



UNITED CHURCH FUNDS

# Sustainability Report

1<sup>st</sup> Edition



# UCF Sustainability Report 1<sup>st</sup> Edition

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## President's Statement

For more than 100 years, United Church Funds (UCF), formerly known as the United Church Foundation, has helped all parts of the United Church of Christ be responsive to God's call to ministry in new and creative ways while maintaining the solid financial integrity it has demonstrated throughout its history. As part of our recent strategic plan, we reaffirmed our forward direction of being a leader in the faith-based institutional investment community in holding corporations accountable to their stakeholders for social and corporate governance responsibility.

In 2006, the United Church of Christ was recognized as one of the founding members of the Interfaith Center on Corporate Responsibility (ICCR), an organization that has a 38-year history of prophetically calling for corporate improvements to build a just and sustainable world.

For decades, through our involvement with ICCR, we have advocated for increased sustainability reporting by corporations in which we invest. A sustainable company is one that seeks longevity through minimizing negative impacts on the environment, human rights and workers' rights, and practices good corporate governance. We believe that sustainability reporting is a transparent way to provide a company's stakeholders with the information they need to learn about the company's environmental, social, and governance impacts.

It is through the lens of sustainability that we now must focus on the operations and actions of our own organization. This report evaluates the strengths and challenges of becoming more sustainable ourselves and proposes ways for increasing our beneficial practices while minimizing injurious practices. In essence, this is a snapshot of UCF at the start of the road to sustainability: Future periodic reports will highlight our successes and describe our continuing efforts to keep molding our operations in a sustainable way.

As we outline our own sustainability, we will also highlight work done to encourage the corporations we invest in to do likewise along the road to long-term health. We believe this will strengthen our portfolio performance as long-term investors since healthy companies are good investments. This report demonstrates our commitment to seeking improvements both within the UCF itself and in the companies in which we invest on behalf of the churches and other organizations in which make up the United Church of Christ.

We welcome your comments and suggestions. Blessings,



Donald G. Hart  
President  
December 2009

## Report Parameters

This is the first sustainability report produced for United Church Funds. The period of the report is fiscal year 2008. It will be re-released periodically as efforts to improve our social, environmental, and governance impacts change.

The sustainability work at the UCF involves two activities:

Improving internal UCF operations, including

- environmental impact remediation efforts,
- top-down efforts to improve the working lives of our staff, and
- maintaining best practices with regard to our own corporate governance.

Challenging the corporations whose stock we hold to improve their sustainability through

- establishing their own sustainability programs, and
- coalition-building with a network of faith-based institutional investors, namely the Interfaith Center on Corporate Responsibility (ICCR).

The Office of Corporate Social Responsibility has prepared this report in cooperation with UCF staff, and will produce future updates. Inquiries should be directed to [csr@unitedchurchfunds.org](mailto:csr@unitedchurchfunds.org).

## Introduction

The mission of United Church Funds is to strengthen the United Church of Christ's ministries through the faithful stewardship of resources by offering all parts of the Church sound financial management services.

Assets entrusted to UCF are invested to achieve positive financial returns. But these assets are also used as catalysts for positive social change within the society at large. Combining the economic power of collective ownership with the guidance provided by General Synod resolutions and pronouncements, UCF investment policy attempts to help the United Church of Christ "put its money where its mouth is" through social screening, issue advocacy and shareholder resolutions.

This report talks about the aspirations, victories, and challenges associated with these efforts. But it also talks about our own internal effort to become a sustainable organization. Our history of action in this area compels us to do ourselves what we have asked others to do. Thus, we have prepared this report to our stakeholders on the sustainability of our own organization.

As investors in today's global economy, UCF cannot quantify its "footprint" the way a company that produces a consumable product does. Instead, we have to frame this report on sustainability within a discussion of our operations and our efforts to improve the quality of our investments through Corporate Social Responsibility activity.

Thus, this sustainability report describes the improvements we can strive for in our operations, including

- expanding our internal recycling program;
- guiding our outside portfolio managers' socially responsible investing activities; and
- learning more about their interactions with the management of the companies they invest in.

