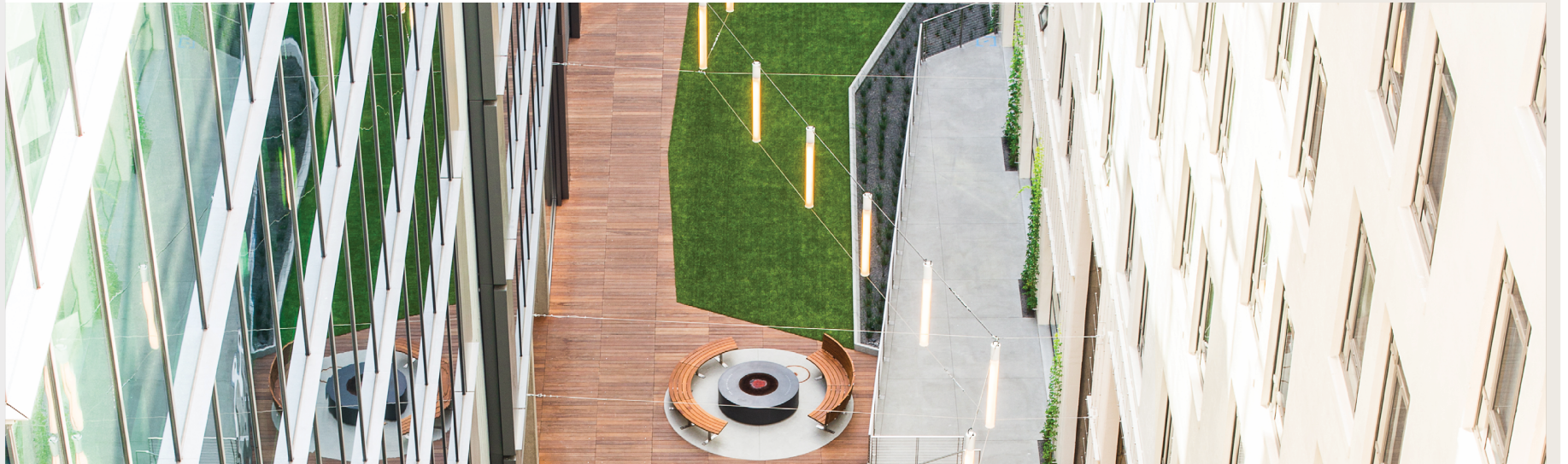
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SUSTAINABILITY PRESENTATION TO THE CHURCH PENSION FUND

JANUARY 2018



SHORENSTEIN
SUSTAINABILITY



UTILITY EFFICIENCY PROJECTS

Year	Net Project Cost	Annual Savings	Payback Period (years)
2016	\$1,260,000	\$865,000	1.5
2015	\$567,000	\$569,000	1.0
2014	\$1,300,000	\$510,000	2.5
2013	\$1,379,000	\$607,000	2.3

