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*Investment Stewardship*

# IMPACT UPDATE

September 2022



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The Presbyterian Church (U.S.A.) has a long history of responsible investing practices, or values-based investing. This dates back to a policy adopted by the General Assembly in 1971. The [policy statement](#) included a discussion about investments being “an instrument of mission and includes theological, social and economic considerations.” The [basis for this belief](#) is that all are stewards of God’s resources and therefore, “We confess that the Lord is really the acknowledged Master of our entire life — moral, physical and material.”

Values-based investing and impact investing have seen sharp increases in attention and participation in recent years. As a part of the Presbyterian Church, New Covenant Trust Company is committed to values-based investing and to remaining on the cutting edge of this developing area of the investment industry.

This enables interested investors to participate in investment opportunities and shareholder advocacy efforts that not only support the expectation of achieving long-term market rates of return, but that also have measurable positive environmental or social impact associated with them.

Just a few of the ways these efforts have helped to drive positive change in 2022 are outlined below. We always welcome the opportunity to provide additional information or answer any questions on this meaningful and exciting part of our work.

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## Praxis supports funding for solar, wind, water and other sustainable energy projects in Honduras through H-REFF



 Praxis Mutual Funds®

Stella Tai, Stewardship Investing Impact and Analysis Manager at Praxis Mutual Funds, covers in this article the impact that their investment in the Honduras Renewable Energy Financing Facility has had.

The article notes, “As economies in Central America have started growing at an increasing rate, dependence on fossil fuels for transportation and electricity has become unsustainably high. H-REFF, managed by Deetken Impact Sustainable Energy, provides financing to projects that utilize solar, wind, biomass, biogas and energy efficient technologies across Honduras, Guatemala, El Salvador and Nicaragua. H-REFF finances a dozen small-scale renewable energy projects while creating thousands of jobs in the region.”

NCTC investors support Praxis through investment in their various funds. Read more of Stella’s coverage on this and other high impact investments [here](#).

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## Community Capital Management invests in social inclusion bond helping Ukrainian refugees

Community Capital Management LLC (CCM), a leading impact investment manager and a mutual fund partner of NCTC, invested \$3 million in late June in the Council of Europe Development Bank’s (CEB) Social Inclusion Bond, whose proceeds will be primarily used to support Ukrainian refugees hosted by CEB member countries.



The article notes that, “The CEB was the first development bank to disburse grants to its members to help meet the transportation, shelter, food and medical care needs of Ukrainian refugees ... Loans made with the proceeds of the three-year notes could also be used by member countries to support the longer term needs of refugees.”

Investments made through CCM also support critical impact areas including affordable housing, renewable energy and healthy communities. NCTC investors support the work of CCM through investment in their Community Impact Bond Fund.

Learn more about the impactful work being done at CCM [here](#).

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## Calvert incorporates gender gaps in company analysis, focusing on pay parity



As August 26 marked “Women’s Equality Day” and the 102<sup>nd</sup> anniversary of U.S. women’s right to vote, Yijia Chen, CFA, of Calvert Management provided a thorough research update on the global effort to move toward gender equity worldwide.

According to the article, while overall gender disparity across politics, work, health and education has improved globally — it will still take 132 years at this pace to close the gender gap.

Calvert incorporates company’s pay gap data, transparency and policies around gender pay gaps in evaluating companies. Addressing gender pay gaps is a growing priority in Calvert’s shareholder proposal strategy and corporate engagement efforts. NCTC investors support Calvert’s positive investment screening efforts and shareholder advocacy work through investment in Calvert’s various funds.

Read more about this and other research from Calvert Management [here](#).

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## **AIG makes environmental commitments requested in PC (USA) resolution**

In response to a shareholder resolution filed by the Presbyterian Committee on Mission Responsibility Through Investment (MRTI), insurer American International Group Inc. (AIG) committed to achieving net-zero gas emissions across its investment portfolio by 2050.



In this article, Rich Copley with the Presbyterian News Service reports that according to its agreement, AIG will no longer invest in or insure new coal-fired power plants, thermal coal mines, oil sands or new Arctic energy exploration, among other commitments. The agreement is a major victory for MRTI and other advocacy groups.

Following this agreement, only Berkshire Hathaway and W.R. Berkley still underwrite coal projects. Shares held by the Presbyterian Foundation, Board of Pensions and New Covenant Trust Company help support the advocacy efforts of MRTI.

Read more about this successful work by MRTI [here](#).

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## **Interfaith Center on Corporate Responsibility report highlights major shareholder successes in 2022**



ICCR is a coalition of over 300 global faith-based and institutional investors, of which the Presbyterian Church (U.S.A.) has been an integral part since the coalition's founding over five decades ago.

In recent years, ICCR members have seen historic success and impact from their advocacy efforts. In 2022, these have included a record 37 proposals

their advocacy efforts. In 2022, these have included a record 37 proposals receiving majority support. Successful proposals included enhanced methane disclosures at Chevron, a human rights impact audit at gun maker Sturm-Ruger, and a proposal addressing packaging-related risks at Jack in the Box.

Read more about the coalition's historically successful proxy season [here](#).

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NCTC has invested meaningfully in a unique set of skills and resources to help investors incorporate their values into their investments. We take seriously the responsibility of being a lender to, or a part-owner of a company, and actively participate in shareholder activities along with broader faith-based coalitions to drive meaningful impact and change in Corporate America.

We do this because it is our call as a church agency. We are motivated and honored to be able to offer these resources to you. We are happy to provide a deeper dive into how New Covenant Trust Company works with our fund partners and other faith-based investors to drive positive environmental or social change through investments.

If this or any other resource would be helpful to you or your committees, please don't hesitate to reach out to us at 800-858-6127, Ext. 6.

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*\*Investment products such as stocks, bonds and mutual funds are: NOT FDIC INSURED | NOT BANK GUARANTEED|MAY LOSE VALUE | NOT A DEPOSIT | NOT INSURED BY ANY FEDERAL AGENCY | NOT GUARANTEED BY NEW COVENANT TRUST COMPANY (NCTC)*

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