It also illustrates how we

- lead among faith-based institutional investors in matters of Corporate Social Responsibility,
- embrace the United Nations Principles for Responsible Investment, and
- provide a family-like work environment for our employees.

This sustainability report will be released periodically to update our stakeholders on the strides we've made in our efforts to improve our environmental, social and governance impacts, both as an organization and as an investor.

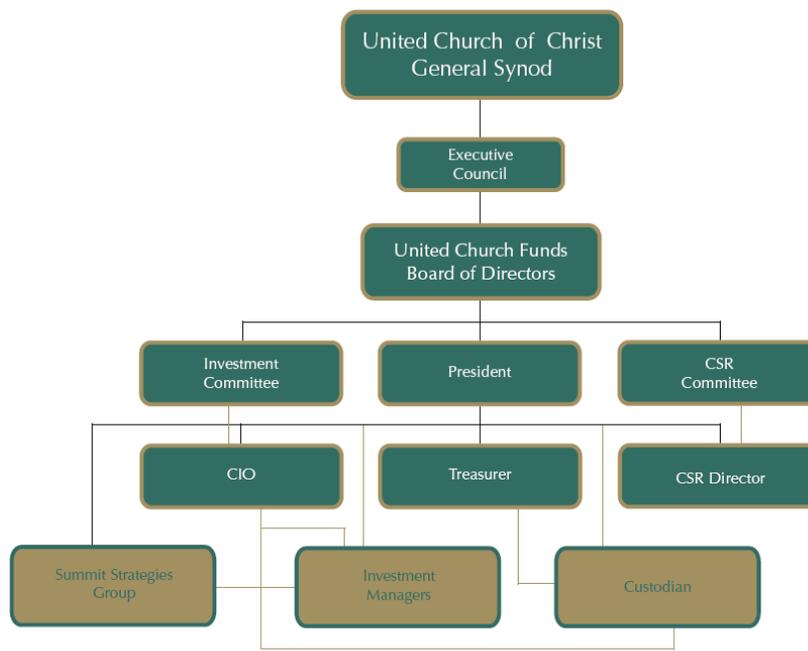
## Organizational Profile

United Church Funds has its origin in the establishment of the Pilgrim Memorial Fund in 1909, a church-wide capital campaign undertaken to benefit retired Congregational pastors. Since then, UCF has developed into a comprehensive investment management service for the whole church, managing over \$600 million of United Church of Christ assets. Alongside the historic endowments of the denomination, additional assets entrusted to UCF include the permanent funds and endowments of local churches, associations, conferences and other denominational ministries.

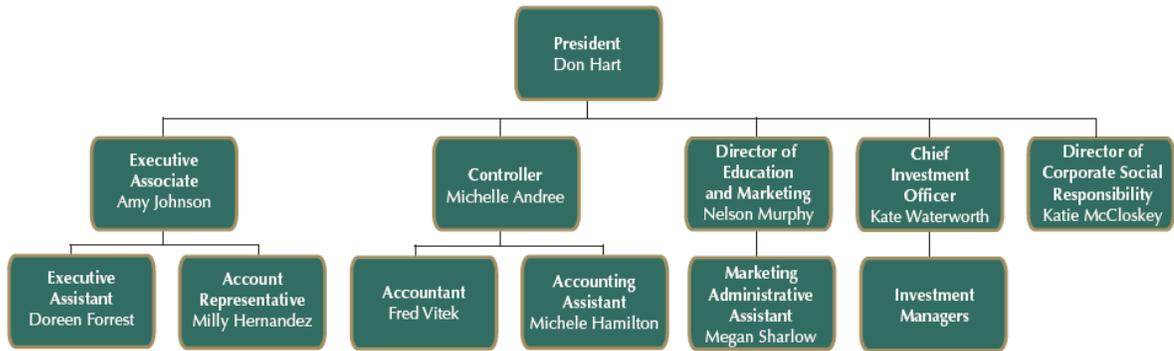
United Church Funds manages assets belonging to over 800 local UCC churches, 27 conferences, 22 associations, 11 health and welfare institutions, four colleges, the four Covenanted Ministries, two seminaries, the Pension Boards, Executive Council, and 30 other UCC-related entities. These organizations benefit from having their assets invested in a manner that is consistent with the values of the church. The funds offered by UCF are invested in a well-diversified, sound, and sustainable manner.

