STATEMENT OF POLICY AND INVESTMENT OBJECTIVES

THE CATHOLIC FOUNDATION OF NORTH GEORGIA

August 2009
August 2010
May 2011
May 2013
October 2013
February 2015
May 2017
November 2017
December 2018
April 2019
August 2019
October 2020
October 2022
August 2023

TABLE OF CONTENTS

		PAGE
I.	INTRODUCTION	2
II.	PURPOSE	3
III.	SPENDING POLICY	3
IV.	INVESTMENT OBJECTIVES AND RESTRICTIONS	3
V.	SOCIALLY RESPONSIBLE INVESTING CRITERIA	4
VI.	TIME HORIZON	4
VII.	RISK TOLERANCE	5
VIII.	PROCEDURES	5
IX.	ASSET ALLOCATION & STYLE DIVERSIFICATION	6
X.	SELECTION & RETENTION CRITERION FOR INVESTMENTS	9
XI.	PERFORMANCE OBJECTIVES	12
XII.	CONTROL PROCEDURES	14
XIII.	COMMUNICATIONS	17

I. INTRODUCTION

The purpose of this Investment Policy Statement (IPS) is to assist the Investment Committee (the "Committee") in effectively supervising, monitoring and evaluating the investments of the Catholic Foundation of North Georgia (the "Foundation"). With the performance of these tasks, the Investment Committee is fulfilling their responsibility to the Foundation Board in the oversight and management of the Foundation investment program.

The Foundation's investment program is defined in the various sections of the IPS by:

- Stating in a written document the Committee's attitudes, expectations, objectives and guidelines in the investment of all Foundation assets.
- Setting forth an investment structure for managing all Foundation assets. This structure includes various asset classes, investment management styles, asset allocation and acceptable ranges that, in total, are expected to produce a sufficient level of overall diversification and total investment return over the long-term.
- Providing guidelines for each investment portfolio that controls the level of overall risk and liquidity assumed in that portfolio so that all Foundation assets are managed in accordance with stated objectives.
- Encouraging effective communications between the Committee, the investment consultant (the "Investment Consultant") and the investment managers (the "Investment Managers").
- Establishing formalized criteria to monitor, evaluate and compare the performance results achieved by the Investment Managers on a regular basis.

This IPS has been arrived at upon consideration by the Committee of the financial implications of a wide range of policies, and describes the prudent investment process that the Committee deems appropriate considering the charitable purposes of the Foundation and the purposes of the various funds held by the Foundation.

In addition, in developing this IPS, the Committee considered: (i) general economic conditions, (ii) the possible effect of inflation or deflation, (iii) the expected tax consequences, if any, of investment decisions or strategies, (iv) the role that each investment or course of action plays within the overall investment portfolio of the Foundation, (v) the expected total return from income and the appreciation of investments, (vi) other resources of the Foundation, and (vii) the needs of the Foundation and its various funds to make distributions and to preserve capital.

This IPS is intended to be a summary of an investment philosophy that provides guidance for the Foundation. It shall serve the Investment Managers as the principal source for developing an appropriate strategy. In addition, it shall serve as the basis for performance evaluation. Any changes in this IPS will be in writing and will be communicated to the Investment Managers.

II. PURPOSE

The Foundation holds and manages various funds, all of which are dedicated to its charitable, religious, scientific, literary, and educational purposes. The Foundation primarily makes grants to benefit Roman Catholic Church activities and programs within the Archdiocese of Atlanta and its surrounding areas, but it also, at times, makes grants to support organizations that are not affiliated with the Roman Catholic Church provided that the missions, purposes, and activities of such organizations are consistent with Roman Catholic Church teachings. This IPS was developed with the goal of assuring that these purposes can be fulfilled now and in the future.

III. SPENDING POLICY

The Foundation's spending policy is documented in the Addendum to this Investment Policy Statement.

IV. INVESTMENT OBJECTIVE AND RESTRICTIONS

The investment objectives and restrictions of the Foundation have been established in conjunction with a comprehensive review of the current and projected financial requirements. The investment objectives are:

- To achieve investment returns that will defray annual spending policy and permit some growth of the assets.
- To maximize returns within reasonable and prudent levels of risk in order to minimize chances for loss of capital.

Income with Growth Fund

The desired investment objective is a long-term rate of return on assets that is 3% greater than the rate of inflation as measured by the Consumer Price Index (CPI). The portfolio should be constructed using a total return approach with a primary goal of income and a secondary goal to seek growth of principal over time.

Catholic Legacy Growth Fund

The desired investment objective is a long-term rate of return on assets that is 5% greater than the rate of inflation as measured by the Consumer Price Index (CPI). The target rate of return for the Foundation has been based upon the assumption that future real returns will approximate the long-run rates of return experienced for each asset class in the IPS. In light of this return requirement, the portfolio should be constructed using a total return approach with a significant portion of the funds invested to seek growth of principal over time.

Moderate Growth

The desired investment objective is a long-term rate of return on assets that is 4% greater than the rate of inflation as measured by the Consumer Price Index (CPI). The target rate of return for the Foundation has been based upon the assumption that future real returns will approximate the

long-run rates of return experienced for each asset class in the IPS. In light of this return requirement, the portfolio should be constructed using a total return approach with a significant portion of the funds invested to seek growth of principal over time.

The assets are to be invested for the long term, and a higher short-term volatility in these assets is to be expected and accepted. The Committee realizes that market performance varies and that a real rate of return may not be meaningful during some periods. Accordingly, relative performance benchmarks for the managers are set forth in the "Control Procedures" section.

Over rolling 5-year periods, the Foundation's overall annualized total return, after deducting for advisory, investment management, and custodial fees, as well as total transaction costs should perform above the median of an appropriate universe.

Investment results are the critical element in achieving Foundation objectives, while reliance on additional contributions is a secondary element.

V. SOCIALLY RESPONSIBLE INVESTING CRITERIA

The Foundation recognizes and accepts its moral and ethical responsibility to steward its financial resources in a manner consistent with its vision, mission, values and core strategies. In order to fulfill this responsibility, it is the policy of the Foundation to comply to the greatest extent deemed possible with the investment policies and principles as set forth by the U.S. Conference of Catholic Bishops (USCCB), which is attached to this policy. These guidelines apply to separately managed accounts only. The Foundation understands that it would not have any control over the management of mutual funds / collective trust funds / limited partnerships in the form of Fund of Funds Hedge Funds with regard to guidelines and restrictions. However, when possible, the Foundation intends to utilize funds that generally comply with the investment guidelines as stated by the USCCB.

At least on an annual basis, the Investment Committee and its Investment Consultant will review the underlying holdings of the portfolio, including mutual funds for compliance with the socially responsible investing criteria.

