



The Purpose of the United Church of Christ:

To love God with all our heart, mind, soul, and strength and our neighbor as ourselves. (Mt. 22)

The Mission of the United Church of Christ:

United in Spirit and inspired by God's grace, we welcome all, love all, and seek justice for all.

The Vision of the United Church of Christ:

United in Christ's love, a just world for all.

The Core Values of the United Church of Christ:

Extravagant Welcome
Continuing Testament
Changing Lives

Faith-Consistent Investing Practices of the United Church of Christ

"The United Church of Christ remains fully committed to the call to steward God's Earth and protect God's children with gentle care. Therefore, rather than contributing to human harm, community destabilization or the ongoing destruction of the planet, our investment policies and practices must leverage redemption of all creation and the establishment of a just world for all."

-Rev. John C. Dorhauer, General Minister and President of the United Church of Christ

Scope

This is a compilation of certain relevant statements, policies and pronouncements of several of the ministries of the United Church of Christ. According to the bylaws of the United Church of Christ, "The various expressions of the church relate to each other in a covenantal manner. Each expression of the church has responsibilities and rights in relation to the others, to the end that the whole church will seek God's will and be faithful to God's mission. Decisions are made in consultation and collaboration among the various parts of the structure. As members of the Body of Christ, each expression of the church is called to honor and respect the work and ministry of each other part. Each expression of the church

listens, hears, and carefully considers the advice, counsel, and requests of others. In this covenant, the various expressions of the United Church of Christ seek to walk together in all God’s ways.”

The United Church of Christ will not attempt to create a unified set of guidelines for investing that are prescriptive but may use the Faith-Consistent Investing Summit’s outcomes to discuss forward directions for each investing and financial body. While each UCC financial entity articulates its own unique investment principles, all share a strong allegiance to the mission and values of the United Church of Christ¹.

Scale and Nature of Assets

The United Church of Christ consists of approximately 5,000 churches primarily located in the United States. There are nearly 1 Million members. Several financial ministries service the clergy, congregations, geographical conferences and Covenanted Ministries (national offices) of the United Church of Christ:

- The Pension Boards-United Church of Christ, Inc. manages health plans and retirement assets of nearly 24,000 clergy and lay leaders of the UCC, with ~\$3.3B USD under management.
- United Church Funds invests on behalf of churches and institutions of the UCC, representing ~\$800M USD.
- The \$59M USD UCC Church Building and Loan Fund works with leaders of church-owned properties to provide loans, capital campaigns and consulting services to both UCC congregations and churches outside of the UCC.
- The UCC Cornerstone Fund, at \$90M USD in assets, offers investments and competitively-priced loans specially designed to meet the needs of UCC churches.
- The Insurance Board administers a property and liability insurance program serving churches and related entities in all 50 states. More than 4,000 churches participate in the program, insuring more than \$14B USD in property value.²³

“Cornerstone Fund is a financial institution that serves the United Church of Christ. As such, we provide careful stewardship of our invested funds, and follow prudent investment and lending guidelines consistent with the values of the church.”

-Maria Coyne, President & CEO, Cornerstone Fund

Investing Principles of the United Church of Christ

In 1969, and subsequently, the United Church of Christ issued responsible investing suggestions to its churches, entities and members through their national assembly the General Synod. In 1969, the General Synod affirmed its Council on Financial Investments position, which indicated that responsible investing is an appropriate method for a church-related institution to marry mission with assets.

¹ Response to Part 1, Question 3 of Faith Consistent Investing Form

² The Insurance Board offers insurance products to churches and entities external to the United Church of Christ.

³ Response to Part 1, Question 4 of the Faith Consistent Investing Form.

“All Instrumentalities and Conferences should actively seek involvement consistent with General Synod policies to achieve socially beneficial change in corporate practice through their ownership of financial instruments.”

–United Church of Christ’s Council on Financial Investments (1969)

Various financial ministries of the United Church of Christ use the Council on Financial Investments’ position – and other General Synod resolutions – to create ethical guidelines. For example, United Church Funds has included the following language in its Investment Policy Statement:

“United Church Funds will seek to be consistent with the resolutions of witness of the General Synod of the United Church of Christ in its responsible investing program, but will always maintain the proper fiduciary controls over the assets entrusted to us. UCF will encourage our investment managers to use ESG key performance indicators when making investment decisions, as United Church Funds believes that corporations with strong environmental, social and governance policies and practices will outperform financially in the long-term.”⁴

Ministries of the United Church of Christ have used these principles as not only calls to remove certain types of investments from our portfolios, but also as calls to action. Shareholder action on environmental, social and governance issues are married with active proxy voting policies for several of our ministries. In these ways we promote diversity, gender balance, safe workspaces, community respect and resource protection.

