



Investing in Swords or Plowshares?



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2023 Catholic Social Tradition Conference
University of Notre Dame

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Executive Director
Seventh Generation Interfaith Coalition
for Responsible Investment

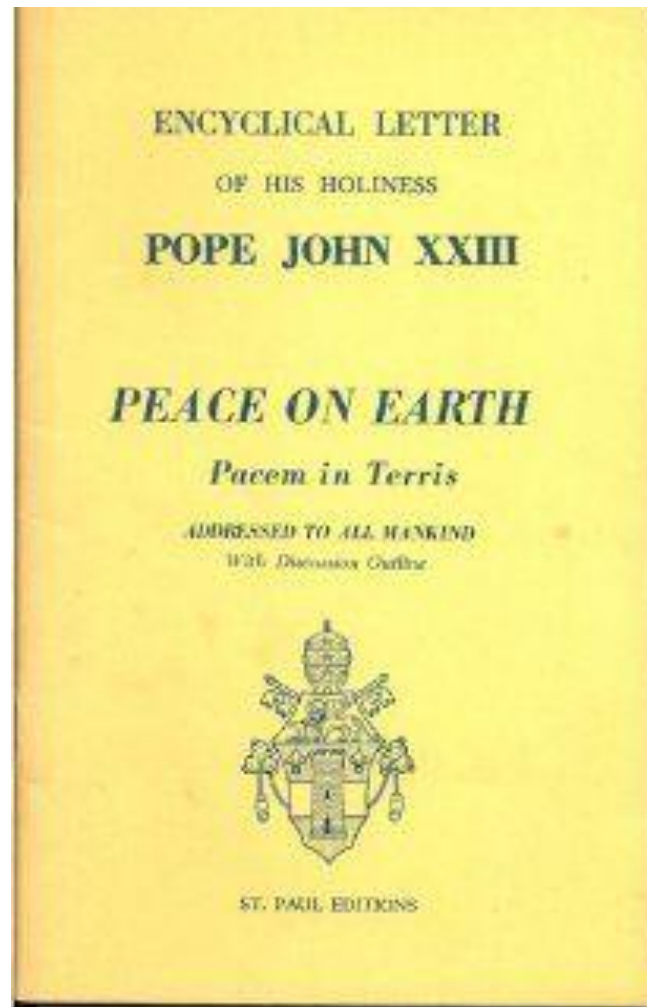
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Vice President of Stewardship Investing
Praxis Mutual Funds



Itinerary

- Faith-Consistent Investing
 - Catholic
 - Mennonite
 - ICCR
- Strategies and Tools
- How can Faith-Consistent Investing contribute to peace and peacemaking?

Pacem en Terris



USCCB SRI Guidelines

Overview

- **Foundation**
 - Pastoral Letter Economic Justice for All (1986)
 - Previous SRI Guidelines (1991, 2003)
- **Three Investing Strategies**
 - Avoid Doing Harm
 - Actively Work for Change
 - Promote the Common Good
- **Five Major Categories**
 - Protecting Human Life
 - Promoting Human Dignity
 - Enhancing the Common Good
 - Pursuing Economic Justice
 - Saving Our Global Common Home

USCCB SRI Guidelines

Negative screens

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)

