



Revised: USCCB Guidelines

Seventh Generation Interfaith
February 15, 2022

Welcome!

- ▶ Participants will be in listen only mode until the Q&A section. You can also enter questions into the Chat.
- ▶ We will make a recording, and make it available via our website.

Reflection:



Our Companions

- ▶ **Duane Roberts**, Director of Equities, Dana Investment Advisors

- ▶ **Katie McCloskey**, Vice President of Social Responsibility, Mercy Investment Services



Our Itinerary

- ▶ **Introduction - Overview**
- ▶ **Asset Manager Reflection**
- ▶ **Asset Owner Reflection**
- ▶ **Q&A**

Revised: Like the Old Wedding Rhyme

*Something old,
Something new,
Something borrowed,
Something blue (green), and a
[Silver] sixpence in her shoe.*

Something old

▶ Foundation

- ▶ Pastoral Letter Economic Justice for All (1991)
- ▶ SRI Guidelines (2003)

▶ Three Investing Strategies

1. Avoid Doing Harm
2. Actively Work for Change
3. Promote the Common Good

Something new

► Five Major Categories

1. Protecting Human Life;
2. Promoting Human Dignity;
3. Enhancing the Common Good;
4. Pursuing Economic Justice; and
5. Saving Our Global Common Home.

Something new

CHANGES IN THE USCCB INVESTMENT POLICIES (SUMMARISED)

	2003	2021
Must not/ Should not invest in:	<ul style="list-style-type: none"> • Abortion • Abortifacients • Contraceptives • Embryonic Stem Cells • Fetal Tissue Research • Human Cloning • Racial or Gender Discrimination • Pornography • Controversial Weapons • Antipersonnel Landmines • Low Community Reinvestment Act (CRA) rating 	<ul style="list-style-type: none"> • Abortion • Abortifacients • Euthanasia • Assisted Suicide • In Vitro Fertilization • Contraceptives Manufacture (or more than 10% revenue from sales) • Embryonic Stem Cells • Fetal Tissue Research • Human Cloning • Gender Reassignment Treatment/ Surgery • Human Rights Violations • Pornography • Controversial Weapons • Antipersonnel Landmines • Gambling • Tobacco • Recreational Cannabis • Biodiversity loss (Should not) • Depletion/degradation of water (Should not) • Non-compliance with the UN Global Compact Environmental Principles (Should not)

Something new

CHANGES IN THE USCCB INVESTMENT POLICIES (SUMMARISED)

	2003	2021
Encourage investor engagement on:	<ul style="list-style-type: none"> • Promoting Human Rights • Racial and Ethnic Diversity • Access to Pharmaceuticals • Improving Labor Standards • Protecting the Environment • Sustainable Energy • Greenhouse gas reduction 	<ul style="list-style-type: none"> • Promoting Human Rights • Promotion of corporate social responsibility • Promotion of affordable housing and responsible retail finance • Racial and Ethnic Diversity • Access to Pharmaceuticals • Improving Labor Standards • Protecting Biodiversity • Discouraging abortion, use of abortion-derived cell lines and euthanasia • Discouraging gender reassignment practices • Promotion of responsible, marriage affirming and family-oriented program content development • Promote responsible consumption, energy efficiency practices, and environmental standard conformity

Something new

CHANGES IN THE USCCB INVESTMENT POLICIES (SUMMARISED)

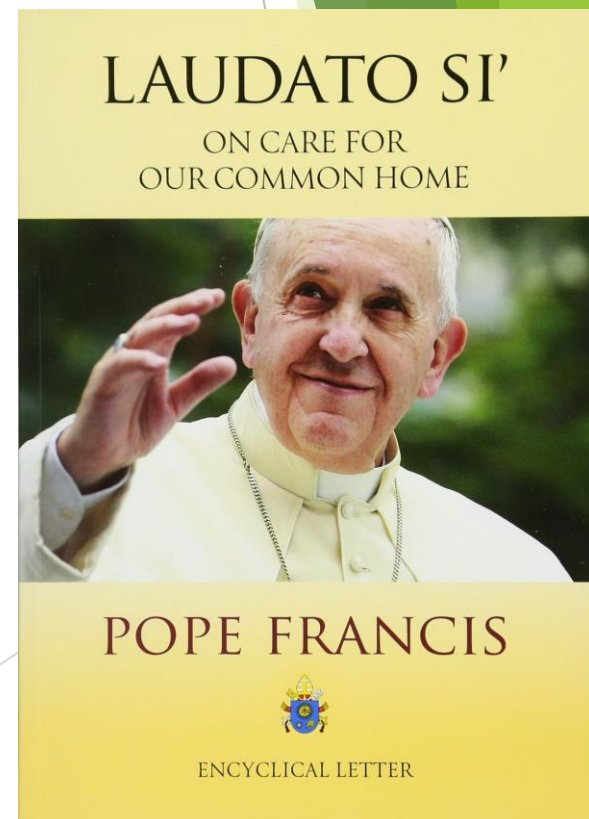
	2003	2021
Seek investment opportunities in:	<ul style="list-style-type: none">• Companies that promote equal pay and accommodate family needs	<ul style="list-style-type: none">• Impact investing• Companies with good gender and racial diversity practices.• Companies aligned with the emission reduction goals of the Paris Agreement