VI. TIME HORIZON

The time horizon for these assets is perpetual. For strategic planning purposes, a minimum of ten years will be considered for decision-making purposes. Capital values do fluctuate over shorter periods and the Investment Committee recognizes that the possibility of capital loss does exist. However, historical asset class return data suggest that the risk of principal loss over a holding period of at least three to five years can be minimized with the long-term investment mix employed under this Investment Policy Statement.

VII. RISK TOLERANCE

The Committee recognizes the difficulty of achieving the Foundation's investment objectives in light of the uncertainties and complexities of contemporary investment markets. The Committee also recognizes that some risk must be assumed to achieve the Foundation's long-term investment objectives. Considering the future demands and expenses, the liquidity requirements of the Foundation are immaterial over the next ten years, which implies a higher risk profile is acceptable.

The Catholic Foundation's prospects for the future, current financial condition and several other factors suggest collectively that the Foundation can tolerate some interim fluctuations in market value and rates of return in order to achieve long-term objectives.

The Investment Committee recognizes that prudent investing requires taking reasonable risks in order to raise the likelihood of achieving the targeted investment returns. Research has demonstrated that portfolio risk is best minimized through diversification of assets. The portfolio of funds will be structured to maintain prudent levels of diversification. In terms of relative risk, the volatility of the portfolio should be in line with general market conditions.

VIII. PROCEDURES

The duties and responsibilities of the Investment Committee, the Investment Consultant, and the Investment Managers with regard to the funds are delineated as follows.

The Investment Committee, with active assistance and recommendations from the Investment Consultant, shall have responsibility for the following:

- Establishing overall financial objectives and setting investment policy;
- Setting parameters for asset allocation;
- Establishing a process and criteria for the selection and termination of investment program managers, custodians;
- Selecting a qualified investment management consultant;
- Selecting qualified investment manager(s);
- Selecting a qualified custodian;
- Monitoring investment results quarterly to assure that objectives are being met and that policy and guidelines are being followed;
- Reviewing the fees paid to the Investment Consultant and the Investment Managers as well as all other investment-related costs to assure that they remain appropriate and reasonable in relation to the assets, the purposes of the Foundation and the Foundation's funds, and the skills reasonably available to the Foundation;
- Communicating on a structured and ongoing basis with those persons responsible for investment results.

The Investment Consultant will be proactive in advising and making recommendations to the Investment Committee regarding:

- Investment Policy
- Asset Allocation
- Manager Selection
- Performance Evaluation
- Other investment matters and responsibilities of the Investment Committee

The Investment Managers will be responsible for the following:

- Managing the Foundation assets under their care, custody and/or control in accordance with the IPS objectives and guidelines set forth herein, and also expressed in separate written agreements when deviation is deemed prudent and desirable by the Committee.
- Exercising investment discretion within the IPS objectives and guidelines set forth herein.
- Reporting results to the Investment Committee using the same time parameters as our consultant.
- Promptly informing the Committee in writing regarding all significant and/or material matters and changes pertaining to the investment of Foundation assets, including, but not limited to:
  1) Changes in investment strategy, portfolio structure, tactical approaches and significant market value of managed assets;
  2) Changes in the ownership, organizational structure, financial condition, and/or professional staff of the firm; and,
  3) All material legal, SEC and other regulatory agency proceedings affecting the firm.
- Promptly voting all proxies and related actions in a manner consistent with the long-term interests and objectives of the Foundation set forth herein. Each manager shall keep detailed records of said voting of proxies and related actions and will comply with all regulatory obligations related thereto.
- Utilizing the same care, skill, prudence and due diligence under the circumstances then prevailing that experienced, investment professionals acting in a like capacity and fully familiar with such matters would use in like activities for like endowment funds with like aims.
- Acknowledging and agreeing in writing to their fiduciary responsibility to fully comply with the entire IPS set forth herein, and as modified in the future.
- Determining investment strategy.
- Implementing security selection and timing within policy guideline limitations.

IX. ASSET ALLOCATION & STYLE DIVERSIFICATION

Research suggests that the decision to allocate total assets among various asset classes will far outweigh security selection and other decisions that impact portfolio performance. The Committee has reviewed the long-term performance characteristics of various asset classes,

focusing on balancing the risks and rewards of market behavior. The following asset classes were selected:

- United States Government Bonds (Intermediate & Long Term)
- Agency Bonds (Intermediate & Long Term)
- Cash & Cash Equivalents
- Investment Grade Corporate Bonds (Intermediate & Long Term)
- Non-Investment Grade Corporate Bonds
- International Equity (Developed & Emerging Markets)
- Large Cap Growth Equity
- Large Cap Value Equity
- Mid Cap Equity
- Small Cap Growth Equity
- Small Cap Value Equity
- Alternatives (i.e. Real Estate, Hedge Funds, Alternative mutual funds)

Additional asset classes and style strategies may be incorporated into the investment philosophy in the future.

A. Summary of Asset Allocation Guidelines:

Based on the Foundation's time horizon, risk tolerance, performance expectations and constraints, the following asset allocation strategies has been identified to achieve the objectives of the Foundation:

Income with Growth Fund

Asset Category	Minimum	Target	Maximum
Cash	**0%**	**2%**	**10%**
Fixed Income	**45%**	**58%**	**65%**
Domestic Fixed Income	25%	36%	50%
Diversified Fixed Income	0%	10%	15%
Short Duration High Yield	0%	5%	10%
High Yield	0%	7%	10%
Equity	**30%**	**40%**	**50%**
Large Cap	15%	20%	35%
Small Cap	0%	5%	10%
Diversified Real Assets	0%	5%	10%
Global REITs	0%	5%	10%
International	0%	5%	10%
Alternative Investments	**0%**	**0%**	**10%**

Catholic Legacy Growth Fund

Asset Category	Minimum	Target	Maximum
Cash	**0%**	**2%**	**10%**
Fixed Income	**15%**	**23%**	**30%**
Domestic Fixed Income	7%	13%	20%
Diversified Fixed Income	0%	10%	15%
Equity	**55%**	**65%**	**75%**
Large Cap	25%	30%	50%
Small Cap	0%	10%	15%
Small Cap Growth	0%	5%	10%
Small Cap Value	0%	5%	10%
Diversified Real Assets	0%	5%	10%
International	0%	10%	15%
International Small Cap	0%	5%	10%
Emerging Markets	0%	5%	10%
Alternative Investments	**0%**	**10%**	**15%**

Moderate Growth

Asset Category	Minimum	Target	Maximum
Cash	**0%**	**0%**	**10%**
Fixed Income	**15%**	**40%**	**50%**
Equity	**50%**	**60%**	**70%**

B. Rebalancing Procedures

From time to time, market conditions may cause the investment in various asset classes to vary from the established allocation. At least on an annual basis, the Investment Committee and its Investment Consultant will review both the specific asset allocation (equity versus fixed) and the style targets for possible rebalancing back to the target allocation, to ensure consistency with the asset allocation guidelines established by this investment policy. If the actual weighting goes above / below the maximum / minimum weighting intra-year, rebalancing may be recommended.

