



Dear Friends:

“For more than 20 years, The Church Pension Fund has been active in seeking investments that offer opportunities to realize competitive risk-adjusted returns, consistent with our investment objectives, while also achieving important social goals.”

For more than 20 years, The Church Pension Fund (CPF) has been active in seeking investments that offer opportunities to realize competitive risk-adjusted returns, consistent with our investment objectives, while also achieving important social goals. In recent years we have seen a changing investment landscape in which many investors are moving away from traditional socially responsible investing (SRI) screening strategies to those focused on more proactive environmental, social, and governance (ESG) related investments.

This brochure provides an overview of the three high-impact strategies we utilize in our SRI approach:

- **Investing for Positive Impact:** proactively seeking out and investing with managers who deliver both strong returns and positive social outcomes;
- **Shareholder Engagement:** using CPF’s position as an institutional investor to influence the behavior of companies in its investment portfolio; and
- **Thought Leadership:** sharing CPF’s experience and its industry relationships to create awareness of modern, effective strategies for using capital to achieve positive social impact.

I hope you find this information helpful. I encourage you to visit our website at www.cpg.org/SRI to learn more and view videos related to our various SRI initiatives.

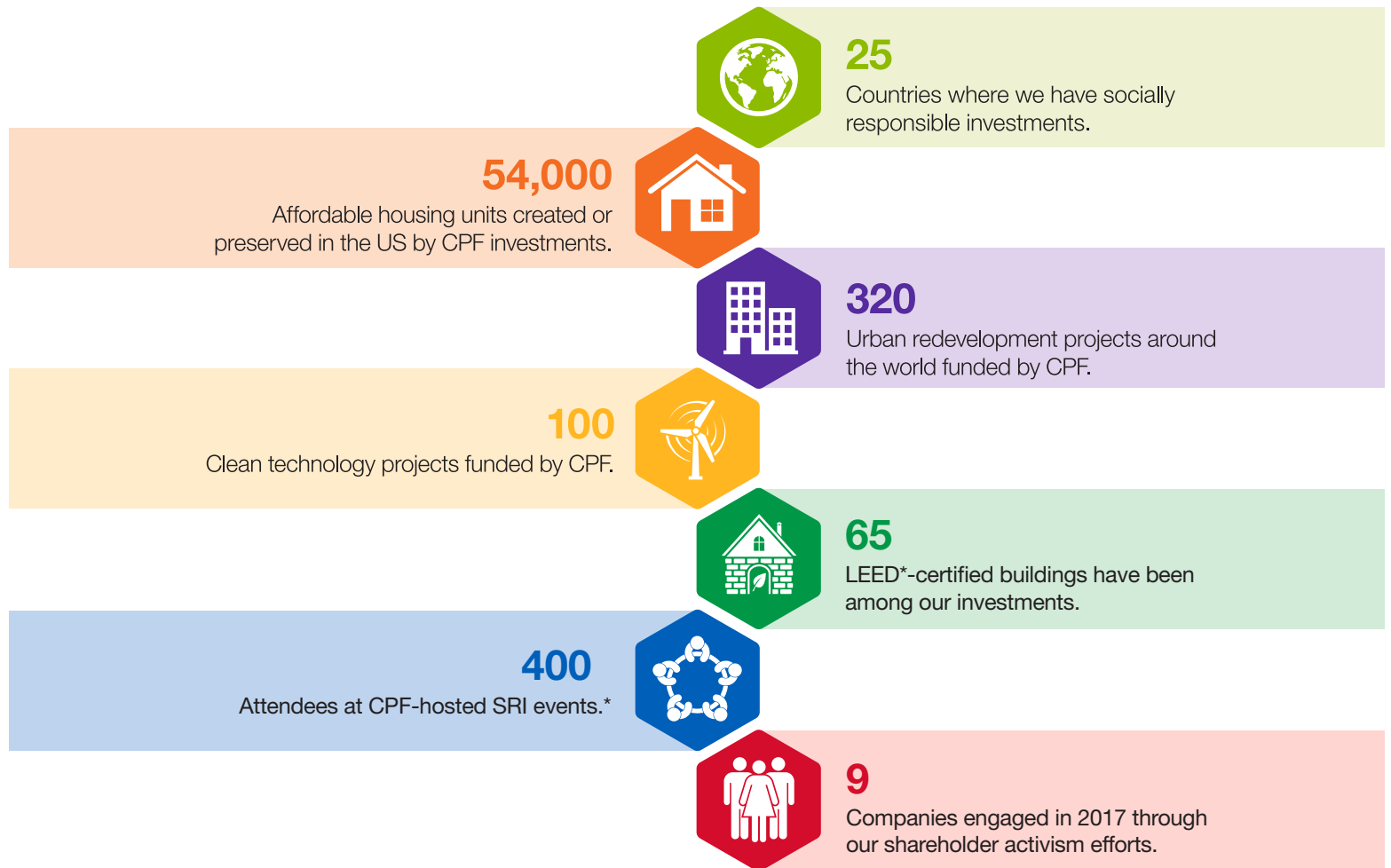
Faithfully,

A handwritten signature in blue ink that reads "Mary Kate Wold". The signature is fluid and cursive, written in a professional style.