Something borrowed

- ▶ ESG strategies practiced outside of church institutions (e.g. SGI/ICCR/PRI practices).
- ▶ Proliferated terms “Engage”, “Dialogues” and “Resolutions”
 - ▶ Engage: from 5 uses to 18
 - ▶ Policies to Engage: 2003: 0; 2021: 9
 - ▶ Dialogue: from 2 uses to 30
 - ▶ From 0 specific instances to 27
 - ▶ Resolution: from 14 to 28
 - ▶ From 10 specific instances to 26

Something blue (green)

- ▶ “Saving Our Global Common Home”
- ▶ From 1 paragraph in 2003, to 5 sections in 2021
 1. Climate Change
 2. Biodiversity
 3. Water and Natural Resources
 4. Technology
 5. Environmental Impact



A Sixpence in her Shoe

- ▶ Lifted from Economic Justice for All:
 - ▶ *“...it appears that return on investment is the governing criterion in the relation between them and management. We do not believe that this is an adequate rationale for shareholder decisions.”*
- ▶ **Ethics-first perspective**
 - ▶ Call for ethical, moral perspective, not merely technical or pragmatic one.

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The Journey of Catholic Investing

Exclusions

Achieve mission alignment by excluding companies that either produce goods, or provide services, that go against Catholic moral principles such as:

- Sanctity of Life issues • Tobacco • Weapons • Pornography • Gambling •

Integration

Seek to include companies along Environmental, Social, and Governance (ESG) risks and opportunities as defined in the USCCB guidelines.

Environmental: Natural resource utilization, climate change and GHG emissions, circular manufacturing

Social: Workforce diversity, human rights policies, product and workplace safety, labor rights

Governance: Board composition and independence, CEO compensation, lobbying practices and disclosures, audit and accounting practices

Advocacy

Achieve mission alignment consistent with USCCB guidelines by directly advocating for change and impact on a local, national, and global level with companies, stakeholders, and key policymakers:

- Proxy voting • Sign-on letters • Corporate engagement •
- Partnerships and mission-aligned nonprofits •

2021 USCCB Socially Responsible Investment Guidelines Changes 2021 vs 2003

The updated guidelines call on investors to be thoughtful active owners with comprehensive knowledge of their investments. Engaging company, industry, and community leaders in thoughtful conversations to promote positive outcomes when issues develop. Furthermore, no topic should be considered in isolation as our complex world requires a holistic approach to ensure economic growth that emphasizes integral human development and good stewardship.

✓ *Active Ownership and Engagement*

A primary change has been a significantly increased emphasis on the responsibilities placed upon investors to engage companies through dialogues, proxy voting, and support of shareholder resolutions.

✓ *A Living Document*

The Conference is calling for a review every three years of the relevance of the guidelines.

✓ *Improved clarification around the evolution of technologies and present-day issues*

Technology and society have evolved and changed significantly in the past two decades.

Now more than ever, we believe that it's important to have a partner, like Dana Investment Advisors, who has a wealth of experience and continues to advance the conversation about Catholic investing.

Dana's holistic process is **Comprehensive, Balanced, Thoughtful** and it adheres to the faith-based guidelines set forth by the U.S. Conference of Catholic Bishops (USCCB)