C. Adjustment in the Target Allocation

The approved asset allocation displayed previously indicates both an initial target allocation and a range for each investment category. From time to time, based on changing economic circumstances of the Foundation as perceived by the Investment Committee and their advisors, it may be desirable to make changes in the target allocations. The Investment Committee and their advisors may determine such changes. Subsequent target allocation changes will be approved by the Investment Committee and the Investment Policy Statement will be updated accordingly.

X. SELECTION AND RETENTION CRITERION FOR INVESTMENTS

A. Investment Management

The Committee, with the assistance of the Consultant will select appropriate investment managers to manage the Foundation assets. Investment managers must meet the following criteria:

- Must be a bank, insurance company, or investment adviser as defined by the Registered Investment Advisers Act of 1940.
- The investment manager must provide GIPS-compliant historical quarterly performance numbers calculated on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment style, and reported net and gross of fees.
- The manager must provide detailed information on the history of the firm, key personnel, key clients, fee schedule, and support personnel. This information can be a copy of a recent Request for Proposal (RFP) completed by the manager. A current Fee schedule must be included.
- The manager must clearly articulate the investment strategy that will be followed.

In evaluating investment managers, the Committee will consider, among others, the following factors:

- The investment style and discipline of the proposed manager;
- How well each proposed investment complements other assets in the portfolio;
- The size of the organization as measured by the amount of assets under management with respect to the investment style under consideration;
- Experience of the organization as measured by the tenure of the professionals with respect to the investment style under consideration;
- Past performance, considered relative to other investments having the same investment objective. Consideration shall be given to both performance rankings over various time frames and consistency of performance;
- The historical volatility and down-side risk of each proposed investment;
- The appropriateness of the fees proposed in relation to the assets, the purposes of the Foundation and the Foundation's funds, and the skills reasonably available to the Foundation.

B. Individual Securities

The Investment Committee desires to permit investment managers flexibility to maximize investment opportunities. However, it is cognizant of its responsibility to practice prudent management in order to conserve and protect Fund assets and to prevent exposure to undue risk. Exceptions to the guidelines stated below may be made upon special written approval of the Committee and shall be subject to annual review.

The following constraints on individual holdings apply to separately managed accounts. The Foundation may use mutual funds or commingled vehicles and understands that they would not have any control over the management of such funds with regard to guidelines and restrictions. However, when possible, they intend to utilize funds that generally comply with the investment guidelines stated in this Investment Policy Statement.

i) Equity Holdings:

Security Types:

Equity securities shall consist of common stocks and equivalents (ADRs, issues convertible into common stock, etc.) and MLPs traded on a recognized exchange. There are no specific constraints as to earnings record and dividend policy.

Diversification:

No more than seven percent (7%) of the market value of the equity portfolio shall be in one issue. (If more than one investment manager manages equities, this restriction shall apply separately to each equity portfolio.)

Quality:

There are no qualitative guidelines with regard to equity ratings, etc., except that prudent standards should be developed and maintained by the Investment Manager(s).

Restrictions:
Investment in the following is prohibited unless written permission is granted:

- Derivative investments (futures or option contracts) for speculative purposes (as opposed to protection of asset value: *Covered call writing is permissible*)
- Direct ownership of letter stock and other unregistered securities
- Restricted stock
- Venture capital
- Short sales
- Margin transactions
- Securities lending

Diversified Real Assets
Investments in publicly traded real assets may be used to diversify the Endowment's total portfolio. Publicly trade real asset investments can be made in the form of public REITs, listed infrastructure, master limited partnerships (MLPs), Treasury Inflation-Protected Securities (TIPS), Natural Resources equities, and commodities.

ii) Fixed Income Holdings:

Security Types:

Investment in obligations of the U.S. Government, including Treasury Inflation-Protected Securities (TIPS), U.S. Government Agencies, U.S. Corporate entities, Mortgage Backed Securities (MBS), Preferred Stock, Collateralized Mortgage Obligations, Asset Backed Securities, Taxable Municipal securities, Commercial Mortgage Backed securities (CMBS), non-US sovereign debt obligations (including bonds issued in local currencies), debt issued by corporations domiciled outside the US, REIT debt and dollar denominated foreign bonds is permitted unless otherwise prohibited by investment restrictions.

Diversification:

With the exception of U.S. Treasury and Agency obligations, no more than five percent (5%) of the fixed income portfolio at market shall be invested in a single issue or corporate entity. If more than one investment manager manages fixed income, these restrictions apply separately to each portfolio.

Maturity:

The investment managers shall have responsibility for setting the appropriate maturity schedule for the fund based on the fund's investment objectives and risk profile. Based on current and expected market conditions, the manager should determine the structure that will yield optimal performance.

Quality:

Each debt instrument selected for investment shall be subjected to credit analysis by the investment manager prior to inclusion in the portfolio. With the exception of the high yield allocation, the fixed income portfolio will be subject to the following constraints: The minimum acceptable quality is investment grade at the time of purchase by Moody's Investor Service (Baa) or Standard and Poor's (BBB) with the exception of 20% of the value of fixed income portfolio, which could be invested in below investment grade securities. The weighted average quality of the fund shall be A or better.

Restrictions:

Investment in the following is prohibited without written permission:

- Private Placements (However, private placement medium term notes and securities issued under SEC Rule 144A are permitted)
- Municipal or other tax exempt securities
- Margin purchases or borrowing money to effect leverage into the portfolio
- Inverse floater, interest only and principal only mortgage structures

iii) Alternative Investments:

Investments in hedge funds are permitted. Hedge funds and funds of hedge funds will be held in the forms of professionally managed pooled limited partnerships offered by investment managers with proven records of superior performance over time.

Hedge Funds are subject to the same due diligence process as traditional investments; however, due to their unique nature, additional criteria are to be considered. Additional criteria include, but are not limited to:

- For direct hedge funds, transparency of underlying positions
- For fund of hedge funds, transparency of the underlying hedge funds and to some degree their individual positions;
- Liquidity terms to include lock-up period and frequency of withdrawals;
- No significant degree of leverage utilized at the fund of funds level;
- No excessive financial leverage for direct hedge funds
- Financial commitment of the General Partner in the fund;
- Length of actual performance track record (no back tested results);
- For fund of funds, sufficient documentation for due diligence, on-going monitoring and financial controls;
- For direct funds, sufficient documentation of compliance controls.

iv.) Cash/Cash Equivalents:

Cash equivalent reserves shall consist of U.S. Treasuries, U.S. Government Agencies, or SEC regulated U.S. government money market funds. The average maturity of the portfolio shall not exceed one year.

XI. PERFORMANCE OBJECTIVES

The overall fund performance will be reviewed on a quarterly basis, with long term emphasis placed on results achieved over a three to five year period. Objectives will be reviewed annually and adjusted, if necessary, after consultation with the Investment Committee, Investment Consultant and Investment Managers.