Source: ISS

USCCB SRI Guidelines

Positive screens

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

USCCB SRI Guidelines

Engagement issues

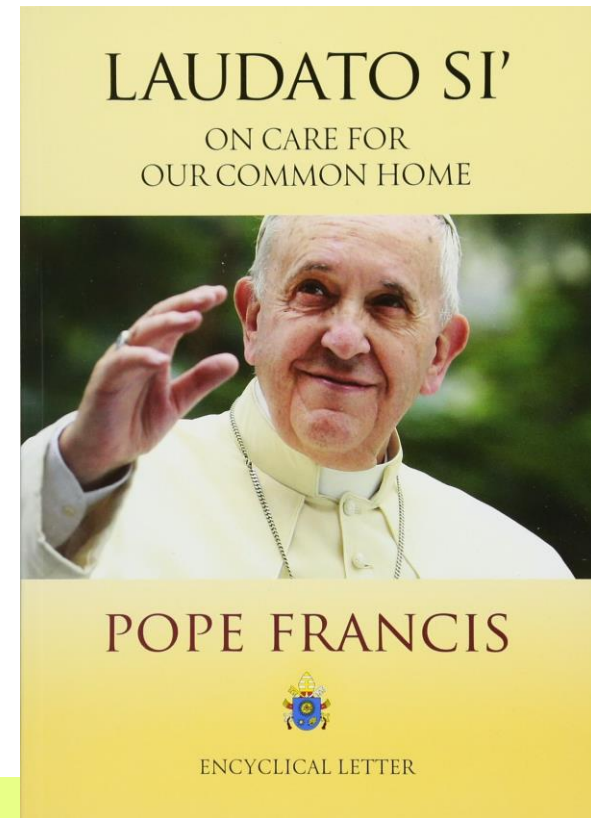
CHANGES IN THE USCCB INVESTMENT POLICIES (SUMMARISED)		
	2003	2021
Encourage investor engagement on:	<ul style="list-style-type: none"> • Promoting Human Rights • Racial and Ethnic Diversity • Access to Pharmaceuticals • Improving Labor Standards • Protecting the Environment • Sustainable Energy • Greenhouse 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

USCCB SRI Guidelines

New emphasis

“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



USCCB SRI Guidelines

New emphasis

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

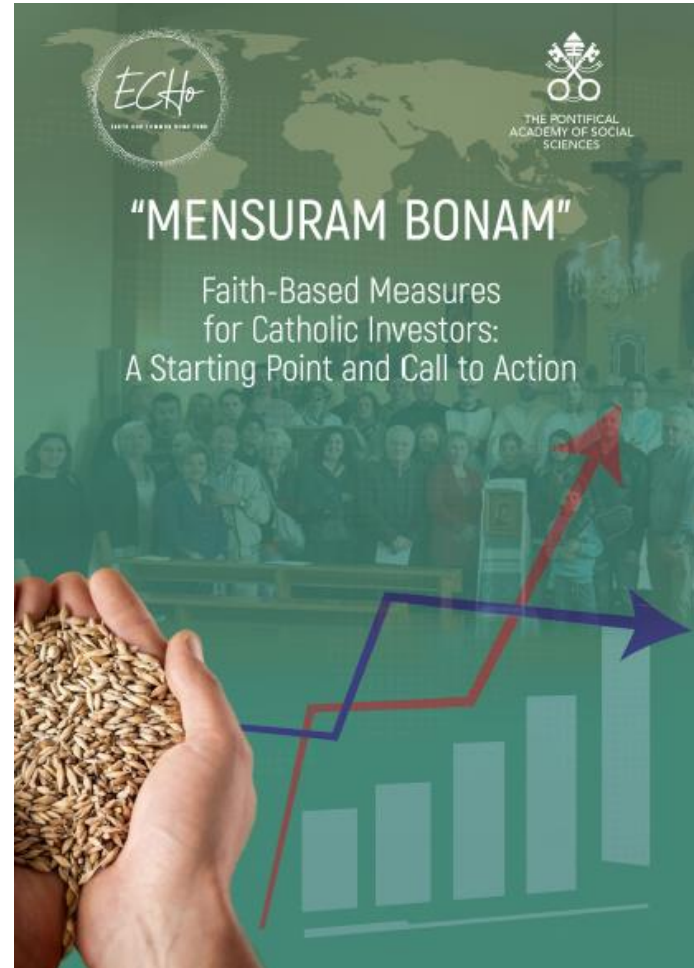
- Call for ethical, moral perspective, not merely technical or pragmatic one.