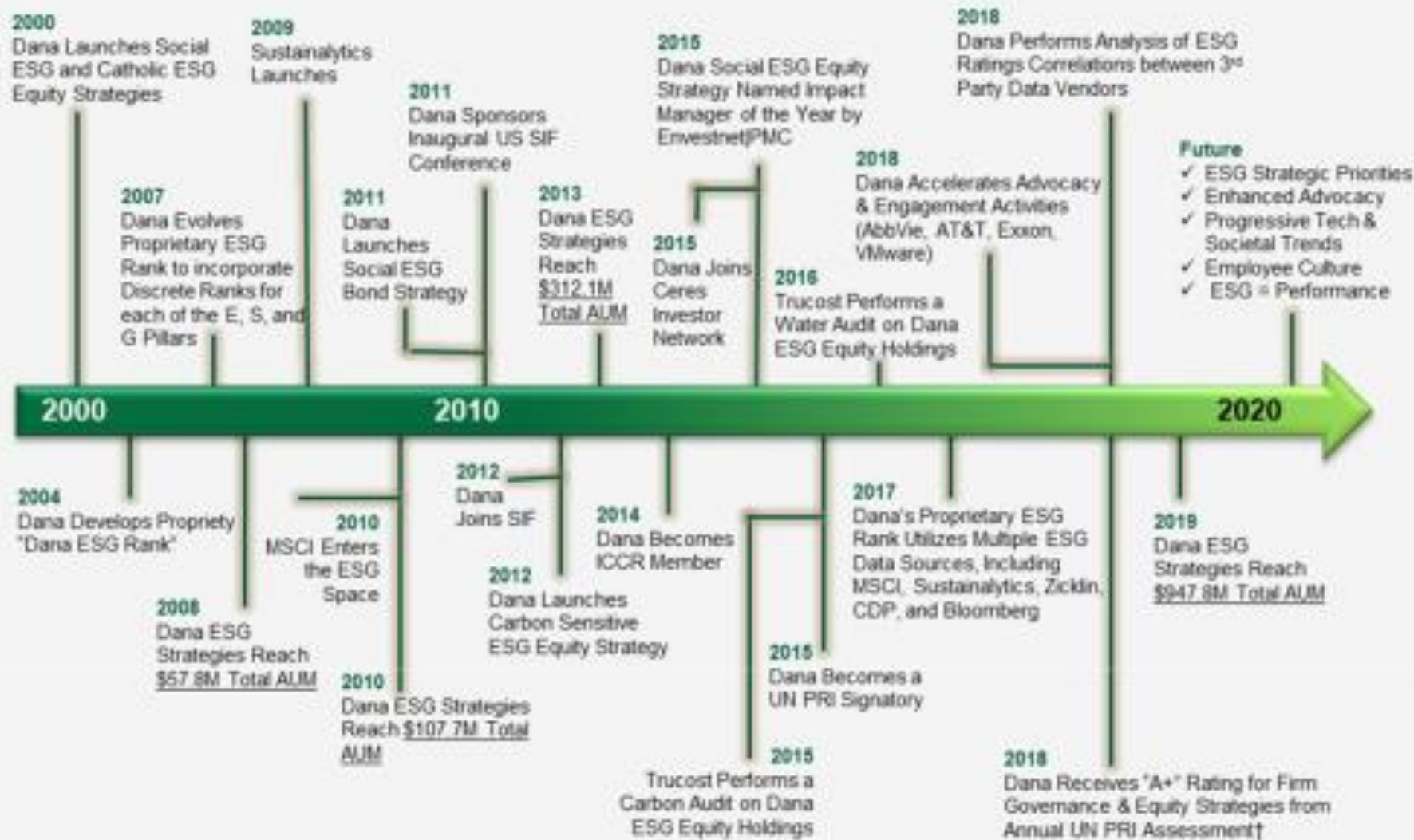
Comprehensive: Dana's proprietary quantitative Environmental, Social, and Governance (ESG) model utilizes thousands of underlying data points from multiple vendors to rank approximately 3,000 U.S. stocks.

Balanced: An ESG rank is calculated for each stock by equally weighting the factors using a geometric mean that helps to identify companies with favorable performance across all E, S, and G considerations.

Thoughtful: Dana integrates ESG criteria into Dana's stock selection process, resulting in positive, best-in-class representation. Advocacy efforts are aligned and consistent with process.

Faith-Based: Dana's faith-based investing incorporates the U.S. Conference of Catholic Bishops guidance to protect human life and dignity, economic justice, and the environment.