A. Total Fund:

Catholic Legacy Growth Fund and Income with Growth Fund
Fund performance will be compared to the performance of a similarly structured balanced index in line with the target allocation in each strategy. This custom index will be comprised of the S&P 500 Index (or Russell 1000 Index), Russell 2000 Index, EAFE International Index, MSCI Emerging Markets, Bloomberg Barclays Aggregate Bond Index, FTSE World Government Bond Index, and Citigroup 30 day Treasury Bill Index and/or other appropriate indices. The Fund should at least equal the performance of the custom balanced index.

Moderate Growth
Fund performance will be compared to the performance of a similarly structured balanced index in line with the target allocation in each strategy. This custom index will be comprised of the 40%

Bloomberg Barclays Aggregate Bond Index, 45% Russell 3000 Index, and 15% MSCI All Country World Index ex US.

B. Equity Segment:

The performance of the domestic large cap equity portion of the Fund is expected to meet or exceed the performance of S&P 500 Composite Index, the S&P/Citigroup Growth/Value Index or the Russell 1000 Growth/Value Index depending on the manager's investment style.

The returns of the large capitalization equity portion of the Fund should rank in the top thirty-three percent (33%) of a nationally recognized evaluation service's universe for comparable funds and investment styles over rolling three to five year time periods.

The performance of the small capitalization equity portion of the Fund should meet or exceed the performance of the Russell 2000 Small Stock Index, S&P 600, or the Russell 2000 Value/Growth Index, depending on the manager's investment style.

The returns of the small capitalization equity portion of the Fund should rank in the top thirty-three percent (33%) of a universe for comparable funds over a rolling three to five year time periods.

The performance of the international equity portion of the Fund should meet or exceed the performance of the Morgan Stanley Capital International's Europe Australia Far East (EAFE) Index.

The returns of the international equity portion of the Fund should rank in the top thirty-three percent (33%) of a universe for comparable funds over a rolling three to five year time periods.

The performance of the international equity portion of the Fund should meet or exceed the performance of the Morgan Stanley Capital International's Europe Australia Far East (EAFE) Small Cap Index.

The returns of the international equity portion of the Fund should rank in the top thirty-three percent (33%) of a universe for comparable funds over a rolling three to five year time periods.

The performance of the emerging markets equity portion of the Fund should meet or exceed the performance of the Morgan Stanley Capital International's Emerging Markets Index.

The Diversified Real Assets portion of the portfolio is expected to produce returns similar to indices which represent the sub-asset classes in which the fund(s) invest while exhibiting less volatility. Therefore, risk adjusted returns will be evaluated.

The performance of the Global Real Estate Investment (REIT) portion of the Fund should meet or exceed the performance of the FTSE EPRA/NAREIT Developed or S&P Global REIT Index.

The returns of the Global Real Estate Investment (REIT) portion of the Fund should rank in the top thirty-three percent (33%) of a universe for comparable funds over a rolling three to five year time periods.

C. Fixed Income Segment:

The performance of the fixed income portion of the Fund is expected to meet or exceed the performance of the Bloomberg Barclays Aggregate index, BofA Merrill Lynch High Yield Master Index, BofA Merrill Lynch High Yield Corp Cashpay BB 1-3 Yr, FTSE World Government Bond Index, or other appropriate index or mix of indices, which reflect the fixed income portion of the portfolio.

The returns of the fixed income portion of the Fund should rank in the top forty percent (40%) of a universe for comparable fixed income funds over a three to five year time period.

D. Alternative Investments:

The Investment Subcommittee recognizes that benchmarks for alternative investments, more specifically hedge funds, are imperfect. Hedge fund indexes are created from hedge fund databases. There is no complete database because inclusion in these databases is voluntary and they are subject to survivorship bias. Additionally, each hedge fund, including fund of funds, has diverse investment objectives and characteristics making like comparisons difficult.

To aid in the on-going evaluation of the alternative investment portion of the portfolio, Fund of Funds Hedge Fund investments and liquid alternative mutual funds will be compared to the following benchmarks:

- Appropriate HFR Index based on the fund's strategy
- Citigroup One-Month Treasury Bill plus an appropriate premium
- Other benchmark designated by the Manager

E. Cash Segment:

The performance of the fixed income portion of the Fund is expected to meet or exceed the performance of the Citigroup 3-month T-bills Index or other appropriate index or mix of indices, which reflect the cash portion of the portfolio.

XII. CONTROL PROCEDURES

A. Review and Evaluation of Investment Objectives:

Investment performance will be reviewed at least annually to determine the continued feasibility of achieving the investment objectives and the appropriateness of the IPS for achieving those objectives.

It is not expected that the IPS will change frequently. In particular, short-term changes in the financial markets should not warrant adjustments to the IPS.

B. Review and Evaluation of Investment Manager(s):

The Investment Committee will meet at least annually with the Investment Managers or their representatives. Additionally, with or without the Investment Managers, the Investment Committee will review investment results quarterly.

These reviews will focus on:

- The Investment Managers' adherence to the IPS guidelines;
- Comparison of the managers' results to the objectives established for each fund or Investment Manager as the case may be;
- Comparison of the managers' results against funds using similar policies (in terms of the stock/bond ratio and style);
- Opportunities available in both the equity and bond markets; and,
- Material changes in the Investment Managers' organizations, such as philosophical or personnel changes.
- The Foundation's performance results compared to the manager's overall performance figures to determine unaccounted for dispersion between the manager's reported results and the Foundation's actual results.

The Investment Committee may discharge or replace a manager at any time it deems such action necessary and appropriate.

Guidelines for evaluation, retention, and replacement of Investment Managers will be as follows:

- Establish appropriate benchmark/index to which to compare Investment Managers' performance.
- Establish performance target: To outperform benchmark/index and to achieve investment returns:
  - in the top thirty-third percentile (33%) of peer manager/fund groups for equities over a three to five year period
  - in the top fortieth percentile (40%) of peer manager/fund groups for fixed income over a three to five year period
  - Monitor managers'/funds' performance on a quarterly basis and compare to selected index and peers with similar styles and objectives.

An Investment Manager will be rated in a "Favorable Status" if they are delivering favorable performance and there are no outstanding organizational issues.

An Investment Manager will be in a "Caution Status" if:

For Equities:

- Investment Manager's three year performance is below the 50th percentile of their peer universe, or they are trailing the style benchmark, or
- Investment Manager's five plus year performance is below the 33rd percentile of their peer universe, or they are trailing the style benchmark

For Flexible Fund(s):

- The flexible funds portion will be compared to their individual stated objectives. In the event multiple flexible fund(s) are used in the category, emphasis will be placed on the performance of the flexible fund(s) portion as whole. Flexible fund(s) may be placed on caution status if the Consultant determines the fund is not achieving its stated objective.