UCF clients may customize their holdings to create a mix of asset classes that is appropriate for their investment time horizon and risk tolerance. Professional asset management services are obtained from a number of qualified outside investment managers, each one carefully selected by the UCF Investment Committee in consultation with a professional institutional investment management consulting firm. Each manager's actual performance is evaluated regularly relative to an appropriate industry benchmark index and relative to their peers by the consulting firm, staff, and this committee.

The structure of United Church Funds promotes strong oversight and collaboration.



UCF is an Associated Ministry of the United Church of Christ located in New York City. There are nine full-time employees with seasonal hourly workers brought on as necessary. UCF also contracts with the Pension Boards for several services including Investment oversight, Corporate Social Responsibility services, Information Technology assistance and other services. This structure is one of the ways UCF keeps investors' costs manageable.



## Strategic Vision in Ownership

### ***Vision Statement***

As we begin our second century of ministry guided by the principles and beliefs of the United Church of Christ, the United Church Foundation strives to be the preferred provider of financial services to the churches, associations, conferences and other institutions of the United Church of Christ and to expand our ministry to include ecumenical partners and beyond.

United Church Funds seeks to

- provide leadership in Corporate Social Responsibility;
- exemplify good stewardship of long-term assets;
- achieve the highest levels professionalism and innovation,
- pursue socially responsible goals in all of its investment portfolios, and
- be constituent driven.

UCF has been a longstanding proponent of socially responsible investing. Focus on socially responsible investing is at the heart of the organization's sustainability effort. Shareholder engagements, exclusionary screening, and proxy voting policies are the time-tested techniques employed within its Corporate Social Responsibility (CSR) program. With a long-term investing style, UCF relies on and has a strong interest in enhancing the sustainability of the corporations in which it invests. Therefore, our expression of CSR is vital to the operations of UCF.

### ***Corporate Social Responsibility***

#### **Commitment from the Top**

The Corporate Social Responsibility program is a vital part of our operation, and is embraced by the Board of Directors and management. There is a standing CSR committee appointed by the Board of Directors. The CSR Committee has representatives from each National UCC Ministry. This committee also includes institutional investment professionals and clergy members.

The president of UCF has an active interest in socially responsible investing and stays current on trends by attending SRI workshops and conferences, and directly liaising with the CSR officer.

The UCF annual budget provides substantial funding for the support of the CSR director's office and for distribution of information about CSR activities to clients via printed, emailed and website resources. As part of its Strategic Plan, the UCF is expanding its effort to educate individuals who are shareholders of portfolio companies where social and corporate governance concerns are of concern and a high priority. UCF has established an

internal sustainability liaison person responsible for periodic audits of environmental, social, and governance policies and procedures.

## **How CSR Works**

The Corporate Social Responsibility office works closely with the Chief Investment Officer. While selecting investment managers, UCF makes a careful assessment of managers' ability to implement its investment policy, which includes its policy on socially responsible investing and exclusionary screening.

Our active shareowner approach is executed by using the securities that our investment managers trade on our behalf. The CSR office leverages UCF's securities for its work. In concert with other concerned investors, CSR engages corporations to make environmental, social, and governance changes through the shareholder resolution process.

## **Coalition Power**

United Church Funds uses networks of active shareowners to accomplish its CSR goals. The Interfaith Center on Corporate Responsibility is a 38-year old institution that organizes faith-based groups to utilize shareholder resolutions and corporate dialogues to create a more sustainable world. The United Church of Christ was recognized as a founding member of ICCR and continues to be a strong partner with the organization's work.