Exclusions	Environmental	Social	Governance	Advocacy
<ul style="list-style-type: none"> Embryonic Stem Cell Research Contraceptives and Abortion Adult Entertainment Tobacco Gambling Weapons 	<ul style="list-style-type: none"> Climate Change Impacts and Metrics Fines and Regulatory Actions Environmental Disclosures and Policies Board Accountability 	<ul style="list-style-type: none"> Workforce Diversity Human Rights Policies Product and Workplace Safety Labor Rights and Policies Animal Testing 	<ul style="list-style-type: none"> Board Composition CEO Compensation Audit and Accounting Board Independence Corporate Transparency 	<ul style="list-style-type: none"> Proxy Guidelines Sign-on Letters and Resolutions Corporate Engagement Partnerships with Mission-aligned Nonprofits



Dana Persists on Environmental and Human Rights Policies and Practices

Saving Our Global Common Home – Signed on to an investor letter to ISS calling on the proxy-advisory firm to make its climate risk assessments and climate-related proxy-voting recommendations more robust. To date, ISS's benchmark proxy-voting policy has focused on assessing and evaluating a company's climate risk based on company disclosure, rather than on what progress a company is making toward aligning its operations and strategy with a 1.5°C future. *(coordinated by Majority Action)*

Pursuing Economic Justice – Signed on to a letter asking the Biden Administration to explicitly prohibit any state from using CARES Act, American Rescue Plan (ARP), infrastructure funds, or any other federal dollars for prison construction projects. Alabama recently began a special legislative session to allocate hundreds of millions of American Rescue Plan Act dollars intended for COVID relief to build three new prisons. *(coordinated by Justice Capital)*

Promoting Human Dignity – Signed on to an investor letter to NextEra urging the company to become a signatory to the Coalition to End Uyghur Forced Labor's recently launched Call to Action that requires signatory companies to disengage from all business relationships connected to forced labor and other abuses in the Uyghur Region as it relates to various sectors, including the solar energy industry. The issues were discussed in a follow-up call with the company. *(coordinated by IHR)*

Pursuing Economic Justice – Signed on to a letter in support of H.R. 4777, the Nondebtor Release Prohibition Act of 2021, urging Congress to pass this critical legislation. H.R. 4777 would prevent companies from abusing the bankruptcy system to escape accountability for wrongdoing and cheat victims who have been harmed. *(coordinated by the Center for Justice & Democracy at New York Law School)*

Pursuing Economic Justice – Signed on to a statement of investor expectations for job standards and community impacts to ensure a just transition to a decarbonized economy. The principles set forth in the statement will help to ensure a racially and economically equitable decarbonized economy by prioritizing high-road jobs, respect for human rights, positive community impacts, and the remediation of harms. *(coordinated by ICCR)*

Saving Our Global Common Home – Participated in a Climate Action 100+ investor call with Boeing's board chair and company executives to discuss climate-related lobbying and other issues of concern. *(coordinated by CA100+)*

Pursuing Economic Justice – Signed on to an investor letter urging the Securities and Exchange Commission (SEC) to require companies to publicly disclose their EEO-1 reports documenting the gender, race, and ethnicity of employees across job categories. As companies already prepare and submit EEO-1 reports to the U.S. Equal Employment Opportunity Commission each year, this public disclosure would respond to investor demand for consistent, comparable, and decision-useful data on U.S. workforce demographics at virtually no additional cost. *(coordinated by Boston Trust Walden)*

Promoting Human Dignity – Signed on to an investor statement expressing deep concern about the action of the Sudanese military in seeking to dissolve the transitional government in Sudan, and calling for the restoration of a democratic transition and a cessation of arrests and violence against protestors. The statement calls on investors and companies with direct and indirect ties to Sudan to take practical steps to conduct heightened due diligence and avoid complicity in human-rights abuses, and to contribute to balanced and sustainable development in Sudan. *(coordinated by IHR/Business and Human Rights Resource Center/ERIS Conflict Risk Network)*

Pursuing Economic Justice – Signed on to an investor letter calling on Amazon, Best Buy, Costco, CVS, Disney, Home Depot, and McDonald's to disclose their paid sick-time benefit for U.S. workers, including part-time, subcontracted, and temporary workers. Comprehensive information on corporate paid sick-time benefits is not publicly available, making it difficult for investors to understand how companies are prepared to address the growing reputational, financial, and regulatory impacts associated with the lack of a paid sick-time benefit for all employees. *(coordinated by ICCR)*

Saving Our Global Common Home – Signed on to an investor statement urging all G20 nations to enact ambitious policies and disclose effective targets for greenhouse gas reductions in agriculture within or alongside their National Determined Contributions (NDC) commitments at COP26. *(coordinated by FAIR)*

Dana Persists on Environmental and Human Rights Policies and Practices

Pursuing Economic Justice – Signed on to ICCR’s pharmaceutical equity expectations for pharmaceutical companies. In the last decade, ICCR developed Principles and Recommended Practices to assist pharma companies in promoting the human right to health and to advance strategies that will advance innovation and open access to new markets. The pandemic and its disproportionate impacts, both in terms of who is affected and who has access to vaccines and therapeutics, have called us to reaffirm our commitment to health equity. We expect companies to adopt principles rooted in equity and justice and to safeguard the human right to health. *(coordinated by ICCR)*