Mary Kate Wold
CEO and President

The Church Pension Group (CPG) is responsible for retirement and other benefits offered to clergy and lay employees of the Episcopal Church. We express the values of the Church by supporting important social, ethical, and environmental outcomes while also satisfying our fiduciary and regulatory responsibilities. Our commitment to social responsibility is widespread and longstanding.

Learn more at www.cpg.org/SRI.



Figures referenced are as of 01/16 unless otherwise noted. *As of 09/19. *Leadership in Energy and Environmental Design.



Thought Leadership

Our thought leadership offers us the opportunity to:

- Convene people and connect investors with SRI fund managers and opportunities
- Initiate conversations and discussions
- Promote the importance of SRI

“We use our thought leadership to convene people and connect investors with SRI fund managers and opportunities.”

We have operated in the SRI space for more than 20 years and have garnered a reputation for being an experienced and respected impact investor. We use our thought leadership to convene people and connect investors with SRI fund managers and opportunities.

As part of our ongoing commitment to increase the awareness of SRI and to foster relationships among those interested in the topic, we periodically host roundtable discussions to share ideas and discuss the opportunities and challenges of social investing. Our New York City roundtable with Equilibrium Capital, a global asset manager focused on sustainability-driven real asset strategies, funds, and products, brought together individuals from various investment firms, pension funds, faith-based organizations, consulting agencies, research institutes, and family foundations to share ideas and discuss the opportunities and challenges that SRI presents.

In London, we co-hosted a roundtable discussion with Bridges Fund Management, a specialist fund manager dedicated to using an impact-driven investment approach to create superior returns for both investors and society at-large. The event brought together individuals from a number of investment firms and pension funds as well as representatives from Trinity Wall Street and the Church Commissioners for England. The group shared ideas on SRI opportunities around the globe and the growing interest among institutional investors in SRI.

Our executives also regularly attend and speak at SRI conferences around the world. These conferences are designed to elevate the industry’s shared understanding and approach to SRI. Attendees often include other institutional investors, government officials, and non-profits focused on advocacy. In addition to building relationships with leading SRI-management firms, these events offer us the opportunity to share our perspectives on SRI-related issues and provide a forum to identify positive impact investment opportunities.

In addition, in observance of our Centennial, we hosted a series of conversations around the Church called *Insights & Ideas: Centennial Conversations*. Each event included a robust discussion on the topic of positive impact investing. To facilitate discussion, we recruited third-party experts in this space, senior members of our investment team, and members of the CPF Board to share information, insights, and ideas on the topic of positive impact investing.

We remain committed to sharing our views on the topic of SRI more broadly and have developed a series of Executive Q&A and investment case study videos, which can be viewed at www.cpg.org/SRI.



Investing for Positive Impact

Our SRI investments are focused on:

- Achieving competitive risk-adjusted returns
- Creating a positive social impact for individuals and the environment
- Earning returns that are sufficient to ensure that benefits promised to current and future beneficiaries are available when needed

As a fiduciary, CPF's SRI strategy remains focused on working with external investment managers who possess expertise in identifying investment opportunities that offer fully competitive risk-adjusted returns while providing a positive social impact. Importantly, the primary objective of its SRI approach is to earn returns that are sufficient to ensure that benefits promised to current and future beneficiaries are available when needed. Three areas where CPF actively invests include environmentally responsible, economically targeted, and women- and minority-owned firms.

Environmentally Responsible

The sustainability of the environment is important to all of us. We continue to seek managers who possess expertise in environmentally responsible investments. We have investments in a number of funds that support and promote sustainable forestry, clean technology, and green buildings.

Sustainable Forestry

We have invested in several sustainable forestry-related initiatives, including investments in sustainable forest funds managed by The Forestland Group, which promotes and employs sustainable forestry practices and has captured and stored **418,000** tons of carbon dioxide.