For Fixed Income:

- Investment Manager's three year performance is below the 50th percentile of their peer universe, or they are trailing the style benchmark, or
- Investment Manager's five plus year performance is below the 40th percentile of their peer universe, or they are trailing the style benchmark.

For Alternative Investments

- Manager's one year performance is negative, failing to preserve capital; or
- Manager's three year performance is below any of the indexes as listed below and, in the Consultant's opinion, represents sub-par results; or
  - For hedge funds:
    - The appropriate HFR Index
    - Other benchmark designated by the Manager and agreed upon by the Consultant and the Committee
- Committee has concerns resulting from the review of ongoing documentation.

An Investment Manager will also be considered on "Caution Status" if there is a material change in the ownership structure of the Investment Manager's organization, or there is a departure of key investment professionals.

An Investment Manager that falls in "Caution Status" should undergo a formal review by the Investment Consultant. The review will address how the Investment Manager will move back to "Favorable Status" or recommend termination. An Investment Manager can move back to "Favorable Status" by improving its performance above the criteria as listed above. Highest priority will be given to those failing to meet the five-year target and next to those failing to meet the three-year target. There may be situations where immediate problems, questions or short-

term performance issues arise regarding an Investment Manager and the priority will shift to review these situations first.

In addition to the above, immediate termination of managers should be considered:

- When they deviate from the Investment Committee's instructions
- When they deviate substantially from their investment disciplines and process
- When Investment Committee members have any material problem or concern regarding the Investment Manager

XIII. COMMUNICATIONS

Month-end accounting of transactions and portfolio holdings, ending portfolio and holdings values will be provided by the custodian(s).

Quarter-end regular accounting of transactions, portfolio holdings, yields, current market values, summary of cash flows, calculations of the portfolio's total rate of return on a latest quarter, year-to-date and since inception basis will be provided by each Investment Manager.

The Investment Managers will maintain communication with the Foundation and the Investment Consultant with as reasonable frequency as market conditions and the portfolio warrant. Major market conditions and major portfolio changes should be called to the attention of the Foundation and the Investment Consultant by the Investment Managers.

Significant changes within the Investment Managers' operations of personnel and the anticipated impact on the funds should be brought to the attention of the Foundation and the Investment Consultant immediately. If any changes are made to key personnel, ownership or any other critical areas of the firm, the client should be promptly informed.

The Investment Consultant will provide comparative performance evaluation reports quarterly.

Accepted by:

_____ _____

Date

INVESTMENT POLICY STATEMENT ADDENDUM

THE CATHOLIC FOUNDATION OF NORTH GEORGIA

ENDOWMENT SPENDING POLICY

This following Endowment Spending Policy governs the accumulation and expenditure of endowment funds held, managed and used by The Catholic Foundation of North Georgia (the "Foundation"). For purposes of this policy, an endowment fund is a fund, or a part of a fund, held by the Foundation that, under the terms of a gift instrument, is not wholly expendable by the Foundation on a current basis.

Primary Objectives

The Foundation manages endowment funds that were created by gifts from a number of donors. These endowment funds are intended to provide the Foundation with a source of revenue for grantmaking in perpetuity. The following Endowment Spending Policy, therefore, was selected to achieve the following primary objectives (in concert with the Foundation's Investment Policy):

- To provide a predictable and stable stream of revenue to support the Foundation's grantmaking;
- To ensure that the real (inflation-adjusted) value of this revenue stream is maintained over the long term;
- To maintain the real (inflation-adjusted) purchasing power of the endowment funds over time; and
- To assure that the Foundation's endowment funds continue to exist in perpetuity.

Factors Considered

In developing this Endowment Spending Policy, the Board of Directors considered (i) the duration and preservation of the endowment funds, (ii) the purposes of the Foundation and the endowment funds, (iii) general economic conditions, (iv) the possible effect of inflation and deflation, (v) the expected total return for the endowment funds from income and the appreciation of investments, (vi) other resources of the Foundation, and (vii) the Foundation's Investment Policy.

Spending Policy

After considering the primary objectives to be achieved by this Endowment Spending Policy and the factors noted above, the Board of Directors has determined that (except where the terms of a gift instrument explicitly provide otherwise, such as for a capital project) the following target spending rate and spending rule are prudent for the uses, benefits, purposes, and duration for which the endowment funds were established:

Target Spending Rate. The target spending rate is the percent of the endowment funds that may be distributed for use by the Foundation each year. The target spending rate will be set at 4% but will be subject to change by a vote of the Board of Directors.

Spending Rule. In order to provide a predictable, stable stream of revenue, the Board of Directors has adopted a mechanism to reduce the volatility of available distributions for the Foundation's grantmaking. The Foundation will use a spending rule that applies the target spending rate to the average of the market value of the endowment funds at the end of the previous twenty quarters. Such a formula greatly increases the predictability and stability of the revenue stream generated by the endowments.

Accounting Considerations

In accordance with current Georgia law, there will be no fixed maximum or minimum expenditure from any endowment fund, amounts contributed to an endowment fund will be permanently restricted, all unrealized gains and all realized gains in any endowment fund that are not currently expended will be temporarily restricted for the purposes of the endowment fund, there will be no obligation to restore any unrealized or realized losses in any endowment fund, any unrealized or realized losses will reduce the temporarily or permanently restricted funds in an endowment fund, and there will be no restriction on any expenditures from any endowment fund that has incurred unrealized or realized losses. Rather, all such expenditures will be governed by this Endowment Spending Policy, as adopted or amended from time to time by the Board of Directors.

Changes to Endowment Spending Policy

Changes to this Endowment Spending Policy may only be made by the Board of Directors by majority vote.

SOCIALLY RESPONSIBLE INVESTMENT GUIDELINES FOR THE UNITED STATES CONFERENCE OF CATHOLIC BISHOPS

Socially Responsible Investment Guidelines for the United States Conference of Catholic Bishops were developed by the Committee on Budget and Finance of the United States Conference of Catholic Bishops (USCCB). They were approved by the full body of the USCCB at its November 2021 General Meeting and have been authorized for publication by the undersigned.

Rev Michael J. K. Fuller
General Secretary, USCCB

The USCCB does not endorse the services or products of any financial advisors and investment firms.

Scripture excerpts used in this work are taken from the New American Bible, Revised Edition, copyright © 2010, 1991, 1986, 1970 Confraternity of Christian Doctrine, Inc., Washington, DC. All rights reserved.

Copyright © 2021, United States Conference of Catholic Bishops, Washington, DC. All rights reserved.