“A large portion of our invested assets support our insurance captive and are guided by insurance regulation. Within our portfolio, and to the extent possible, we exercise a formal, socially responsible investing process.”

-Timothy S. Harris, CPCU, President & CEO, The Insurance Board

Screening Procedures

Not every financial ministry of the United Church of Christ has interpreted the resolutions of the General Synod to include the same exclusionary or positive screening procedures. In addition, most financial ministries do not limit their socially responsible investing programs to negative screening.

For example, Church Building & Loan Fund considers negative screens of socially responsible investing as a floor in its 100% Mission-Focused Investment Policy (see Further Information, Investment Policy Statement, Church Building and Loan Fund).

The Pension Boards-United Church of Christ, Inc. specifies in its Investment Policy Statement: “In its selection process, the investment manager should avoid securities of companies that derive a significant portion (as defined below) of their revenues from the manufacture, sale or distribution of products or services in these industries.

⁴ Response to Part 2, Question 1 of the Faith Consistent Investing Form.

Product/Service Approximate Percentage

Alcohol 10%

Gambling 10%

Tobacco 1%

Thermal Coal and Oil Sands –50%”

United Church Funds is in the process of updating its exclusionary screens to focus more on the environmental and social impacts of its invested corporations rather than traditional “sin stock” avoidances.⁵

Investing into the Future

In 2015, the United Church of Christ’s General Synod, the legislative body of the denomination, voted to affirm Socially Responsible Investing, which was defined as including but not limited to:

- Proactive investment in socially beneficial endeavors, behaviors and opportunities
- Dialogues with corporate leadership in pursuit of ESG changes
- Shareholder resolutions that call for better practices and more complete disclosures
- Exclusionary screens which seek to limit or avoid investment in certain industries on ethical or performance bases
- Divestment as a last resort, when other means of engagement and witness have failed over time to achieve the desired goal(s)

There have been many General Synod resolution that could potentially direct the investing and action platforms of the agencies of the Church. They would be too numerous to recount. However, some examples below are instructive to future investing procedures for the United Church of Christ.

- The United Church of Christ has recognized itself as an economic justice church with the goal of “the just transformation of the global economic order that fundamentally ensures economic, racial and social justice for all God’s people throughout the world” (89 - GS - 73).
- It also has formally endorsed impact investing – through calls for community development investing (93 – GS – 60) and microfinance investing, albeit in a very specific way, through investments in Oikocredit (03 - GS - 17).
- The Twenty-Sixth General Synod of the United Church of Christ passed “A Resolution on Climate Change” urging “state and local governments to support and invest in energy conservation and, specifically, in sustainable, renewable and affordable systems of transportation, and calls on business and industry to lead in responses to global warming through increased investments in efficient and sustainable energy technologies that are economically accessible and just. It further “urges all segments of the Church to address global warming in their decisions and investments and in their educational and advocacy efforts.”

International calls for multilateral action, including the Paris Climate Accord and the Sustainable Development Goals, inform ongoing efforts among various parties of the United Church of Christ. Through our socially responsible investing programs, certain financial ministries are actively seeking alignment of invested companies with environmental and social goals through the shareholder engagement process. Both the Pension Boards-United Church of Christ, Inc. and United Church Funds

⁵ Response to Part 2, Question 2 of the Faith Consistent Investing Form.

have long histories of engaging, along with other members of the Interfaith Center on Corporate Responsibility, using the shareholder resolution and dialogue methods. In fact, the United Church of Christ is recognized as a founding member of the Interfaith Center on Corporate Responsibility.

“Socially Responsible Investing is core to United Church Funds. We seek ways to deepen the good we do in the world through our investing programs.”

-Donald G. Hart, President and CIO, United Church Funds

The United Church of Christ internally works cooperatively with the finance and relief and development departments in a way that facilitates mutual learning. Best Practices and standards from the areas of church-based relief and development include the Guidelines for One Great Hour of Sharing Offering, Special Funds and Endowment, Global Ministries (UCC/Disciples) Strategic Plan, and ecumenically produced ACT Alliance Quality and Accountability Framework with multiple policies included in International Mandatory Standards and Cross-Cutting Sectoral Policy Guidelines.⁶ For example, the Wider Church Ministries of the United Church of Christ (a Covenanted Ministry) includes within its funding criteria and guidelines the following alignment:

“[Must] Address at least one of the 17 United Nations’ Sustainable Development Goals (2015-2030): No Poverty; Zero Hunger; Good Health and Well Being; Quality Education; Gender Equality; Clean Water and Sanitation; Affordable and Clean Energy; Decent Work and Economic Growth; Industry, Innovation and Infrastructure; Reduced Inequalities; Sustainable Cities & Communities; Responsible Consumption & Production; Climate Action; Life Below Water; Life on Land; Peace Justice and Strong Institutions; Partnerships for the Goals.”⁷

“‘Aid’ alone will not achieve the Sustainable Development Goals... And self-critical analysis of the ‘aid’ sector can reveal that the very nature of development and of the ‘aid’ process as currently operating, exercise mutually exclusive components. In the midst of these changes, religious organizations are being recognized for what we have always been: functioning also as moral authority (especially in the midst of conflict where religious identity is a component) and bringing faith goals and values into the arena to creation of the content of well-being (development). Religious organizations can live fully in the world of the 1948 Declaration of Human Rights and of faith of their various traditions and cultures. Transformational development is all of the above.”