Focus on active corporate engagement

- "through corporate dialogues, proxy voting, and support of shareholder resolutions" (25 instances in the document)

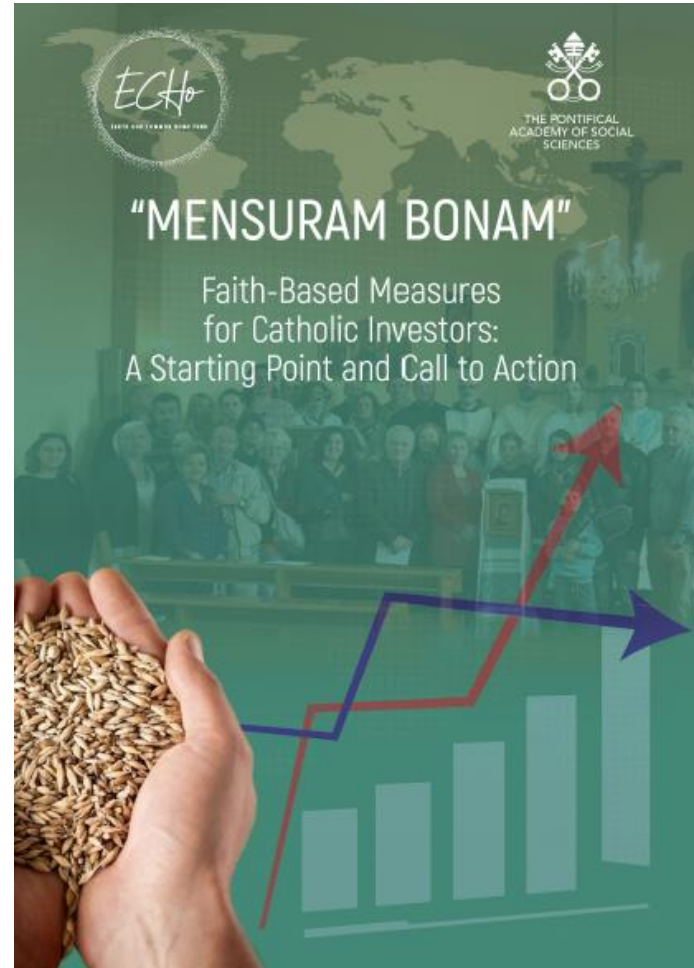
Mensuram Bonam

- **No investment of money is morally neutral:** “either God’s kingdom is being advanced by the assets we deploy, or it is being neglected and undermined.”
- **Goal is alignment:** “the commitment to greater alignment between the management of assets and the broader mission of the church should be further enhanced through cooperation between Catholic asset owners at a national and international level, including Vatican and Holy See entities.”



Mensuram Bonam

- Faith-consistent investing should be no secret: “Faith cannot be a private reality, a set of private and personal convictions and a private doctrine and worship.” [Faith] “is incomplete without a vision of the world and our place within it, namely, our works.”



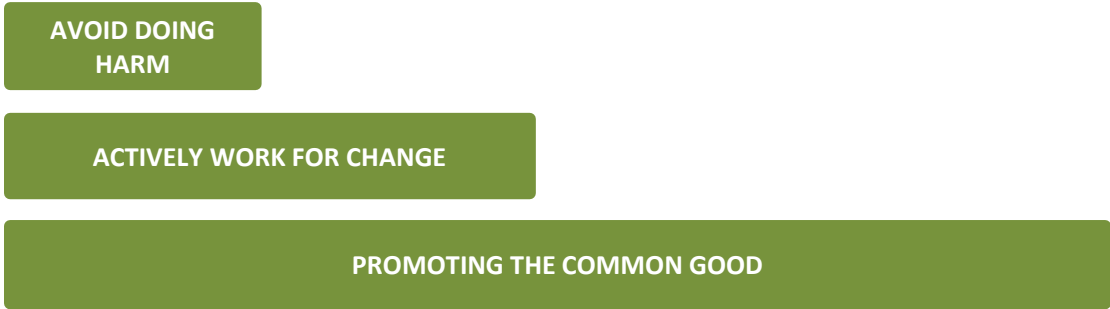
Continuum of Investment Strategies

APPROACH	TRADITIONAL INVESTMENTS	RESPONSIBLE INVESTMENTS			PHILANTHROPY
FOCUS	FINANCIAL ONLY	NEGATIVE SCREENING	ESG INTEGRATION	IMPACT INVESTMENTS	
				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				
	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>

Continuum of Investment Strategies



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

Continuum of Investment Strategies

AVOID DOING HARM

ACTIVELY WORK FOR CHANGE

PROMOTING THE COMMON GOOD

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Rooted in Faith & Impact

Anabaptist/Mennonite Christian tradition

- 500 years of faith in action

Everence Financial[®]

- Investing according to faith values since **1945**.
- Managing **\$6.2 billion** for individuals, churches and institutions (*March 31, 2022*).