SOCIALLY RESPONSIBLE INVESTMENT GUIDELINES FOR THE UNITED STATES CONFERENCE OF CATHOLIC BISHOPS

November 2021

INTRODUCTION

The Apostle Peter teaches: "As each one has received a gift, use it to serve one another as good stewards of God's varied grace" (1 Pt 4:10). To be good stewards of the economic gifts and institutions we have, they must be directed and used in ways that do precisely as St. Peter says. His successor, Pope Francis, has elaborated on this point, noting that, too often, economic progress is defined only by increased production and profit. "Put simply, [then,] it is a matter of redefining our notion of progress. A technological and economic development which does not leave in its wake a better world and an integrally higher quality of life cannot be considered progress."[1] As "my predecessor Saint Paul VI reminded us," quoting from *Populorum progressio*, Pope Francis said, "authentic development cannot be restricted to economic growth alone but must foster the growth of each person and of the whole person."[2]

With the purpose of carrying out these instructions, we have developed these guidelines for socially responsible investment.[3] They build and expand upon earlier guidelines developed and used by the United States Conference of Catholic Bishops (USCCB or Conference). In order to function effectively and to carry out its mission, the Conference depends on a reasonable return on its investments and is required to operate in a fiscally sound, responsible, and accountable manner. The combination of religious mandate and fiscal responsibilities suggests

---

[1] Pope Francis, *Laudato si'*, no. 194.

[2] Pope Francis, *Address of His Holiness Pope Francis to the Members of the Council for Inclusive Capitalism*, (Monday, 11 November 2019) quoting Pope Paul VI, *Populorum progressio*, no. 14, http://www.vatican.va/content/francesco/en/speeches/2019/november/documents/papa-francesco_20191111_consiglio-capitalismo-inclusivo.html.

[3] Note: The United States Conference of Catholic Bishops (USCCB) does not endorse the services or products of any financial advisors and investment firms.

the need for clear policies to guide the Conference's investments and other activities related to corporate responsibility. As in the past, we will apply these guidelines when exercising our role as stewards of the resources entrusted to us by the People of God in order to further the mission of the Church.[4] Many dioceses, eparchies, and religious communities have also been seeking to apply these guidelines through their own policies on corporate responsibility. We hope that they are helpful to others who wish to be both ethical and responsible to the common good in the investments they make.

PART ONE: PRINCIPLES FOR USCCB INVESTING

I. SOCIAL DOCTRINE

Over thirty years ago, the Catholic Bishops in the United States wrote on how to proclaim the Gospel "in the midst of a complex and powerful economy."[5] Our predecessors noted that "economic decisions have human consequences and moral content; they help or hurt people, strengthen or weaken family life, advance or diminish the quality of justice in our land."[6] To proclaim the Gospel in such a complex economic world, they concluded, requires a prudent strategy where decisions are made by following the moral teaching of the Church. In her teaching, the Church offers crucial and valuable principles to apply to specific situations and questions.

These are not the only principles to be followed, but they offer a good beginning of how to start. From a Catholic perspective, ethical and socially responsible investing, as the strategy has come to be known, requires us to evaluate specific investments in terms of how those companies or entities protect life, promote human dignity, act justly, enhance the common good, and provide care for the environment. These are broad categories, but they are also necessary human values. As Pope Francis reminds us, "All true values, human values, are non-negotiable. … Jesus gave us a set of key words with which he summed up the grammar of the Kingdom of God: The

[4] See *Code of Canon Law*, cc. 222, 1254, 1261 and 1284 § 1; and *Code of Canons of the Eastern Churches*, cc. 25, 1007, and 1028 § 1.

[5] National Conference of Catholic Bishops, *Economic Justice for All*, Introduction, (1986), no. 1.

[6] *Economic Justice for All*, Introduction, no. 1.

Beatitudes. They begin with the hope of the poor for fullness of life, for peace and fraternity, for equality and justice."[7]

II. Principles of Stewardship

It is true that most "shareholders today exercise relatively little power in corporate governance. Although shareholders can and should vote on the selection of corporate directors and on investment questions and other policy matters, 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."[8]

The entangled web of corporate relationships that is today's economy almost makes it impossible to know all the effects investing in a single company, specific security, or investment fund can produce. Nevertheless, we must do all we can to assure that we invest in those corporations and institutions that promote human dignity and enhance the common good. "Looking to the common good is much more than the sum of what is good for individuals. It means having a regard for all citizens and seeking to respond effectively to the needs of the least fortunate."[9]

What this means in terms of investments is that revenue should not be gained if it is gained by unjust means, comes at the expense of human life, reduces the human dignity of others, or leads to the destruction of our common home. Investment strategies are to be based on Catholic moral principles as outlined in the teachings of the Holy See and the statements of the USCCB. Companies, securities, or investment funds that produce a significant amount of revenue from immoral activities should not be invested in. Defining what constitutes a significant amount is a matter of prudence as defined in the policies below.

Two principles of stewardship must guide the path of socially responsible investing:

---

[7] Pope Francis, *Let Us Dream: The Path to a Better Future*, (New York: Simon & Schuster, 2020), 52.

[8] Economic Justice for All, no. 306.

[9] Let Us Dream: The Path to a Better Future, 27.

Principle 1:

The Conference should exercise responsible financial stewardship over its economic resources. In practical fiscal terms, this means obtaining a reasonable rate of return on investments. A reasonable rate of return is considered one that matches the level of the market or at the least allows the Conference to meet its fiduciary responsibilities and maintain its mission. This requires prudence and caution in terms of the risks taken or not taken.

Principle 2:

The Conference should exercise ethical and social stewardship in its investments. Socially responsible investment involves investment strategies based on Catholic moral principles. These strategies are based on the moral demands posed by the virtues of prudence and justice. They recognize the reality that socially beneficial activities and socially undesirable or even immoral activities are often inextricably linked in the products produced and the policies followed by individual corporations. Nevertheless, by prudently applying traditional Catholic moral teaching, and employing traditional principles on cooperation and toleration, as well as the duty to avoid scandal, the Conference can invest wisely and ethically.

III. Investing Strategies

From these two principles of stewardship, a strategy can be developed to identify investment opportunities that can meet the Conference's financial needs while also acting ethically, following the moral criteria of the Church's social doctrine. This will require the Conference to:

First, *Avoid Doing Harm*

This strategy involves two possible courses of action:

1) refusal to invest in companies whose products and/or policies are counter to the values of Catholic moral teaching or statements adopted by the Conference of Bishops,

2) divesting from such companies.

The decision to divest, or to refuse to invest, would be based on the principle of cooperation and the avoidance of scandal. It would have to be done prudently, with care taken to minimize the financial impact and possible other negative consequences. In some cases, Conference policy may not absolutely require divestment, but significant Conference investments in these areas might cause confusion or scandal. In these cases, prudence would be the guiding principle.

Second, *Actively Work for Change*

This strategy involves actively using the Conference's position as shareholder to influence the corporate cultures and to shape corporate policies and decisions. “As part owners, [investors] must cooperate in shaping the policies of those companies through dialogue with management, through votes at corporate meetings, through the introduction of resolutions and through participation in investment decisions.”[10] It should be noted that failure to vote in such situations, or assigning proxies to management, is effectively counted as a vote for current management and the status quo.