Promoting Human Dignity – Signed on to an investor letter asking Pfizer, Johnson & Johnson, AstraZeneca, and Moderna to integrate the vaccine-equity goals of the World Health Organization (WHO) into corporate executive remuneration. With a large part of the world’s population still without sufficient access to vaccines, the WHO has developed a roadmap with directions for companies and governments to follow for an effective, fair, and equitable global response to COVID-19. *(coordinated by Achmea)*

Saving Our Global Common Home – Co-filed a shareholder proposal at Alphabet requesting a report describing if and how the company’s lobbying activities (both direct and through trade associations) align with the Paris Climate Agreement’s goal of limiting average global warming to well below 2 degrees Celsius.

Saving Our Global Common Home – Co-filed a shareholder proposal at JPMorgan requesting adoption of a policy by the end of 2022 in which the company takes action to help ensure that its financing does not contribute to new fossil-fuel supplies that would be inconsistent with the International Energy Agency’s Net Zero Emissions by 2050 Scenario.

Pursuing Economic Justice – Co-filed a shareholder proposal at Chevron asking the board to commission and publicly disclose an independent racial-equity audit, analyzing if, and how, Chevron’s policies and practices discriminate against or disparately impact communities of color.

Promoting Human Dignity – Co-filed a shareholder proposal at AbbVie requesting disclosure of company policy and procedures governing lobbying (both direct and through trade associations); payments used for lobbying, membership, and payments to tax-exempt organization that write and endorse model legislation; description of management’s decision-making process and board oversight for making payments.

Promoting Human Dignity – Participated in an investor call with Target as part of an ongoing dialogue on a wide range of issues, including supply-chain human rights, diversity/equity/inclusion, use of pesticides/chemicals, and COVID protocols. *(coordinated by ICCR)*

Saving Our Global Common Home – Co-filed a shareholder proposal at Amazon requesting a report on how the company could reduce its plastics use to reduce ocean pollution.

Saving Our Global Common Home – Co-filed a shareholder proposal at Exxon requesting a report describing if and how the company’s lobbying activities (both direct and through trade associations) align with the Paris Climate Agreement’s goal of limiting average global warming to well below 2 degrees Celsius.

Promoting Human Dignity – Co-filed a shareholder proposal at Facebook requesting a report on child sexual abuse material (CSAM). In 2020, the National Center for Missing and Exploited Children received 21.7 million reports of CSAM. Of these, 20.3 million reports (or 94%) stem from Facebook and its platforms, including Messenger and Instagram.

Pursuing Economic Justice – Co-filed a shareholder proposal at Walmart requesting a report on whether and how the company’s racial-justice goals and commitments align with the starting pay for all classifications of Walmart associates.

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The Capital Spectrum

APPROACH	TRADITIONAL INVESTMENTS	RESPONSIBLE INVESTMENTS			PHILANTHROPY	
				IMPACT INVESTMENTS		
FOCUS	FINANCIAL ONLY	NEGATIVE SCREENING	ESG INTEGRATION	IMPACT DRIVEN		IMPACT ONLY
				FINANCIAL-FIRST	IMPACT-FIRST	
FINANCIAL GOALS		Target competitive risk-adjusted financial returns			Accept low risk-adjusted returns	Accept partial/full capital loss
FEATURES		Manage ESG risks				
			Pursue ESG opportunities			
			Intentionality: delivering impact is central to underlying assets/investments			
			Impact investment is measured and reported			
IMP INTENTIONS	MAY OR DO CAUSE HARM	ACT TO AVOID HARM				
			BENEFIT ALL STAKEHOLDERS			
			CONTRIBUTE TO SOLUTIONS			

Source: Adapted from Bridges Fund Management (2014), PRI (2013), RIAA (2019), UK NAB (2017), Impact Management Project (IMP) (2018)

Accessed 1/25/2022 <https://www.phenixcapitalgroup.com/what-is-impact-investing>

Faith-Based Investors' Assets

APPROACH	TRADITIONAL INVESTMENTS	RESPONSIBLE INVESTMENTS				PHILANTHROPY
FOCUS	FINANCIAL ONLY	NEGATIVE SCREENING	ESG INTEGRATION	IMPACT DRIVEN		IMPACT ONLY
FINANCIAL GOALS		Target competitive risk-adjusted financial returns			Accept low risk-adjusted returns	Accept partial/full capital loss
FEATURES		Manage ESG risks				
		Pursue ESG opportunities				
		Intentionality: delivering impact is central to underlying assets/investments				
		ENGAGE TO IMPROVE		Impact investment is measured and reported		
IMP INTENTIONS	MAY OR DO CAUSE HARM	ACT TO AVOID HARM		BENEFIT ALL STAKEHOLDERS		
				CONTRIBUTE TO SOLUTIONS		