UCF is also a member organization of the Social Investment Forum which brings together socially responsible investors to make corporate improvements. This group includes many faith-based investors but also includes non-faith-based groups.

The Ecumenical Action Group for A Just Peace in Israel-Palestine examines how corporations can limit their detrimental impacts on Palestinians and Israelis. UCF is a founding member of this group.

## **Corporate Engagement**

The engagement techniques of shareholder resolutions are the mainstays of active shareowners. A dialogue is an ongoing discussion with a corporation where investors make recommendations to a company about how to make positive changes or provide more transparency. If the company takes those recommendations, CSR advocates will help the company through the implementation phase by providing best-practice information learned through the process at other companies, or by creating a bridge between activist groups and researchers and companies.

A shareholder resolution is a recommendation in the form of an item on the ballot of the annual meeting of a corporation. It is a great way to educate investors to issues of environmental impacts, social impacts or governance improvements that are going on in a company. More and more investors argue that shareholder engagement efforts are more effective than divestment strategies, and the ability to bring a resolution to a company is precluded when that company has been screened out.

## **Proxy Voting**

The Corporate Social Responsibility office exercises the "power of the proxy." UCF votes the ballots of companies in which we have holdings in accordance with our Proxy Voting Guidelines. We have designed these guidelines to promote board diversity, equitable pay

structures within companies, global and human rights, and many other issues. This work is done in the interest of safeguarding a company's financial performance and enhancing the long-term sustainability of a company's operations. Our Proxy Voting Guidelines are a "living" document; we adapt and change them as new information on best practices become available.

### **Exclusionary Screening**

Screening is the practice of including or excluding companies from a portfolio based on non-financial criteria. Screening can involve products, country-specific matters, or CSR policies. This is a baseline tactic. UCF uses a revenue-based approach to screening: a company is screened out of the portfolio based on how much of the company's revenue comes from the production, sale, or distribution of tobacco, gambling, alcohol, military weapons or services, and nuclear weapons.

### **Corporate Social Responsibility in 2008**

Through various coalitions, UCF participated in corporate engagements in 2008 as an expression of action consistent with General Synod resolutions calling for a more just, environmentally sound world.

### **Environmental Shareholder Action**

For the second year in a row, Corporate Social Responsibility co-filed a shareholder resolution calling on Chevron Corp. to report on its efforts to remove greenhouse gas emissions from its operations and products. This is part of a larger effort of investors from organizations like Ceres' Investor Network on Climate Risk to recognize that oil and gas companies have an important role in shaping the world's environmental situation.

Along with several shareholders, UCF hosted several dialogues with the Coca Cola Company regarding their use of water in water-stressed areas of India. The investor group encouraged Coca Cola to describe its plant-siting assessments and to outline its process for community engagement regarding the impacts on local watersheds.

### **Social Actions**

A continued focus on the conditions of children on cocoa farms in Ghana and the Ivory Coast and potential risks the chocolate companies that purchase cocoa from these countries face, led to UCF engaging the Hershey Company on their efforts to remediate the worst forms of child labor from the farms in their supply chains. The investor group has suggested to the corporation that Fair Trade certification for its products would have a positive human rights impact on the entities in their supply chains.

UCF took part in an inquiry at Caterpillar regarding the use of its products by the Israeli military. The group requested a meeting with the appropriate company executives about the use of Caterpillar products in the destruction of Palestinian homes and other infrastructure in the Occupied Territories, the construction of Israeli settlements on historically Palestinian land, and of the "Separation Barrier."

The Corporate Social Responsibility office, in conjunction with other faith-based investors, advised FedEx on its inaugural sustainability report. CSR was particularly focused on the equal employment opportunity policies and practices of the company.

### **Governance of Healthy Companies**

A shareholder group including UCF submitted a shareholder resolution with International Business Machines Corp. on allowing shareholders the opportunity to hold an advisory vote on the compensation of the named executive officers of the company. This resolution was being sponsored by the investor group for the second year in a row.