These activities could include dialoguing with corporate leadership, initiating or supporting shareholder resolutions, working with various religious and other groups who are promoting corporate responsibility, and writing letters to corporate executives and board members to advocate specific steps or to support or raise objections to a corporation's activities or policies.

[10] Economic Justice for All, no. 354.

This approach could also enable the Conference to deal effectively with the reality of "mixed investments." One way to be a socially responsible investor is to set limits for corporations engaged in questionable or objectionable activities, to hold a minimal position in those companies that fall under the threshold, and then to use one's position as shareholder to work actively to influence or redirect the activities or policies of the corporation toward activities and policies which are socially beneficial and serve the common good. Investments of this type may be tolerated, after careful application of the principle of cooperation and the duty to avoid scandal, so long as the Conference engages in active participation and there is a reasonable hope of success for corporate change.

This approach may take years before a satisfactory end is achieved, but the effort is worth making. Benefits will result from working closely with other like-minded investors. The Conference, therefore, will vote its proxies and use its opportunities as a shareholder to support policies in accord with its values and oppose those in conflict with them.

And third, *Promote the Common Good*

This strategy involves at least two possible courses of action:

1) supporting policies and initiatives in companies owned by the Conference that promote the values of Catholic moral teaching or positions advocated by Conference statements while earning a reasonable rate of return;

2) investments that promote community development, which, in some cases, may result in a lower rate of return, but which nevertheless are chosen because they give expression to the Church's preferential option for the poor or produce some truly significant social good.

In the first case, the Conference can support companies and financial institutions which, in addition to their fiscal merits and investment advantages, have strong records in such areas as labor relations, support of people of color and underprivileged communities, efforts to uphold the integrity and flourishing of families, affordable housing, ethical

development of vaccines, renewable energy, respecting the life of the unborn and the conscience rights of religious believers.

In the second case, the Conference already has positive experience with community development investments through the Catholic Campaign for Human Development ("CCHD"). Given the purpose of the funds which the Conference holds, and, in some cases, its fiduciary responsibilities, opportunities for investing in community development initiatives with lower rates of return will probably be limited to CCHD's efforts or other special initiatives.

IV. Conference Directions

In carrying out these strategies, the Conference will:

a) build on its current efforts and monitor closely how Catholic teaching and Conference policies are advanced or undermined in the marketplace and by corporate actions. The Conference will also make use of the growing resources that regularly monitor corporate responsibility issues and stay in contact with networks of investors who share similar concerns.

b) work closely with its investment advisors, to articulate clearly its goals and policies in this area and assist them in carrying them out. A tool that has proven useful for others is a set of instructions for voting proxies on issues of concern to the client.

c) apply common sense and prudence in the application of the strategies outlined in these guidelines. Conference policies and Church teaching will set the basic direction while the strategies employed, their scale, timing, and pace will depend on the considered judgments of the Committee on Budget and Finance, and USCCB staff (including those with specific expertise, such as from the departments of Doctrine, Justice, Peace & Human Development, Pro-Life, and Migration), along with external consultants.

d) review the relevance of these guidelines every three years. During this process the Conference may request investment advisors to report on how they implement the guidelines. These reports would be given to the Committee on Budget and Finance and reviewed by those committees with specific expertise mentioned above, in letter "c." Such reports should include examples of how they engage, screen, and vote proxies on behalf of the Conference, with a focus on active ownership that produces real-world outcomes at scale and that addresses systemic challenges of importance to the Conference. Through regular dialogue with asset managers, the Conference can discuss, establish, and measure the achievement of long-term goals.

PART TWO: SPECIFIC CONFERENCE INVESTMENT POLICIES

The following investment policies cover five major categories:

I. Protecting Human Life
II. Promoting Human Dignity
III. Enhancing the Common Good
IV. Pursuing Economic Justice
V. Saving Our Global Common Home.

Many activities and products can fall into these categories, and the policies below are not meant to be an exhaustive list. They do, however, represent a way of thinking about investments that conform to the principles outlined above, in Part One.

In addition, while not reducing the importance of each of these categories, they should not be considered in isolation or independent of each other. Rather, socially responsible investing is a holistic framework that sees economic development intrinsically linked to integral human development and good stewardship of God's creation. This holistic framework flows from the unified moral vision of the Church's teaching. As Pope Francis noted, "There is an interrelation

between ecosystems and between the various spheres of social interaction, demonstrating yet again that 'the whole is greater than the part.'"[11]

I. Protecting Human Life

"The fundamental human right, the presupposition of every other right, is the right to life itself. This is true of life from the moment of conception until its natural end."[12]

A) *Abortion, Euthanasia, and Assisted Suicide*

"Since the first century the Church has affirmed the moral evil of every procured abortion. This teaching has not changed and remains unchangeable. Direct abortion, that is to say, abortion willed either as an end or a means, is gravely contrary to the moral law…."[13]

"[E]uthanasia is a grave violation of the law of God since it is the deliberate and morally unacceptable killing of a human person. This doctrine is based upon the natural law and upon the written word of God…."[14] "Euthanasia and assisted suicide are always the wrong choice."[15]

Policy I. 1: The USCCB will not invest in any company whose activities include direct participation in or support of abortion, euthanasia or assisted suicide. Direct participation involves the manufacture of materials that are produced and/or marketed for the specific purpose of abortion (including abortifacients), euthanasia, or assisted suicide as well as companies that perform abortions or facilitate assisted suicide or euthanasia.

---

[11] Pope Francis, *Laudato sí*, no. 141.

[12] Pope Benedict XVI, *Address to Austrian Authorities and Diplomatic Corps*, (7 September 2007). See also, Pope John XXIII, *Pacem in terris*, no. 11 and Pope Pius XI, *Divini Redemptoris*, no. 27.

[13] Catechism of the Catholic Church, no. 2271.

[14] Pope John Paul II, *Evangelium vitae*, no. 65.

[15] Congregation for the Doctrine of the Faith, *Samaritanus bonus*, (14 July 2020), no. V.1.

Policy I. 2: For companies where it is discovered that there is some tangential connection to abortion, euthanasia, or assisted suicide related issues, the USCCB will engage companies through corporate dialogues, proxy voting, and support of shareholder resolutions to eliminate this connection.

B) *In Vitro Fertilization*

"The Church moreover holds that it is ethically unacceptable to dissociate procreation from the integrally personal context of the conjugal act: human procreation is a personal act of a husband and wife, which is not capable of substitution. The blithe acceptance of the enormous number of abortions involved in the process of *in vitro* fertilization vividly illustrates how the replacement of the conjugal act by a technical procedure – in addition to being in contradiction with the respect that is due to procreation as something that cannot be reduced to mere reproduction – leads to a weakening of the respect owed to every human being"[16]

Policy I. 3: The USCCB will not invest in companies that utilize *in vitro* fertilization for either assisting conception or for research.