OVERALL PORTFOLIO METRICS

PORTFOLIO PERFORMANCE

REDUCTION 2008 - 2016

ENERGY



20.4%

GREENHOUSE GAS EMISSIONS



23.3%

ENERGY COST SAVINGS IN 2016

\$6.5 MILLION





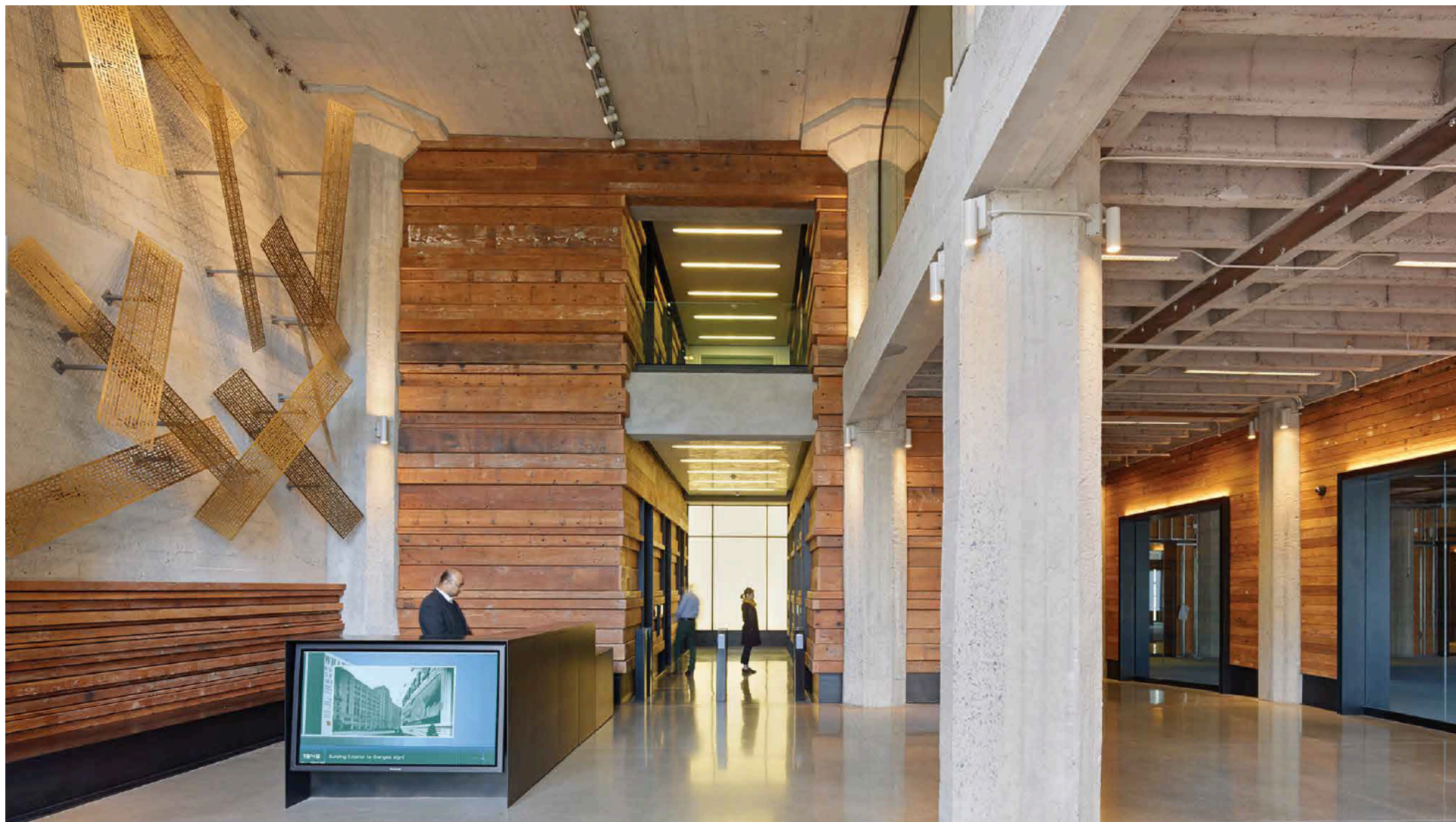


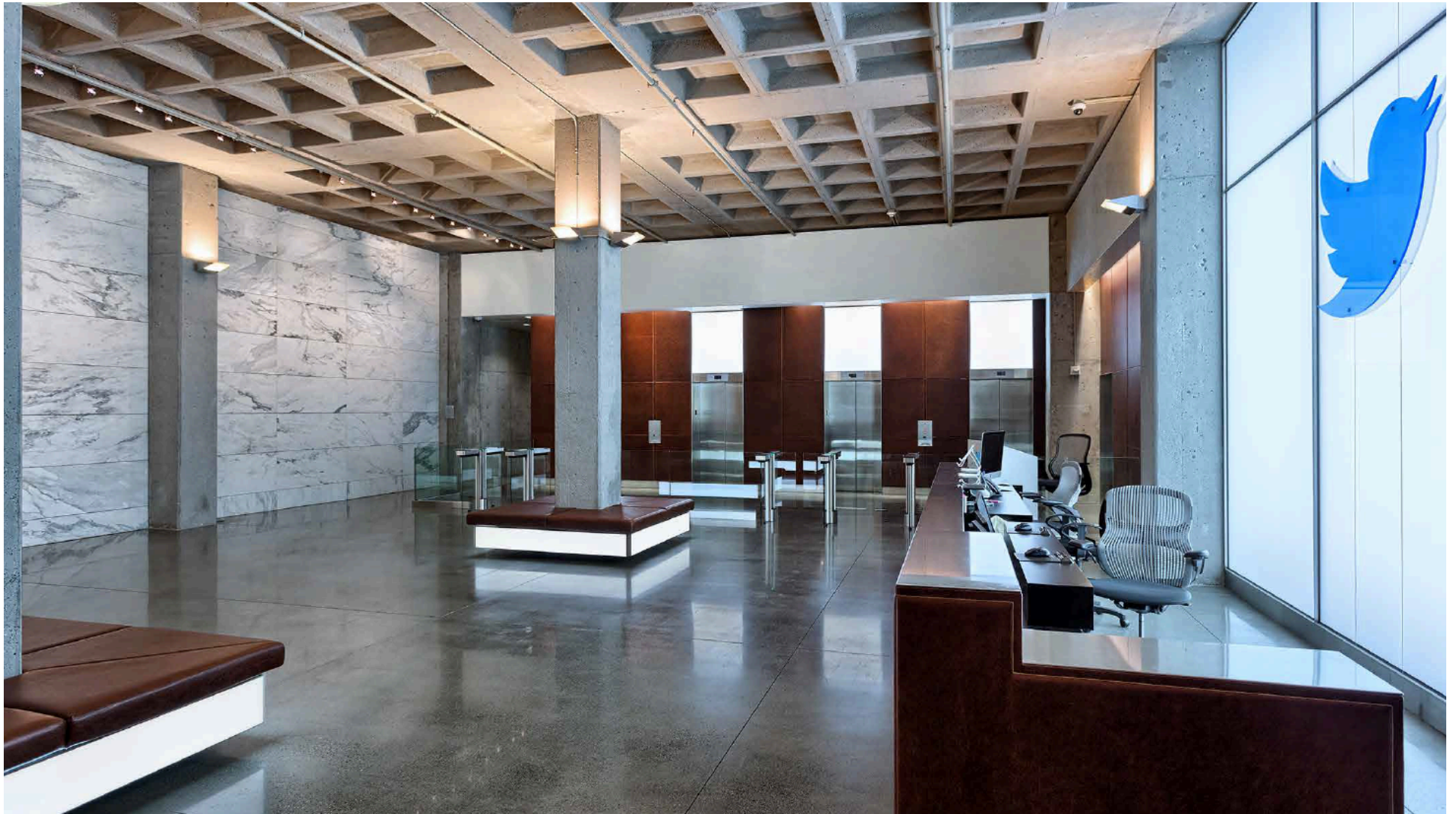












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Diversity in Leadership Positions: Why It's Important at All Levels of an Organization


SOCIETY




Fonds de Solidarité FTQ: A Case Study in Social Investing



Faith Groups Back MacArthur Grant-Winning Work on Farm Labor Rights



Financing a Farm: CSA vs. Unsecured Promissory Note



Values-Based Investing: Debunking 4 Common Misconceptions



PLANET

Building a sustainable future




SOCIETY

Empowering humanity, funding prosperity



FAITH

Aligning of values and investments



INVESTING PLAYBOOK

Getting started, seeing results

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