Source: Adapted from Bridges Fund Management (2014), PRI (2013), RIAA (2019), UK NAB (2017), Impact Management Project (IMP) (2018)

Accessed 1/25/2022 <https://www.phenixcapitalgroup.com/what-is-impact-investing>

USCCB SRI Strategies

AVOID DOING HARM

ACTIVELY WORK FOR CHANGE

PROMOTING THE COMMON GOOD

APPROACH	TRADITIONAL INVESTMENTS	RESPONSIBLE INVESTMENTS			PHILANTHROPY	
FOCUS	FINANCIAL ONLY	NEGATIVE SCREENING	ESG INTEGRATION	IMPACT DRIVEN		
FINANCIAL GOALS				FINANCIAL-FIRST	IMPACT-FIRST	
		Target competitive risk-adjusted financial returns			Accept low risk-adjusted returns	Accept partial/full capital loss
FEATURES		Manage ESG risks				
			Pursue ESG opportunities			
			Intentionality: delivering impact is central to underlying assets/investments			
		ENGAGE TO IMPROVE		Impact investment is measured and reported		
IMP INTENTIONS	MAY OR DO CAUSE HARM	ACT TO AVOID HARM				
		BENEFIT ALL STAKEHOLDERS				
			CONTRIBUTE TO SOLUTIONS			

Source: Adapted from Bridges Fund Management (2014), PRI (2013), RIAA (2019), UK NAB (2017), Impact Management Project (IMP) (2018)

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The Sisters of Mercy Critical Concerns

Immigration



Believing firmly in the dignity of every person, we work for just and humane immigration laws in the U.S., address policies that push people to flee their countries, and examine the global impact of immigration.

Earth



We believe in the need for sustainability of life, supporting both a lifestyle and legislation that acknowledge everyone's right to water and the need to address climate change.

Racism



We believe racism is an evil affecting us all. We work to recognize and dismantle institutional racism in order to become an anti-racist multicultural community.

Women



Through our schools, colleges, health-care institutions and spirituality centers, and through our legislative advocacy, we give special attention to women's education, health and spirituality.

Nonviolence



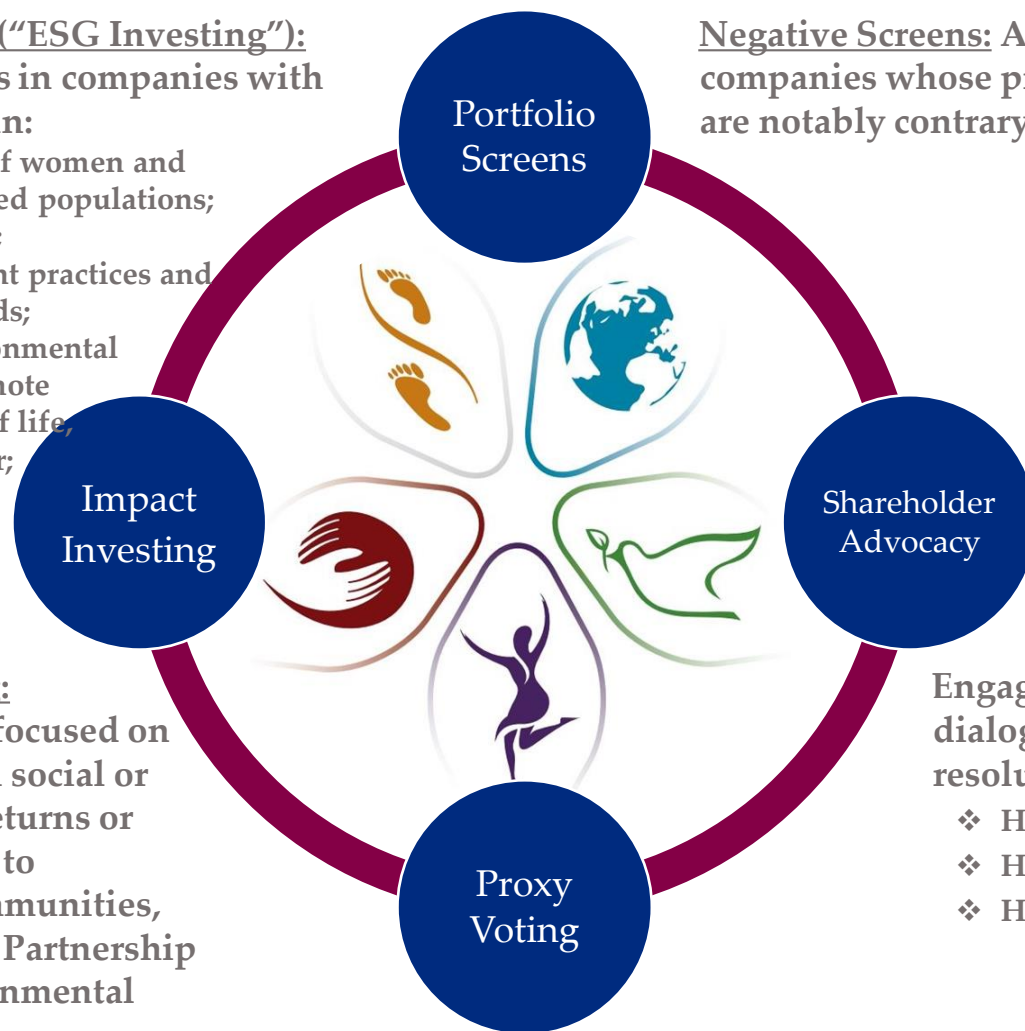
We work for peace through prayer, education, personal and communal practices of nonviolence, and legislative advocacy to reduce armed conflicts, gun violence and human rights abuses.

