

Responsible Investing Task Force UPDATE



AN UPDATE FOR the Council of General Synod

June 2017

Who are we?

The Responsible Investing Task Force was established by the Council of General Synod in response to the passing of Resolution A171-R2 at General Synod 2016.

The Task Force is mandated with the following work:

1. to review, and if deemed appropriate, to recommend changes to the current investment portfolio and the investment policies and practices for the management of General Synod assets and those of the General Synod Pension Plan, in light of the Church's faith and mission, including the Church's social, environmental and governance responsibilities;
2. building on previous work, to address environmental, social and governance (ESG) practices of corporations and industries in which our Church invests, to develop guidelines and policies for constructive dialogue and, where necessary, divestment in corporations deemed to conflict with the creation of a low carbon economy;
3. by May 2017, to present to Council of General Synod an interim report that includes proposed policy changes and an implementation timeline; and
4. to report annually on actions taken or under consideration that would make visible the Anglican Church of Canada's commitment to environmental, social and governance principles and to propose a strategy for ongoing engagement and monitoring.

The Resolution requested that the Task Force include the widest possible range of internal stakeholders, including those charged with the ministry of financial responsibility in matters pertaining to the General Synod and General Synod Pension Plan, and those with interests related to sustainable environmental investing. The membership includes:

The Rt. Rev. Barbara Andrews, Territory of the People
Robert Boeckner, Chair of the ESG Sub-Committee of the Board of Trustees of the GSPP
The Rev. Dr. Tim Dobbin, St. Mark's, Brantford
Elin Goulden, Social Justice & Advocacy Consultant, Diocese of Toronto
The Very Rev. Ken Gray, Territory of the People, Co-Chair of Creation Matters Working Group
David MacNicol, Investment Manager
Jeremy Munn, General Synod Representative, Diocese of Athabasca
Rob Saffrey, Operations & Finance, The Cathedral Church of St. James, Toronto
The Rev. Monique Stone, Anglican Parish of Huntley, Diocese of Ottawa
Kevin Thomas, SHARE Canada
General Synod Office Staff Representatives:
The Ven. Dr. Michael Thompson
Dr. Ryan Weston

Three Areas of Work

At the first face-to-face meeting of the group it was quickly identified that it made sense to divide our work into three areas:

- 1) Theological Framework; 2) Current Realities, Practices & Potential Gaps; and 3) Communication

Theological Framework

The Task Force has been charged with identifying and articulating our social and environmental responsibilities, along with our challenges and successes in the area of church-related financial investment. The work of the theological subgroup is to make the connection between our fiscal practices and our scriptural and ecclesial traditions and understandings. Our preliminary conversations have led us to set out the following theological principles as guidelines for the work of our task force. We anticipate that our final report will include a more comprehensive statement of these principles and their biblical foundations.

The Church bears a responsibility not only to human beings but to all creation as well. We acknowledge our God-given responsibility as stewards of the earth and of its riches. We delight in the ability of church investors to produce and grow necessary capital for the use of the community in the short and longer term. We note, however, that in practice most of us have less experience considering the needs of the global and created world and of how our practices affect sustainability. In addition, we are faced with the complex challenges of ensuring that financial prosperity is not in conflict with our commitment to ensure justice amongst vulnerable populations and communities.

Such an endeavour involves discernment around creation and justice themselves and human engagement with creation and the human workforces and governance structures that sustain us. Any reflection must therefore consider economic practice through a lens of stewardship and justice more broadly defined.

At every opportunity, we seek to consider and integrate Indigenous and non-Indigenous understandings of the earth as we have received it as gift, and of respectful relations between human activity and the earth. We are moved by the words of BAS Eucharistic Prayer 4: *“this fragile earth, our island home.”*

Our investigation takes us anew to divine commandments in both Hebrew and Greek testaments. We are acutely aware these are *commandments* and not mere *suggestions* which are implemented when convenient.