UCF participated in a response to proposed changes to the rules surrounding corporate disclosure of liabilities. Investors advocated strengthening of the disclosure rules of the Fair Accounting Standards Board by which corporations would have to disclose liabilities for the company in the form of pending environmental or social lawsuits.

UCF's Corporate Social Responsibility Committee made several improvements to their Proxy Voting Guidelines regarding corporations' board of director's perquisite programs. Voting proxies in a manner to encourage women and minority participation on corporate boards is also one of our priorities.

### ***United Nation's Principles for Responsible Investment***

UCF is a signatory of the Principles of Responsible Investment. These aspirational principles bring together international investors and form a focus for interaction with corporations. The Principles to which UCF has committed are:

- Principle 1: We will incorporate ESG (environmental, social, and governance) issues into investment analysis and decision-making processes.
- Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.
- Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.
- Principle 5: We will work together to enhance our effectiveness in implementing the Principles.
- Principle 6: We will each report on our activities and progress towards implementing the Principles.

## Operations - Governance

### *Our Governance*

The Board of Directors of United Church Funds comprises United Church of Christ members with skill sets and interests that strengthen the organization's policy making, which assists in its administration and operations.

Standing committees of the Board of Directors include the

- Executive Committee
- Investment Committee
- Audit Committee
- Governance Committee
- Personnel Committee
- Corporate Social Responsibility Committee
- Education and Marketing Committee
- Brown Endowment Committee

The Executive Council of United Church of Christ determines who shall be Members of the Board of Directors after receiving recommendations from the UCF's board. Fifteen elected members are nominated and selected by the Executive Council for terms of six years, one-third of which are selected each biennium and serve until their respective successors are selected and qualified. UCF has a classified Board for two crucial reasons. All members of the Board serve voluntarily, without remuneration. A classified structure also helps the volunteer Board attract and retain women and minority directors. In addition to the elected members of the Board of Directors, the General Minister and President of the United Church of Christ and the chair of the UCC Executive Council are ex-officio members.

The Chair of the Board of Directors is not an executive officer of UCF. Having the oversight of a separate chair provides the leadership of the Foundation to protect the interest of UCF's investors by ensuring that management of UCF is aligned with those interests.

UCF's Board of Directors includes a very extensive Audit Committee charter and diligent committee members to ensure adherence to best practice standards.

The Board of Directors is asked to annually sign a conflict of interests policy.

The Board of Directors has been intimately involved in creating the aspirational statements of the UCF, including the Strategic Plan 2008-2010. This document is a roadmap for all employees and departments and includes a Vision Statement, as expressed in the previous chapter.

The Strategic Plan identified the Corporate Social Responsibility officer as the internal sustainability liaison who will be responsible for periodic audits of environmental, social, and governance policies and procedures of UCF. The Corporate Social Responsibility committee of the Board of Directors acts in an oversight capacity for this task.

The Board of Directors is planning for an evaluation of its own performance in 2009. This is considered an important step for demonstrating consistent leadership over all aspects of UCF's operations and stewardship.

### ***Determining Governance in Our Investments***

United Church Funds has a robust system for analyzing the corporate governance strengths in the companies in which we invest. Weak governance in corporations, through a less than optimal board structure, overly generous compensation packages, and faulty audit processes, could be telltales of problematic management and a risk to our investments.

Board diversity is a priority for UCF. Companies are realizing that in the face of changing demographics and the rapid globalization of business, greater diversity on their boards of directors is a critical business strategy for both growing shareholder value and managing corporate reputation. An emphasis on board diversity can also be a measure of a company's organizational commitment to diversity. Although their representation on corporate boards has been increasing slowly over the last 15 years, women and minorities continue to account for only a small percentage of the total number of corporate directors. We will withhold votes from board nominees if the board, together with the slate, does not include minorities and women. We support proposals asking companies to increase board inclusiveness and report on their progress towards this goal, including how the board or its nomination committee ensures that women and minority candidates are routinely sought as part of every board search the company undertakes.

The Board of Directors calls on the expertise of both the Investment Committee and the Corporate Social Responsibility Committee when determining guidelines for voting our proxy ballots. We take advantage of research services that provide in-depth analyses of governance practices. We are aligned with several organizations that call for the strengthening of governance practices, including the Social Investment Forum.

