



CHRISTIAN

UNITED CHURCH OF CHRIST

The United Church of Christ (UCC) consists of approximately 5,000 churches primarily in the USA. There are nearly 1 million members. Its funds of more than US\$4bn are managed by several discrete financial entities. While each articulates its own unique investment principles, all share a strong allegiance to the mission and values of the United Church of Christ. The UCC was a founding member of the Interfaith Center on Corporate Responsibility (ICCR).

The Pension Boards-UCC Inc manages health plans and retirement assets for nearly 24,000 clergy and lay leaders with around US\$3.3 billion under management. United Church Funds (UCF) invests around \$800M on behalf of UCC churches and institutions. There is a \$59 million Church Building and Loan Fund, a \$90 million UCC Cornerstone Fund (offering investments and competitively-priced loans to meet the needs of UCC churches) and a property and liability insurance program for more than 4,000 churches insuring more than \$14 billion in property value.

Investing Principles

The UCC's purpose is to love God with all our heart, mind, soul and strength and our neighbour as ourselves. Our mission is that United in Spirit, and inspired by God's grace, we welcome all, love all and seek justice for all. Core Values are: extravagant welcome, continuing testament and changing lives.

In 1969 the UCC first issued responsible investing suggestions through its national

assembly, the General Synod. It indicated that responsible investing is an appropriate method for a church-related institution to marry mission with assets.

“UCF will encourage our investment managers to use ESG key performance indicators when making investment decisions, as UCF believes that corporations with strong environmental, social and governance (ESG) policies and practices will outperform financially in the long-term.”

Ministries of the United Church of Christ have used these principles not only to remove certain types of investments from our portfolios, but also as calls to action, including shareholder action on environmental, social and governance (ESG) issues. In these ways we promote diversity, gender balance, safe workspaces, community respect and resource protection.

Not every financial ministry of the UCC has interpreted the resolutions of the General Synod to include the same exclusionary or positive screening procedures. 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.

Investing into the Future

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

- Proactive investment in socially beneficial endeavours, behaviours 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)

International calls for multilateral action, including the Paris Climate Accord and the SDGs, inform ongoing efforts among various parties of the UCC. 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. The UCC 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.

For example, the Wider Church Ministries of the United Church of Christ (a Covenanted Ministry) includes within its funding criteria and guidelines the alignment to “address at least one of the 17 United Nations’ Sustainable Development Goals (2015-2030).”

Translating Limiting Investments into Positive Investments

Within the UCC 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 UCC. There have been calls for boycott and divestment on issues of human rights, environment, the military industrial complex, labour rights, and international conflict. These have led to intense study of ways that investment into positive ventures can be made.

UCF and the Pension Boards-UCC, Inc. have allocated approximately \$20M to green bonds. UCF has invested in a municipal bond fund that tracks the social impacts of their bonds and quantifies the good it does for US 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 is unique in its total commitment to an impact investing approach. In 2013 it set an ambitious goal that by 2020, all investments must have a stated ministry, mission and/or social 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").

Toward this end, the Church Building and Loan Fund has allocated nearly \$5m in impact investments including: \$125,000 with Social Finance NY State Workforce Re-Entry 2013 LLC, one of the USA'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; \$1m with Justine PETERSEN/Great Rivers Community Capital to establish credit repair and microfinance initiatives in up to four low-income communities in the USA and \$2.6m with the UCF Beyond Fossil Fuel fund.

Next Steps

Each setting of the UCC will be invited to reflect on the FCI 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 full version of this paper was submitted by Katie McCloskey from United Church Funds and Patrick Duggan from the Church Building and Loan Fund.