Comprehensive Social Responsibility

Positive Screens (“ESG Investing”):
Seek investments in companies with positive records in:

- ❖ Advancement of women and underrepresented populations;
- ❖ Board diversity;
- ❖ Just employment practices and vendor standards;
- ❖ Effective environmental policies to promote sustainability of life, especially water;
- ❖ Protection of human rights;
- ❖ Promotion of nonviolence.

Impact Investing:
Invested capital focused on achieving certain social or environmental returns or providing access to underserved communities, including Mercy Partnership Fund and Environmental Solutions Fund.



Negative Screens: Avoid investment in certain companies whose products, services or activities are notably contrary to our guiding principles:

- ❖ Abortifacient drugs or devices;
- ❖ Nuclear, chemical, biological weapons and firearms;
- ❖ Tobacco;
- ❖ Thermal coal and oil sands;
- ❖ Embryonic stem cell research;
- ❖ Pornography; and
- ❖ Speculative investments in food commodities.

Engage 130-150 companies through dialogues and filing of shareholder resolutions on:

- ❖ Human Rights & Equity;
- ❖ Healthy persons & communities;
- ❖ Healthy Planet.

Voted approximately 26,719 ballot initiatives on 2,195 U.S. and global proxies in 2021.

Active Shareholder Proponents – 2021

Mercy Investment Services actively works for change in its shareholder advocacy program, including as a prominent proposal filer.

Prominent Filers # Resolutions by Type	Social / Political	Environ	Govern.	Comp.	Total
As You Sow	33	41	0	2	76
NY State Common Retirement Fund	34	7	9	8	58
Mercy Investment Services	19	14	3	2	38 ⁽¹⁾
Sisters of St. Francis	14	3	3	2	22
Green Century Capital Mgt.	1	20	0	0	21
Calvert Research & Mgt.	18	1	0	0	19
Trillium Asset Management	11	3	2	2	18
Natl. Ctr. For Public Policy Research	15	0	3	0	18

⁽¹⁾ Incorrectly reported in the source as 26, however, total number of resolutions filed by Mercy in 2021 was 38.
Source: Sullivan & Cromwell LLP 2021 Proxy Season Review: Part 1 – July 27, 2021

➤ Below-market, high impact community investments

- » Invested in 62 partner organizations*
- » Benefitting 35.8M people in 63 countries and 50 U.S. states

➤ Celebrated 25th Anniversary in 2020

- » 10X growth since 1995
- » MPF allocation grew from 1% to up to 3% of portfolio

➤ Annual Impact Survey gauges progress on impact objectives

- » **Reducing economic poverty** for individuals and their communities, within the U.S. and globally, especially those underserved by traditional sources of capital
- » Supporting economic, health, and educational opportunities, with a special concern for **women, children, immigrants, refugees, and people of color**
- » **Protection of the environment** to ensure current and future generations have access to clean water and sanitation; affordable and clean energy; sustainable food sources; and biodiversity on land and water



Environmental Solutions Fund

Dedicated Impact

- Market-rate, scalable environmental investments
 - » focused on renewable energy, energy and water efficiency, materials recycling, green buildings and sustainable agriculture
- Launched in 2015
 - » 16X growth in commitments since inception
 - » Today, includes 30 investments
- Annual Impact Survey gauges progress on impact objectives