As a clear signal of our commitment to corporate governance improvement goals, our Corporate Governance Proxy Voting Guidelines are maintained within our Statement of Investment Policy.

## Operations – Employees

United Church Funds operates with a small, dedicated staff that accomplishes all of the work of ensuring the timeliness and accuracy of transactions and growth of the organization. Recognizing that the employees of UCF are valuable assets, the president has engaged in efforts to assess the levels of satisfaction and develop the skill-sets of UCF employees.

### *Demography*

UCF employees are all either hourly or salary. All employees live in the metro-New York area. Employees are represented in the 20-30, 30-40, 40-50, 50-60, and 60-70 age range. In 2008, Women made up 50 percent of the management. Diverse racial and ethnic identity groups are represented on staff.

2008 Staff Diversity	
Management	Staff
2 White Males	2 African-American Women
1 White Female	1 Hispanic Female
1 Asian Female	1 White Male
	1 White Female

During 2008, one full-time employee position was created and one full-time employee position was eliminated. There was one turnover in management, in the position of Controller.

### *Ensuring a Safe and Fulfilling Workplace*

Employees understand the expectations of conduct and policy. Staff is asked every year to review their personnel manual. Special attention is paid to the Code of Ethics and Business Conduct of the manual so that staff is reminded that discretion regarding investors' accounts is of the utmost importance.

Staff is also asked to review harassment prevention literature yearly to promote a healthy working environment.

At any time, staff can reference their employee manual to learn more about many workplace issues including:

- Standards of Conduct
- The Whistleblower Policy
- Grievance Procedures
- Employee Benefits
- Office Policies

- Email Policies
- Equal Employment Opportunity Policies

Consistent with our goals of a safe workplace, staff took part in an emergency preparedness drill that established evacuation routes and a meeting place in the event of a disaster.

### ***Skills Development***

The staff of United Church Funds undertook a development process to grow the capability of its employees. This year long process is framed around a methodology called MAP (Managerial Assessment of Proficiencies). MAP includes an assessment of individual competencies utilizing an objective process and a subjective (360 degree) process providing feedback on 12 core competencies, personality style and communication style. Upon the completion of the assessment phase of the process each participant receives feedback and coaching to create their individual development plan. The participants meet on a monthly basis to participate in four-hour skill building sessions featuring each of the 12 core competencies. The year long process is concluded with post assessment and debriefing.

The management team of UCF participated in the MAP process in the first year and concluded their training in September. In the second year of the development plan the remainder of the staff became the participant group and the graduates of MAP became the facilitators of the skill building sessions. This second phase will conclude in September 2009. Additionally, the entire staff meets monthly to discuss operational issues.

The MAP 12 Core Competencies include:

Time Management  
Scheduling and Prioritizing  
Setting Goals and Standards

Listening and Organizing  
Giving Clear Information  
Getting Unbiased Information

Training, Coaching and Delegating  
Appraising People and Performance  
Disciplining and Counseling

Identifying and Solving Problems  
Making Decisions and Weighing Risk  
Thinking Clearly and Analytically

### ***Employee Satisfaction Survey***

Staff was asked in late 2008 to respond to a wide-reaching satisfaction survey. This survey attempted to gauge levels of fulfillment with the strategy, management, benefits, and communication of United Church Funds. We intend for this information to inform improvements to work environments and relationships over the long-term. All staff members obliged the request and completed the survey.

There were several positive results of the survey. Some illustrative examples follow:

55.6 percent of respondents “agreed strongly” and 33.3 percent of respondents “agreed somewhat to the statement “I can trust what UCF tells me.”

88.9 percent of respondents “agreed strongly” to the statement “Employees are treated fairly here regardless of race, gender, age, religion, or sexual orientation.”

When asked whether the management team of UCF is open to input from employees, 77.8 percent of respondents “agreed somewhat” or “agreed strongly.” One respondent commented that “we work together as a team.”

