

Investment Stewardship

IMPACT UPDATE

September 2023



2023 has been an eventful year for impact-focused investors. Following years of increased participation and interest in responsible investing, in recent months there has been some push back on these strategies. Critics have argued that investors should consider only financial factors and metrics when evaluating companies for investment, and should not factor in potential risks or impacts that a company may have on the environment or their communities. Proponents for responsible investing point to the seriousness of the financial risks companies face from climate crises or unhealthy societies, and to evidence suggesting that proactive companies on these issues may be better financial performers over time.

While it's never required that investors incorporate environmental or social factors into their investment decisions, many of our investors do. [Presbyterian Church \(U.S.A.\)](#) policy going all the way back to 1976 declared, "No investment is neutral." Companies and their products inevitably have an effect on the environment and on society, some positive and some negative.

For those investors interested in contributing to a positive environmental or social impact with their investments, we at [New Covenant Trust Company \(NCTC\)](#) take seriously our role as your guide and facilitator in pursuing these goals. We monitor the market and investment landscape for opportunities that align both your values and your financial goals to your investments, seeking to pursue both risk-adjusted return and positive impact.

Below are just a few of the ways these efforts have helped drive positive change in 2023. We always welcome the opportunity to provide additional information or answer any questions on this meaningful and exciting part of our work.

Community Capital Management Publishes 'Building Wealth and Racial Equality Through Homeownership'



James Malone, Chief Financial and Diversity Officer at [Community Capital Management \(CCM\)](#), and others contributed to this report exploring the impact of homeownership on generational wealth and the effects that barriers to homeownership have had on the racial wealth gap in America.

The article notes, "Homeownership is important for accumulating and passing on wealth, which means the trailing homeownership rate further impacts BIPOC's ability to build generational wealth over time. ... Finding ways to increase homeownership opportunities for all income levels and ethnicities is critical to wealth building and for reducing the racial wealth gap that persists."

For decades, CCM has found and invested in mortgage pools qualified under the Community Reinvestment Act, funding mortgages for low- and-moderate income borrowers across the country.

NCTC investors support CCM through investment in their Community Impact Fund. Read more of James and the team's report on this topic and what CCM is doing to address it [here](#).

Praxis Celebrates Women-Owned Businesses in Colorado

Stella Tai, Stewardship Investing Impact and Analysis Manager at [Praxis Mutual Funds](#), covers in this article a recent investment made in the Colorado Enterprise Fund (CEF), a nonprofit community development financial institution.



Its mission is “to accelerate prosperity in disadvantaged communities by providing loans and business coaching to low-income entrepreneurs, underserved small businesses, and nonprofits that are unable to secure conventional bank financing.”

The article covers a loan made by CEF to Marisa Beaver, owner of Sewer Experts in Denver, Colorado, during a critical time in the company’s history amid the Covid-19 pandemic. In the article Marissa states, “Because of them, I was able to start another company and hire four people during the pandemic.”

She continues to defy the odds in this male-dominated industry. After being featured on the cover of a national magazine, Marissa spoke of an accomplishment even more important to her: “The biggest win is we are able to provide for 10 employees and their families, and I am so blessed to be able to help do that.”

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

Calvert Works to Expand Access to Homeownership on Tribal Lands



In this *Impact Blog*, Alexander Payne, CFA, Portfolio Manager Agency MBS, details how [Calvert's](#) mortgage team is helping to reach Native American borrowers living on tribal lands.



According to the blog, "The homeownership rate for Native Americans is 56.7%, compared to 71.7% among white households. Contributing to this gap is the cumbersome process of navigating multiple government bureaucracies for each new loan. ... In 1992, Congress created the Section 184 Loan Guarantee Program to address these difficulties and help expand access to homeownership on tribal lands. Section 184 provides a 100% government guarantee on loans secured by 50-year leasehold interests."

Calvert's commitment to growing the Section 184 market led them to partner with 1st Tribal Lending, the largest lender in the space. They have already funded 125 mortgages totaling nearly \$34 million in just the first few months of the partnership. Moving forward, 1st Tribal has asked for Calvert's help in providing capital for its new Rosebud down payment assistance program, named to honor the Rosebud Sioux Tribe.

NCTC investors support the impact work of Calvert through investment in its various funds. Read more about Calvert's impactful work [here](#).

PC(USA) Committee Reports Significant Wins During This Year's Proxy Season

In this article, Layton Williams Berkes for the Presbyterian News Service highlights some of the key recent victories for the [Committee on Mission Responsibility Through Investment \(MRTI\)](#), the committee tasked with responsible investment for the PC(USA).



According to the article, "A key focus of this season's proposals was human rights in conflict-affected and high-risk areas (CAHRA). Three of the 12 proposals MRTI filed were on this topic. ... MRTI also filed two shareholder proposals related to climate lobbying. It was the lead filer for one submitted to Meta, requiring the company compose a report on its framework for identifying and addressing misalignments between its lobbying and policy-influence activity and its commitment to net-zero emissions across the company's entire value chain by 2030."

The article continues, "Another big win during this proxy season was a proposal related to worker safety at Dollar General, which was co-filed by MRTI. The proposal asked for a third-party audit on the impact of the company's policies and practices on the safety and well-being of its workers. Since 2017, Dollar General has received \$12.3 million in initial penalties enforced by the Occupational Safety and Health Administration, and in 2022 was designated a 'severe violator' by OSHA. ... Dollar General challenged the proposal before the SEC, but investors won, with the proposal receiving 68% of the vote."

Shares held by the Presbyterian Foundation, Board of Pensions and NCTC help support the advocacy efforts of MRTI.

Read more about MRTI's successful work [here](#).

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, Option 6.

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