

OTHER REPORTS AS REQUIRED:

**TRUSTEES OF DONATIONS REPORT
CREATION CARE TASK FORCE REPORT
(ENCLOSED)**

**DISASTER RELIEF REPORT
B-PEACE REPORT
(TO BE RECEIVED AT CONVENTION)**

**THE 229TH ANNUAL CONVENTION OF THE DIOCESE OF
MASSACHUSETTS
ST. STEPHEN'S MEMORIAL CHURCH, LYNN**

DIOCESAN CONVENTION, NOVEMBER 8, 2014



Answering God's urgent call. Together.

Progress Report from the Trustees of Donations to the 229th Convention of the Episcopal Diocese of Massachusetts on a Call for Environmentally Responsible Investing

In 2013, Diocesan Convention passed a resolution that called upon the Trustees of Donations to take a number of steps regarding environmentally responsible investing and to issue an interim report to Diocesan Convention in 2014. The following is a progress report on actions taken by the Trustees of Donations in response to specific resolves within the resolution.

1. **Resolved**, that the 228th Convention of the Episcopal Diocese of Massachusetts commends the Trustees of Donations for their ongoing engagement on climate change as a high priority, and for their work in concert with the Interfaith Center on Corporate Responsibility and coalition members of CERES to encourage companies in which they invest to:
 - increase the transparency of their efforts to influence climate change legislation through lobbying; and take all financially, technologically, and operationally feasible steps toward minimizing their greenhouse gas emissions;

Response: The Trustees of Donations continues as a member both of the Interfaith Center for Corporate Responsibility and of CERES. Both organizations enable shareholder activism through submitting and voting for shareholder resolutions. The Trustees of Donations vote all shareholder resolutions in stock under our direct control and follow CERES guidelines for votes on environmental resolutions. Examples of the effectiveness of shareholder activism include:

- In 2011 ICCR members file 13 shareholder resolutions addressing the financial risk of coal-fired energy generation, and the hazards of coal mining and waste disposal. ICCR resolution at Ameren (Union Electric) calling for safer coal ash waste disposal wins 52% of the vote.
- In 2012 ICCR members file 10 resolutions addressing the community and environmental impacts of hydraulic fracturing. ICCR & IEHN release “Extracting the Facts: An Investor Guide to Disclosing Risks from Hydraulic Fracturing Operations”.
- After intense shareholder pressure, William Castell, Chair of BP’s Safety, Environment and Ethics Committee steps down, and BP announces that it will appoint an independent expert to oversee implementation of safety improvements in the Gulf to improve accountability, in compliance with a request made by CBIS, other ICCR members, and their allies. * from ICCR.org
- When Ceres began working with leading institutional investors to engage companies on the financial risks and opportunities from climate change, only a handful of sustainability shareholder resolutions were being filed. Since then, shareholders have secured climate-related commitments from more than 350 companies with nearly 150 resolutions filed in 2014. *from CERES.org

2. **Resolved**, that the 228th Convention of the Episcopal Diocese of Massachusetts calls on all managers of Episcopal endowments to divest by freezing all direct investments in the Carbon Tracker top 200 fossil fuel companies, as measured by proven carbon reserves;

Response: Action on this resolve will be taken after the Trustees of Donations completes the “best-in-class” analysis called for in the next resolve.

3. **Resolved**, that the 228th Convention of the Episcopal Diocese of Massachusetts calls on the Trustees of Donations to: initiate the research necessary to identify “best in class” fossil fuel companies committed to the reduction of their carbon footprints and the development of alternative clean energy; to provide Convention 2014 with a progress report and a plan whereby, as of November 1, 2018, none of assets of the Diocesan Investment Trust will be invested in fossil fuel companies not deemed “best in class;”

Response: The Trustees of Donations have retained Sustainalytics to develop a “best-in-class” screening framework and criteria for fossil fuel companies. Once established, this framework will guide the Trustees investment decisions regarding fossil fuel companies. The framework will address such issues as:

- Involvement in unconventional extraction

- Involvement in thermal coal extraction,
- Environmental policies, related management systems, greenhouse gas reduction programs, Carbon Disclosure Project participation,
- Carbon intensity, carbon intensity trend, renewable energy use, clean tech, and
- Controversy track record including negative impact and public policy controversies.

The Trustees “best-in-class” framework will be made available for comment in 2015.