66.7 percent of employees “agreed strongly” and 11.1 percent of employees “agreed somewhat” to the statement “I feel I am valued at UCF.”

Areas of improvement were also identified. A few examples are included:

While 77.8 percent of respondents “agreed strongly” that “my supervisor treats me fairly,” 22.8 percent of respondents “disagreed somewhat.”

66.6 percent of employees “agreed strongly” or “agreed somewhat” that UCF “provides as much ongoing training as I need.” However, 33.3 “disagreed somewhat” or “disagreed “strongly” to this statement.

22.2 percent of respondents were “neutral” to the statement “I believe that UCF is trying to improve its social and environmental impacts.

Management has committed to address these areas of concern and also maintain this dialogue with staff regarding satisfaction levels. In 2009 staff will begin monthly sessions with a coach focusing on team building.

## ***Benefits***

Employees enjoy a wide range of benefits to support them through their work and their lives. These include

- Annuity Fund contributions not dependent on contributions by the employee
- A generous vacation and sick leave policy
- Medical coverage
- Dental coverage
- Opportunity to use flexible spending accounts for qualified expenses
- Life insurance
- Disability plan

77.8 percent of employees “agreed strongly” with the statement, “Overall, I’m satisfied with UCF’s benefits package.”

### ***Determining Best Employee Relations Practices in Our Investments***

The UCF has carefully crafted proxy voting guidelines to reflect the care and consideration we have for our own employees when making decisions on behalf of the companies in which we invest.

We support proactive companies that have expanded their approaches to diversity and are embracing diversity as a strategy to remain competitive in the face of changing demographics and the rapid globalization of business.

While federal law prohibits discrimination in the workplace based on race or gender, no federal legislation protects gay and lesbian workers in private employment from discrimination based on their sexual orientation. While more than 60 percent of *Fortune 500* companies have voluntarily barred discrimination based on sexual orientation within their nondiscrimination policies, many gay and lesbian adults still face hostility or harassment on the job. The Equality Principles on Sexual Orientation is a voluntary code of corporate conduct designed to prevent discrimination against gays and lesbians in the workplace and in corporate advertising and sales policy. We support adoption of this code.

We support proposals asking companies to adopt a comprehensive human rights policy based on existing international standards. Such standards would include the 1948 UN Universal Declaration of Human Rights and the International Labor Organization’s (ILO) core labor conventions.

## **Operations – Environmental Impacts**

While United Church Funds' operations do not impact the environment in as direct a way as do a manufacturing company's operations, we recognize that our environmental performance is a vitally important aspect of our success.

### ***Many Heads Are Better than One***

In 2008, in an effort to broaden the idea-base for how we can optimize our environmental practices, staff was asked to participate in an environmental impacts survey. This survey gauged staff interest and sparked interest in expanding recycling policies and also asked for input on how we could strengthen our performance in this area.

After survey responses were collected, staff met in a brainstorming session to try to build on the ideas and suggestions and formulate a set of long-range goals.

This was an important exercise for bringing cohesion to the staff in order to work together for a better environment.

The group concluded that it would be worthwhile to explore using recycled paper, expanding our recycling program, and being more conscientious about power usage. The sustainability liaison worked with building management and some of our key vendors to find out how we are performing on these issues.

### ***Our Environs***

The office of United Church Funds is located within the Interchurch Center in New York City. The Interchurch Center is committed to improving its energy efficiency and waste reduction. The Interchurch Center has installed energy-efficient lighting in all office spaces including the UCF office. Low-flush toilets and automatic paper towel dispensers modulate waste. The building offers a robust recycling program. During high-energy usage times of the year, the building cuts the number of elevators running at once. Also, highly visible suggestions are placed in the building during summer months for tenants to use their window shades responsibly to lessen the need for air conditioning.

UCF works in tandem with the information technology team to safely dispose of computer parts in accordance with best practices.

#### **Our Printed Materials**

One of the few direct impacts United Church Funds has on the environment is its use of paper to convey information to stakeholders.