*-Rev. Mary Schaller-Blaufuss, Ph.D., Team Leader, Global
Sharing of Resources, Wider Church Ministries*

Translating Limiting Investments into Positive Investments

⁶ <http://actalliance.org/about/standards-and-policies/>

⁷ Response to Part 3, Questions 1 and 2 of the Faith Consistent Investing Form.

Within the United Church of Christ, there is no single set of prohibitions regarding investment. However, our various settings have adopted policies of non-investment in industries and practices that are antithetical to the understandings of the United Church of Christ. There have been calls for boycott and divestment on issues of human rights, environment, the military industrial complex, labor rights, and international conflict. The outcomes of these calls for boycott and divestment have led to intense study of ways that investment into positive ventures can be made.

United Church Funds and the Pension Boards-United Church of Christ, Inc. have allocated approximately \$20M to green bonds. United Church Funds has invested in a municipal bond fund that tracks the social impacts of their bonds and quantifies the good it does for U.S. communities. Various settings of the church have actively searched for international opportunities to promote peace in the Middle East.

Among the UCC financial ministries, the Church Building and Loan Fund (CB&LF) is unique in its total commitment to an impact investing approach. In 2013, CB&LF set an ambitious goal that by 2020, all CB&LF investments must have a stated ministry, mission and/or social justice (which includes social justice and/or economic justice) and/or environmental return objective in conjunction with a financial return objective. Through impact investments, the Fund seek to achieve the holistic notion of a 'blended' return, i.e., a combination of ministry, mission, social justice, environmental and financial returns. Impact investments may be market rate ("Financial First") or below market rate ("Impact First").

"The core mission of the church is to eradicate poverty, heal humanity, and renew all creation. As wealth stewarded by the church, financial ministries are called to advance the mission of the church. For CB&LF, therefore, impact investing is not a choice but an obligation."

-Rev. Patrick Duggan, Executive Director, UCC Church Building and Loan Fund

Toward this end, CB&LF has allocated nearly \$5 million of its portfolio since 2013 in impact investments including: \$125,000 with Social Finance NY State Workforce Re-Entry 2013 LLC, one of the U.S.'s first "pay for success bond" initiatives (assisting 2,000 returning citizens to successfully reintegrate into society); a \$500,000 investment note with the Calvert Foundation, targeted to affordable housing; \$1,000,000 with Justine PETERSEN/Great Rivers Community Capital to establish credit repair and microfinance initiatives in up to four low-income communities in the U.S.; and \$2.6 million with the United Church Funds Beyond Fossil Fuel fund, which excludes companies that produce or explore for coal, gas or oil.

Next Steps

Each setting of the United Church of Christ will be invited to reflect on the Faith Consistent Investing guidelines and may choose to use these guidelines to examine their current policies. According to the covenantal relationships of the United Church of Christ, some settings may choose to continue investing through their current guidelines and policies.

The United Church of Christ's covenantal structure allows for the flexibility of each setting of the church to operate within its legal and moral understandings of faith consistent investing. Rather than being an obstacle, this flexibility creates an opportunity for the United Church of Christ to live up to the many

legal responsibilities of its financial ministries, as well as the moral richness and diversity of opinions of the stakeholders of the United Church of Christ.⁸

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Further Information

https://pbucc.org/images/pbucc/publications/News/POLICY_FOR_FAITH_AND_FINANCE_2016.pdf

http://ucfunds.org/wp-content/uploads/2016/03/UCF-Statement-of-Investment-Policy_Feb2016.pdf

<https://docs.google.com/viewerng/viewer?url=http://uccfiles.com/pdf/GS30-RESOLUTION-URGING-SOCIALLY-RESPONSIBLE-INVESTMENT-PRACTICES.pdf>

Attachments:

Investment Policy Statement, Church Building and Loan Fund

Investment Policy Statement, United Church Insurance Company (a subsidiary of The Insurance Board)

One Great Hour of Sharing Guidelines and Priorities for Use of Funds

⁸ Response to Part 4, Questions 1 and 2 of the Faith Consistent Investing Form.

⁹ Response to Part 1, Question 1 of the Faith Consistent Investing Form.