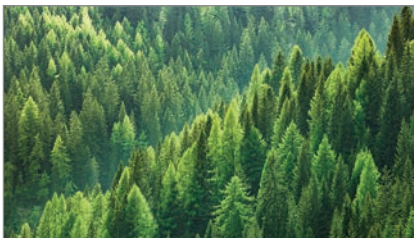
Clean Technology

We have made investments in more than **100** clean technology projects. These investments generate or promote the use of solar energy, wind, hydro, geothermal, and biomass fuels or provide solutions for photovoltaic cells and refrigerants, among others. We have also funded cutting-edge technologies and have investments with companies that manufacture electric vehicles and produce lithium batteries.

We served as an anchor investor in the Developing World Market's Off-Grid, Renewable and Climate Action Impact Note (ORCA Note). The ORCA Note provides renewable energy finance loans to socially responsible businesses in Ecuador, Guatemala, India, Kazakhstan, Kenya, Mongolia, Nicaragua, Rwanda, and Tanzania and is composed of **11** underlying loans made to inclusive financial institutions and operating companies.

Green Buildings

We support sustainable construction principles and have made real estate investments in more than **65** LEED (Leadership in Energy and Environmental Design) certified buildings and more than **10** BREEAM (Building Research Establishment Environmental Assessment Method) certified buildings. In addition, our headquarters is a Gold-certified LEED space in recognition of our implementation of environmentally sustainable practices in the construction and operation of our office.



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Economically Targeted

Our economically targeted investments have traditionally focused on microfinance-related initiatives, affordable housing, sustainable farming, and urban redevelopment.

Microfinance

We served as an anchor investor through our investment in the Essential Capital Consortium, a social enterprise fund managed by Deutsche Bank’s Global Social Finance Group. This investment will finance approximately **20** enterprises that are focused on providing debt financing to companies in the energy, health, and microfinance sectors in developing countries.

Affordable Housing

Our investments have enabled the construction or preservation of nearly **54,000** affordable housing units throughout the United States. The demand for affordable housing units is expected to increase in the coming years as the Urban Institute has reported that for every 100 extremely low-income renter households in the United States, only **29** affordable and available rental units are available.

Sustainable Farming

Our investment in Silverlands, a private equity fund managed by SilverStreet Capital, supports indigenous farmers in sub-Saharan Africa. Silverlands’ efforts have been instrumental in improving the lives of thousands of people in the region.

Urban Redevelopment

We have funded more than **320** urban redevelopment projects in cities around the world. These projects have had a positive impact on local communities in reducing crime, improving housing stock, and increasing economic vibrancy. These included retrofitting buildings and constructing new housing.

Women- and Minority-Owned Firms

We continually seek managers who provide access to investments that offer competitive risk-adjusted returns. Over the years, we have been fortunate to work with a number of woman- and minority-owned fund managers.



Shareholder Engagement

Our shareholder engagement encourages companies to:

- Focus on environmental sustainability, including reducing greenhouse gas emissions
- Address human rights issues
- Increase diversity among their executives and board of directors

“We look to promote productive dialogue and, if necessary, file shareholder resolutions to encourage companies to conduct their business in a manner that addresses important social and environmental concerns of the Episcopal Church.”

Productive Dialogues

We use our position as a large institutional shareholder to engage companies on social and environmental issues that have long-term investment implications. We look to promote productive dialogue and, if necessary, file shareholder resolutions to encourage these companies to conduct their business in a manner that addresses important social and environmental concerns of the Episcopal Church.

For decades we have collaborated with the Committee on Corporate Social Responsibility (CCSR) of the Executive Council of the Episcopal Church (Executive Council) and the Domestic and Foreign Missionary Society of the Protestant Episcopal Church (DFMS) — as well as with other faith-based organizations and investors — to discuss our shared concerns and develop strategies for addressing those concerns. We are also members of various investor groups, including the Interfaith Center on Corporate Responsibility and the Ceres Investor Network, and coordinate our shareholder engagement efforts with other investors having similar interests.

We have focused our attention, in particular, on encouraging companies in our investment portfolio to address issues related to the environment, human rights issues, and diversity among corporate executives and board of directors. Shareholder engagement efforts often require years of dialogue, but we believe we have made great progress with companies in addressing our concerns. Most recently, we have engaged with a fossil fuel company to provide increased transparency around climate risk reporting; technology companies to increase the diversity of their corporate boards; and transportation companies to enhance their training and policies to combat human trafficking.

Voting Proxies

Every publicly traded company conducts an annual meeting during which its shareholders cast votes on a variety of issues, ranging from the election of corporate directors and approval of auditors, to executive compensation, to various issues proposed by shareholders. Shareholders generally vote on these issues in advance of the annual meeting by submitting a completed proxy to the company. We work closely with CCSR and DFMS to decide how to vote proxies for the shares we hold.



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