Selected Impacts for Calendar 2020



+7.9 GW
Capacity
Created



-11.9M
Tons CO₂
Avoided

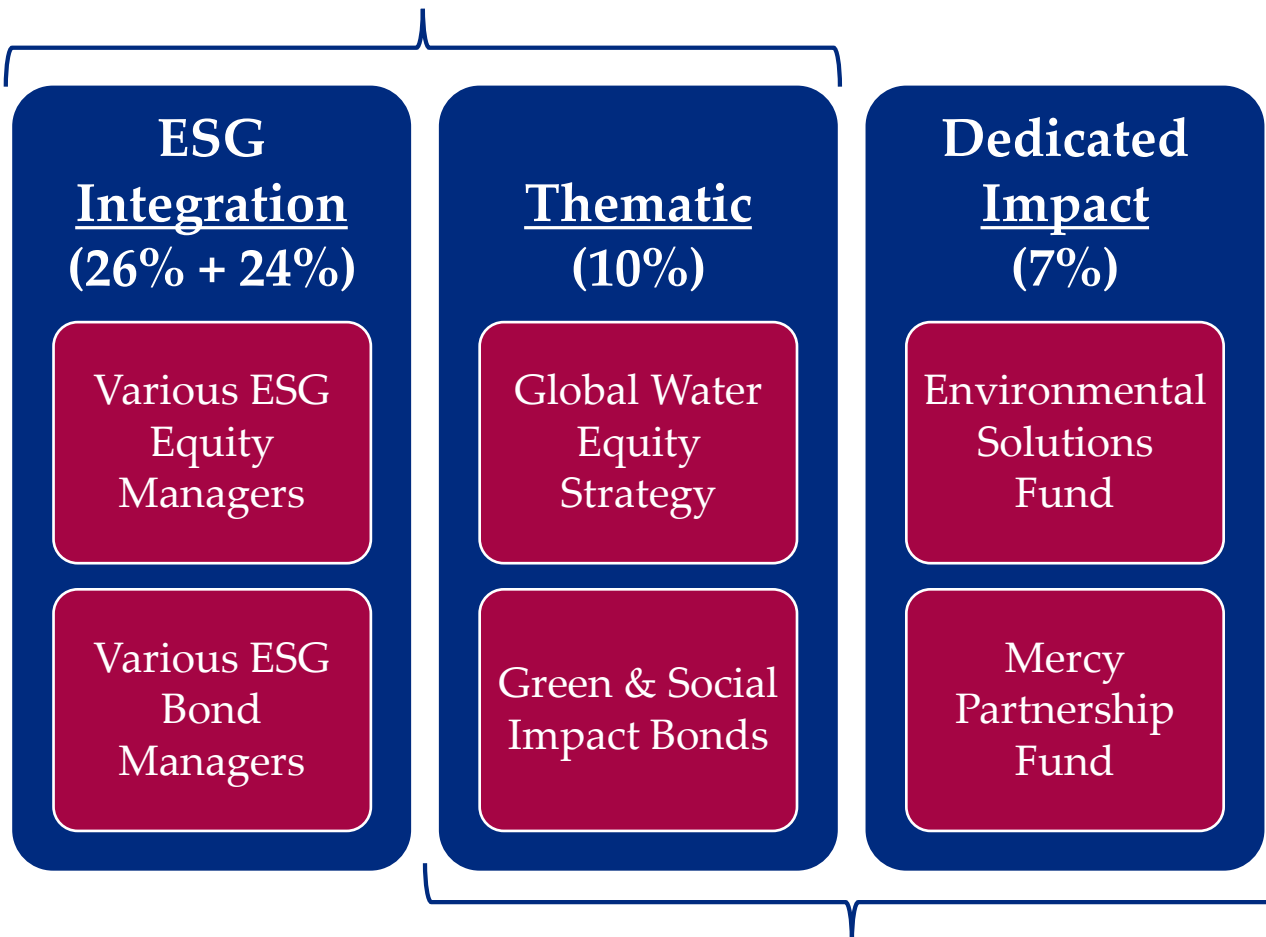
ESG, Thematic & Impact Scorecard

36% ESG & 24% Passive Carbon Overlay

*As of December
31, 2021*

Equity Focus

Fixed Income Focus



17% Impact

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Questions



Thank you to our Companions

- ▶ **Duane Roberts**, Director of Equities,
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Thank You

SeventhGenerationInterfaith.org