All of our paper products--letterhead, newsletter paper, business cards, and miscellaneous materials--have some recycled paper content.

Our newsletter is now labeled as FSC certified as "mixed source" with 25 percent recycled content.

In addition to being mindful of the recycled content of our printed materials, we have examined the most resourceful modes of communication for many of our publications. For

example our CSR Newsletter, provided by CSR2, is distributed via email to reduce paper waste. We have also asked recipients of UCFocus to opt in to email distribution.

We have committed to finding more ways to use paper in a responsible way in the future.

### ***How to Grow***

We do not currently benchmark certain impacts we have on our environment. Evaluations of carbon- and water-footprints, transportation impacts, and materials waste would be a way to expand the management of our environmental practices.

### ***Determining Sound Environmental Policies in Our Investments***

Just as we are working to ascertain our sustainability, many U.S. companies now routinely issue voluntary reports or statements about their environmental policies and practices. Stakeholders are continually seeking to improve the quality and relevance of environmental disclosure they receive from companies, as well as advocate for the integration of these issues into long-term business planning. We support proposals requesting companies to study or endorse voluntary environmental principles.

The UCF believes that global warming will have an impact on all businesses. We support proposals seeking disclosure of (i.) the annual greenhouse gas (carbon dioxide and other global warming pollutants) emissions from a company's operations and products; (ii.) the public stance of the company regarding efforts to reduce greenhouse gas emissions; (iii.) the economic risks associated with a company's past, present, and future emissions of greenhouse gases, and the economic benefits of committing to a substantial reduction of those emissions related to its current business activities; and (iv.) how the company is responding to rising regulatory, competitive and public pressure to significantly reduce carbon dioxide and other emissions.

The economic value often placed on natural resources – including clean water, pristine wilderness, and diverse wildlife populations – often place them at risk for exploitation. We support proposals requesting companies to develop and adopt policies that prohibit natural resource extraction in environmentally sensitive areas, and to report on the potential environmental damage resulting from exploitation.

## Looking Forward

The lens of sustainability that we have applied to our operations and practices during our inaugural reporting period will provide United Church Funds with the basis for reflection, implementation and improvement.

### *Our Investments*

Several strategies were identified by the Strategic Planning Process that the management, staff, and Board of Directors of the UCF completed in 2008 that will have impacts on how to accomplish and report our sustainability in the future:

- Expand UCF's active shareowner approach with portfolio companies for those social and corporate governance issues of highest priority to UCF stakeholders
- Provide UCF stakeholders with more frequent updates on corporate dialogues, shareholder resolutions filed, and other activities in which UCF is engaged
- Develop relevant Corporate Social Responsibility (CSR)-related resources for clergy and local church leaders for use in the UCF's overall financial education function
- Leverage CSR activities into increased UCF resources

In addition, UCF will be able to leverage our relationship with the United Nations' Principles for Responsible Investment to determine how we are performing compared to our socially responsible investing peers. We will be able to report these metrics in a follow-up sustainability report.

Bettering the corporate social responsibility commitments and practices of our investments is a vital portion of the work United Church Funds undertakes on behalf of its participants as it is one of the distinctive attributes of UCF.

### *Our Governance, Operations, and Impacts*

The Board of Directors of UCF is committed to the principles of sustainability. The Corporate Social Responsibility Committee of the Board meets regularly to examine the work that is being done on behalf of our investments.

UCF employees will follow up the employee survey with an evaluation of the improvements in management techniques and efforts at providing more transparency in operations and decision making to employees. Employees will have clarity about how to maintain an ideal work environment through the statement of employee interaction guidelines.

The environmental impacts of our operations can be mitigated through more intentional purchasing policies. We will examine sustainable alternatives to the purchases we make around the office according to the recommendations of the United Church of Christ.

## ***Follow Up Report***

UCF will periodically update this report to provide transparency into our sustainability efforts.

To learn more about United Church Funds and how its operations and investments are contributing to a more just and verdant world, please visit [unitedchurchfunds.org](https://unitedchurchfunds.org).