Through our connections with Anglicans globally we experience pressure to assist and support those persons and communities in climate-change crisis and unjust work environments and governance structures. While we may not see a causal link between certain economic and environmental practices in the developed world, many vulnerable persons and communities certainly do. These are our sisters and brothers. Their plea deserves a detailed response. We find close links between their prophetic cries and the writings of Isaiah amongst others. Our reflection therefore incorporates legitimate calls for justice which cry out for response in an evident change of behaviour.

We appreciate deeply the teaching of Pope Francis, who in *Laudato si,* connects environmental degradation with the consolidation of wealth, especially where economic practice loses sight and connection with local communities, local workers, traditional and sustainable practices and the respect engendered in the Golden Rule, “treat others as you wish to be treated.” Is it not appropriate to treat the earth itself with such respect, caution, and care?

At the beginning and end of our reflection we turn to the Fourth and Fifth Marks of Mission of the Anglican Communion:

- To transform unjust structures of society, to challenge violence of every kind and pursue peace and reconciliation; and
- To strive to safeguard the integrity of creation, and sustain and renew the life of the earth.

Response to these challenges will involve consideration of how the church and its affiliated investment contractors do business. Theologically, we are concerned that the truth be spoken and heeded.

May God, in Christ, lead us onward in the power of the Holy Spirit.

Current Realities, Practices & Potential Gaps

Our second area of work asks the following questions:

1. What is the current portfolio of funds connected with the Anglican Church of Canada?
2. What are the investment policies and practices of the various funds?
3. What work has been done so far in the area of Responsible Investment?
4. Where are the gaps?

We are aware that across Canada there are many separate funds invested by different groups connected to the Anglican Church of Canada. These funds have different purposes and, thus, different investment objectives. We have found that the total investments of dioceses, General Synod, the Anglican Foundation, PWRDF and the General Synod Pension Plan amount to approximately \$1.2 billion (*see table below*). The funds we have identified have varying approaches to Responsible Investing, often reflecting their particular objectives. However, many of the funds we have examined consider Responsible Investing to be an important issue. For example, the Board of Trustees of the General Synod Pension Plan "believes the consideration of ESG factors is consistent with a prudent approach to investment and risk management".

The Responsible Investing Task Force is focusing on developing material to give suggestions to those responsible for investing funds, particularly those looking after smaller funds. Our material will include guidance regarding integration of ESG factors in investing, manager rating, engagement, sustainability considerations, possible investment exclusions, and impact investing. We plan to ask someone at each of the funds to send us their current statement of investment policy (if they have one), to provide comments on the issues we have identified for guidance and to let us know if there are additional issues they consider to be relevant for responsible investing. To that end we have drafted the attached questionnaire. We would like to have the agreement of COGS to distribute the questionnaire so we can obtain the input we would like to have from the various funds, in order to determine how we can best help them be responsible investors.

One of the areas where we intend to provide guidance is engagement. In general, our funds are too small to have an impact on their own as shareholders. However, there are organizations which combine the interests of many funds to provide an effective vehicle for shareholder engagement and proxy voting. One such organization is SHARE which is already familiar to many of our funds. We will determine if there are other similar organizations who provide these services and suggest which one(s) might be best for our funds to consider using in the future.

Summary of Funds

*Please note that individual funds have various constraints that may or may not impact their ability to incorporate ESG principles and implementation strategies

| | Amount |
|---|----------------------|
| Diocese investments (summary) | \$325,274,113 |
| Diocese investments invested in General Synod Consolidated Trust Fund (CTF) | \$8,320,408 |
| Invested outside of CTF (Dioceses) | \$316,953,705 |
| General Synod CTF (including Diocesan investments) | \$28,353,555 |
| Pension Funds | \$831,589,582 |
| Anglican Foundation | \$14,709,855 |

| | |
|------------------------|------------------------|
| PWRDF | \$5,757,903 |
| Total all funds | \$1,197,364,600 |