Praxis Mutual Funds

- **\$2.2 billion** in AUM (*March 31, 2022*).
- Five funds, three fund-of-funds.



The Praxis origin story

- Established in 1994.
- One of the oldest faith-based fund families.
- Objective: offer retail investors the opportunity to invest with Anabaptist/ Christian values.
- Built on investing done for institutional clients for decades.
- Investment philosophy combines desire to invest with values *and* to follow Christ's call to affect real, positive change.

An Anabaptist Approach to Investing

- A 500-year tradition of peace and reconciliation
- The Anabaptist Vision
 - *Jesus is the center of our faith.*
 - *Community is the center of our lives.*
 - *Reconciliation is the center of our work.*
- “Shalom”
- Philosophy of Stewardship Investing
 - Be productive stewards of God’s gifts.
 - Care for others.
 - Recognize the power of money

Stewardship investing core values



Respect the dignity and value of all people



Build a world at peace and free from violence



Demonstrate a concern for justice in a global society



Exhibit responsible management practices



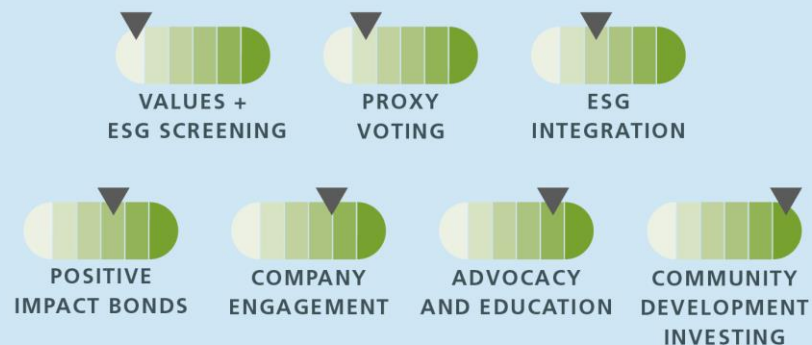
Support and involve communities



Practice environmental stewardship

Investing together, impacting the world

Praxis ImpactX | Gauging real-world change



Praxis pursues **seven** distinct impact strategies. The gauges show our take on each one's potential to promote real-world change.

Delivering impact

- A framework for understanding the range of **impact strategies** available to investors.
- A guide to the **depth of impact** possible through various strategies.
- A vision for **fully leveraging the potential** for real-world change in a consistently performing portfolio.

Interfaith Center on Corporate Responsibility (ICCR)

- Founded in 1971
- Coalition of over 300 global institutions representing more than \$4 trillion in managed assets
- Mission: Through the lens of faith, [ICCR](#) builds a more just and sustainable world by integrating social values into corporate and investor actions.



How can Faith-Consistent Investing contribute to peace?

- Responsible investors had reduced exposure to investments in Russia long before the invasion of Ukraine
- Conflicted Affected and High-Risk Areas (CAHRA):
Require enhanced human rights due diligence
 - **Where** specifically in the CAHRA is the company working?
 - With whom is the company working? A government agency? A state-owned company? A private security actor? What is that actor's documented human rights record?
 - What kind of product or service is the company providing? And how is it connected to human rights harms and the conflict write large?

Russia - Ukraine



(Credit: [B4Ukraine](https://www.b4ukraine.com))

Russia-Ukraine

- Some companies with dual-use technologies: Advanced Micro Devices, Altera (part of Intel), Analog Devices, Anderson Electronics (part of Lokos Electronics), Cypress Semiconductor (part of Infineon), HALO Electronics, Harting Technology Group, Integrated Device Technology (part of Renesas), Intel, Marvell Technology, Mini-Circuits, Motorola Solutions, M-Tron, Nexperia, NXP Semiconductors, Spansion (part of Infineon), STMicroelectronics, Texas Instruments, VBsemi, Vicor Corporation, Xilinx and Zilog.



Questions



Contacts

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