Editing Project: Web Copy on SRI
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Episcopal Diocese of Washington

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Responsible Investing

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Responsible Investing

Sustainable and responsible investing (SRI), also known as socially responsible investing, is a type of asset management that reflects social, ethical, and environmental values. The Sustainable and Responsible Investment (SRI) Committee is appointed by Diocesan Council to provide information and resources for clergy and parish leaders seeking to manage parochial assets in principled ways.

About the SRI Committee

The committee's work includes developing model investment portfolios in accordance with SRI principles.

Diocesan Investment Policy

The diocesan investment policy limits investment in any entity that derives substantial income from the manufacture, distribution or sale of firearms, alcohol and tobacco.

Online Resources

Parish leaders seeking to identify guiding principles for sustainable and responsible investing have a variety of online and print resources to draw upon.

Model Portfolios

Diocesan Council charged the committee to develop two or more model portfolios that exemplify different approaches to sustainable and responsible investing.

Frequently Asked Questions About SRI

Text for About Page

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Episcopal Diocese of Washington

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About the SRI Committee

Chartered by the Bishop and the Diocesan Council, the SRI Committee began its work in April 2015. Its initial term will end at the conclusion of the 2017 Diocesan Convention. Read the Diocesan Council's charter fro the SRI Committee.

The work of the Committee includes

- Investigating and collecting resources on sustainable and responsible investing principles and practices
- Developing model SRI investment portfolios, each composed of one or more established, reputable, and well-performing mutual funds, in accordance with SRI principles
- Presenting SRI investing resources and model portfolios, with current and historical performance data
- Communicating about the availability of existing and new SRI resources to parish rectors, wardens and treasurers

The SRI Committee was chartered to continue the work of the SRI Task Force, which had been chartered in 2014 to "study principles and strategies of sustainable and responsible investment, and evaluate possible advantages and disadvantages of applying those principles and strategies with respect to the investment of funds over which the Diocese has control."

Text for Model Portfolios Page

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Model Portfolios

The SRI Committee has been charged to develop hypothetical model portfolios that exemplify approaches to sustainable and responsible investing. The Committee has developed two such portfolios. The first takes a general SRI-oriented approach, and the second focuses specifically on environmental responsibility and sustainability.

These model portfolios are provided for informational purposes only. The SRI Committee does not endorse any specific fund or combination of funds.

Considerations for Model Portfolio Development

The committee set a basic investment goal of preserving capital while earning modest returns, appreciation and/or growth, with low to moderate risk and an SRI focus. The committee charter required a focus on established funds; the committee interpreted this to mean funds having an inception date before January 1, 2011 whenever possible.

The committee mirrored broad guidelines on allocation (weighting of funds in the portfolios), and used the following general investment guidelines to refine the number of funds considered for each portfolio.

- Diversity of asset classes (within or across funds)
- Diverse geographic coverage (within or across funds)
- Diversity in market capitalization (within or across funds)
- No-load funds or funds that can be accessed without loads in an investment advisory account
- Low fees (.75% or less if possible)
- Low fund turnover (20% or less if possible)

These guidelines minimize risk through diversification and keep the fees and costs of the investment as low as possible to maximize returns.

Text for Model Portfolio 2

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Model Portfolio 2: Environmental Focus

Many environmentally oriented investors are choosing low carbon or fossil fuel portfolios. Investors may choose these strategies in order to invest consistently with their moral/religious beliefs and also as part of the broader divestment movement's effort to discredit the fossil fuel industry's efforts to influence public opinion. Supporters of fossil-fuel-free investing also hope to drive more capital into research and development of renewables.

A specific focus on reducing fossil fuel holdings or divesting from them completely may involve several steps:

- Reducing or eliminating direct investments in fossil fuel companies.
- Identifying investment products such as mutual funds that include fossil fuel investments, and moving to those that do not. The Fossil Free Funds site provides an online tool for determining the fossil fuel exposure of mutual funds.
- Identifying the degree to which the current banking and credit card companies invest in fossil fuels, and potentially moving bank accounts and credit cards to a community development bank or credit union that is fossil-fuel free.

The environmentally focused model portfolio consists of ten funds, each of which takes environmental factors into consideration in selecting companies to invest in. In several cases the funds have an even more targeted environmental purpose. Although not included in this portfolio, the Pax Global Environment Fund (PGRNX) may also be of interest to green investors.

Text for Community Impact Investing

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An Investing Alternative: Community Impact Investing

Community impact investing typically funds affordable housing, microfinance, and other community development projects, including international development and women's empowerment projects (primarily in developing countries). It produces a direct, measurable, and major positive social impact, and is an area where the faith community has been particularly active.

Most community impact investments are bond-like investments that provide interest payments to investors. Typically, community impact investments involve lending funds to community development financial institutions (CDFIs), or in some cases directly to individuals and groups. Some firms that are active in community investing also provide technical assistance to individuals who would otherwise not be able to access credit due to their lack of financial sophistication.

Some credit unions and community banks offer FDIC-insured CDs and money market accounts that are used to support local impact investing.

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