Communications

It quickly became evident in our first face-to-face meeting that much has been done over the recent years regarding investing in light of Environmental, Social, and Governance principles and practices. The challenge is to ensure that people in the church are exposed to this information and to understand how we can share knowledge and capacity with each other across the various levels of the church. Though this was not part of the initial mandate of the group, the Task Force considers it prudent to explore what opportunities exist to communicate its work with the broader Canadian Anglican community for the following purposes:



Photo Credit: Simon Chambers, PWRDF 1

- To educate and inform individuals on the work currently being done in the area of Responsible Investing by the National Church and other funds throughout the dioceses, including current portfolios, policies, and future changes in policy;
- To inform diocesan groups as well as key stakeholders (i.e. finance departments and/or committees tasked with making investment decisions) on the principles of ESG investing; the theological framework by which the church reflects on ESG issues in its decision making; and processes for discerning and implementing ESG policies;
- To add capacity in the area of ESG investing to individuals and diocesan groups by providing the information and knowledge gathered through the work of this Task Force in a manner that will be useful to them for their work;
- To assist, when requested, dioceses and/or committees on navigating through the complexity of these issues.

Next Steps

The Task Force will continue its work throughout the remainder of 2017 and through to General Synod 2019 with an aim towards the following:

1. Continued exploration and understanding of the balance between the environmental, social and governance aspects of responsible investment; the opportunities and challenges surrounding shareholder engagement; and how Indigenous contributions and considerations can and should inform this work;
2. A final report that highlights the Responsible Investing work that has been implemented thus far in the various funds and/or committees throughout the Anglican Church of Canada and its dioceses;
3. Guidelines & policy recommendations (and changes when deemed appropriate) along with a recommended implementation timeline for use by General Synod (and for potential customization and adoption by individual dioceses, if desired);
4. A suggested method for reporting and communicating, to the church as a whole, the Responsible Investing work being done on the national level;
5. A communications document for use by individual dioceses and groups to increase knowledge and capacity for their own decision making on Responsible Investing policies and guidelines.

Questions for Council of General Synod

- In general, how do you respond to the information that is presented in this document?
- Do you invite us to move forward with the information gathering process that the Task Force has recommended, including the letter and questionnaire that has been distributed for your review?
- What are your thoughts on the Task Force's recommendation to add a 'Communications' mandate to its work for the purposes of informing and adding capacity to the broader church community at national, diocesan, and in some cases individual, levels?

***For more information and/or comments on this document please contact Ryan Weston
416-924-9199 x229 (rweston@national.anglican.ca)***

Appendix: Proposed Responsible Investment Questionnaire

The Responsible Investment Working Group of General Synod would appreciate your assistance in assessing the desire for the development of a responsible investment resource for Anglican entities. Your completion and return of this questionnaire by **xxxxx xx, 2017** is greatly appreciated.

Name of organization:

Name of individual completing questionnaire:

Title:

1. Does your organization have an investment policy statement (if yes please include when returning questionnaire)?

Y / N

2. How are funds currently managed?

By one or more investment fund managers.

By General Synod (as part of the Consolidated Trust Fund.

Other (please specify)

3. If funds are managed by an investment manager are the equities and bonds part of a pooled fund or are they segregated (owned directly)?

4. As of June 30, 2017, what is the dollar amount of your investment funds?

5. Does your organization currently employ responsible investment practices?

Y/N

6. If your organization uses responsible investment screens, who is responsible for screening the investments (e.g. the investment manager) and how is the screening done (e.g. through use of a screening service such as Sustainalytics)?

7. Does your organization have a divestment policy (if yes, please include when returning questionnaire)?

Y/N

8. Does your organization currently engage at the shareholder level through either your fund manager or an investor engagement group (such as SHARE)?

9. Would your organization be interested in a responsible investing tool developed by General Synod that will provide guidance on responsible investing and shareholder engagement?

Please provide any comments that you would like the Task Force to consider:

Thank you for the time that you have taken to complete this questionnaire and for your thoughtful responses. We will keep you informed as this work progresses.

Please send your response to:

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