4. Resolved, that the 228th Convention of the Episcopal Diocese of Massachusetts calls upon the Trustees of Donations to:

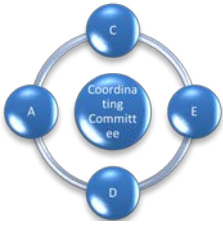
- *design an alternative investment vehicle that is free from fossil fuel production companies, one that might also include companies that offset the use of fossil fuels and/or invests significantly in clean renewable energy;*
- *conduct a survey of all managers of Episcopal endowments to gauge interest in such an alternative vehicle and the availability of assets;*
- *report to Diocesan Council, Convention, and all potential investors in the diocese the results of the survey and, if feasible, make available the alternative vehicle to investment;*

Response: The Trustees of Donations have authorized our investment consultant, PrimeBucholz, to conduct a search for an investment vehicle that excludes fossil fuel production companies, invests in companies that offset the use of fossil fuels and/or invests in renewable energy companies or companies that promote energy conservation. That search should be completed within the first half of 2015 and will be used to conduct a survey of clients of the Trustees to determine the demand and feasibility of such an alternative investment vehicle.

In the last nine months, the Trustees of Donations have spent and committed to spend a total of \$52,500 to conduct the “best in class” study and to search for a “fossil fuel free” investment vehicle. The Trustees of Donations will present two greener investment options by Diocesan Convention 2015. One will be a “fossil fuel free” investment vehicle. The other will blend “best in class” screening with active proxy voting.

Over the next two years, the Trustees will continue to meet with the proponents of the Resolution on Environmentally Responsible Investing and representatives of the Investment Advisory Committee of Diocesan Council as we work together to implement an effective, green investment policy.

The Creation Care Task Force Report to Diocesan Convention 2014



In the fall of 2013, Diocesan Convention overwhelmingly passed the resolution: “A Call for Environmentally Responsible Investing.” The following January Bishop Bud Cederholm invited interested clergy and lay members of the diocese to plan a task force “to assist congregations, vestries, and affiliated diocesan organizations in implementing this resolution and facilitate education programs,” as stated in the implementation requirements of the resolution. Consequent to several discussions, the Creation Care Task Force (CCTF) was formed, to be led by a Coordinating Committee: Anne Ipsen Goldman (co-chair), Dawn

Tesorero (co-chair), Bishop Bud Cederholm, and Esther Powell. This committee formulated a mission statement, logo, and an organizational chart.

Mission Statement: *In accordance with the resolution passed by the 2013 Convention, the Creation Care Task Force will facilitate the response of the Diocese by supplying educational programs for individuals and congregations, assisting Diocesan organizations with the call to divest and re-invest, and providing links to advocacy resources and environmental organizations.*

The CCTF has four working groups, open to all members of the Diocese and each convened by a member of the coordinating committee. To date, the main activities of these groups have been:

Divestment/reinvestment (convened by B. Cederholm): 1. Met with members of the Trustees of Donation about implementation of the resolution; 2. Submitted a new resolution to Convention 2014 calling on the Episcopal Pension and Church Endowment Funds to divest. This resolution has been coordinated with several other dioceses that will submit similar resolutions to their upcoming conventions.

Advocacy (convened by D. Tesorero): 1. Facilitates the national monthly conference call, “Episcopalians for a Stable Climate”; “ 2. Encouraged participation by members of the Diocese in the Climate March of September 21 in New York City—two members of the coordinating committee attended along with 42 youth organized by Tim Crellin and Jenny Sazama and hundreds from Mass. including dozens of Episcopalians who joined the 400,00 marchers; 3. Participated in discussions among religious leaders and the groups, “Environmental Tax Reform of Massachusetts” and “Massachusetts Climate Action Network.”

Education (convened by A. I. Goldman)—This group provides volunteers to the Diocesan Creation Care Initiative by maintaining a speaker/preaching bureau that will bring programs and events to deaneries, individual congregations, and vestries. Planned topics include: Food Issues related to global warming, sustainability, and animal justice; The Why and How of Divestment/Reinvestment; and Sustainable buildings and houses of worship. In addition, group members will facilitate the screenings and provide discussion guides of movies from the Diocesan library. The production of an inspirational video is being planned.

Communications (staffed by E. Powell) is the link between the various groups with the Diocese at large. Esther is the liaison between the Diocesan Creation Care Initiative and the Education group. She maintains the Creation Care webpage on the Diomass.org website and Facebook page (TBA) that contain spiritual and theological resources, workshop and retreat event announcements, ideas for children and youth on caring for creation. Anyone interested in scheduling an event or joining one of the working groups of the Task Force may contact Esther Powell at epowell@diomass.org.

THE most critical moral and justice issue the church and world faces today is Climate Change. If not now, when? If not us, who?

Respectfully submitted,

Anne I. Goldman and Dawn Tesorero
Co-chairs, Creation Care Task Force