C) *Embryonic Stem Cell and Fetal Tissue Research*

"No objective, even though noble in itself, such as a foreseeable advantage to science, to other human beings or to society, can in any way justify experimentation on living human embryos or fetuses, whether viable or not, either inside or outside the mother's womb.... To use human embryos or fetuses as the object or instrument of experimentation constitutes a crime against their dignity as human beings having a right to the same respect that is due to the child already born and to every human person."[17]

Policy I. 4: The USCCB will not invest in companies that engage in scientific research on human fetuses or embryos that results in the end of pre-natal human life or makes use

[16] Congregation for the Doctrine of the Faith, *Dignitas personae*, (8 September 2008), no. 16.

[17] Congregation for the Doctrine of the Faith, *Donum vitae*, (22 February 1987), no. 4.

of tissue derived from abortions or other life-ending activities and/or develops products and services from such research.

D) *Human Cloning*

"Human cloning is intrinsically evil because it reduces human procreation to a mere manufacturing process, producing new human beings in the laboratory to predetermined specifications as though they were commodities."[18]

Policy I. 5: The USCCB will not invest in companies that engage in scientific research whose purpose is the cloning of human beings and/or develops products and services from such research.

E) *Access to Drugs and Vaccines*

"On an ethical level, if there is the possibility of curing a disease with a drug, it should be available to everyone, otherwise it creates injustice. Too many people, too many children are still dying in the world because they are denied access to a drug that is available in other regions, or a vaccine."[19]

Policy I. 6: The USCCB will actively encourage companies through corporate dialogues, proxy voting, and support of shareholder resolutions to undertake or participate in programs designed to make life-sustaining drugs and vaccines available at affordable prices in both the United States and in low-income countries, consistent with our Catholic values.

Policy I. 7: The USCCB will actively engage companies through corporate dialogues, proxy voting, and support of shareholder resolutions to develop life-sustaining drugs and vaccines that do not rely on any cell lines procured from abortions.

---

[18] USCCB, On Embryonic Stem Cell Research, (June 2008).

[19] Pope Francis, Address to the Members of the "Banco Farmaceutico" Foundation, (19 September 2020).

II. Promoting Human Dignity

"Society as a whole, acting through public and private institutions, has the moral responsibility to enhance human dignity and protect human rights."[20]

A) *Human Rights*

"Any well-regulated and productive association of [people] in society demands the acceptance of one fundamental principle: that each individual [human being] is truly a person. As such [each person] has rights and duties…. These rights and duties are universal and inviolable, and therefore altogether inalienable."[21]

Policy II. 1: The USCCB will engage companies through corporate dialogues, proxy voting, and support of shareholder resolutions to direct their efforts to protecting and promoting human rights – as understood by Church teaching[22] – and supply chain transparency. The USCCB will consider divesting from companies whose activities are known to persistently violate the human rights of their workers or contract with companies or governments who persistently violate human rights until sufficient action has been taken to correct these human rights violations. Some tools in evaluating and recommending changes are the United Nations' *Guiding Principles on Business and Human Rights*,[23] and the International Labor Organization's *Conventions*,[24] insofar as these resources do not contradict the teaching of the Catholic Church.

Policy II. 2: The USCCB will encourage companies through corporate dialogues, proxy voting, and support of shareholder resolutions to provide sufficient wages, decent working conditions, and other social benefits that enable their employees and families to

---

[20] *Economic Justice for All*, Introduction, no. 18.

[21] Pope John XXIII, *Pacem in terris*, no. 9. See also *Economic Justice for All*, no. 80.

[22] Pontifical Council for Justice and Peace, *Compendium of the Social Doctrine of the Church*, (2004), Part One, chapter 3, section IV.

[23] See https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf.

[24] See https://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang--en/index.htm.

meet basic human needs while abiding by the rule of law and safeguarding against environmental degradation particularly among developing countries.

B) *Discrimination*

"Forms of social or cultural discrimination in basic personal rights on the grounds of sex, race, color, social conditions, language or religion must be curbed and eradicated as incompatible with God's design."[25]

Policy II. 3: The USCCB will engage companies through corporate dialogues, proxy voting, and support of shareholder resolutions toward implementing policies and practices to ensure they do not discriminate against people based on their sex, race, skin color, language, or religion.[26]

Policy II. 4: The USCCB will engage companies through corporate dialogues, proxy voting, and support of shareholder resolutions to develop and maintain policies toward equal opportunities, pay, and leadership opportunities – including inclusion on corporate boards – for women, people of color, and people with disabilities. The USCCB will also encourage companies to develop specific goals to become more diverse, including within the membership of their corporate boards. The USCCB should also seek out investment opportunities in companies owned by people of color and women as well as companies whose practices or business relationships demonstrate diversity and racial justice.

C) *Pornography and Commercial Sexual Exploitation*

"Pornography dehumanizes the persons depicted, making them into objects of use. Those who produce and distribute pornography harm the common good by encouraging and even causing others to sin. They do serious harm to the women and men who consent to be in pornographic material."[27]

---

[25] Guadium et spes, no. 29.

[26] See *Guadium et spes*, no. 29. To aid in defining discrimination, see also https://www.eeoc.gov/discrimination-type insofar as this resource does not contradict the teaching of the Catholic Church.

[27] USCCB, *Create in Me a Clean Heart*, (November 2015), p. 6.

Policy II. 5: The USCCB will not invest in a company whose sole purpose is to appeal to an indecent interest in sex or to incite sexual excitement through the production of sexually explicit films, videos, or internet sites or services. The USCCB will also actively encourage companies through corporate dialogues, proxy voting, and support of shareholder resolutions to disengage from receiving revenue from the distribution of these products or services.

Policy II. 6: The USCCB will advocate through corporate dialogues, proxy voting, and support of shareholder resolutions company initiatives to promote responsible, marriage affirming and family-oriented program content development by media, technology, and telecommunications companies.

D) *Human Trafficking and Forced Labor*

"The trade in human persons constitutes a shocking offence against human dignity and a grave violation of fundamental human rights…. Such situations are an affront to fundamental values which are shared by all cultures and peoples, values rooted in the very nature of the human person…. In particular, the sexual exploitation of women and children is a particularly repugnant aspect of this trade and must be recognized as an intrinsic violation of human dignity and rights."[28]

Policy II. 7: The USCCB will actively engage companies through corporate dialogues, proxy voting, and support of shareholder resolutions to effectively address human trafficking and forced labor by developing codes of ethics that follow the Palermo Protocol of 2000, insofar as this resource does not contradict the teaching of the Catholic Church,[29] and identify high risk areas for human trafficking and forced labor along their supply chains and partner companies and make necessary changes.

---

[28] Pope John Paul II, Letter to Archbishop Jean-Louis Tauran on the Occasion of the International Conference "Twenty-First Century Slavery – the Human Rights Dimension to Trafficking in Human Beings, (15 May 2002). See also Guadium et spes, no. 27.

[29] See https://www.ohchr.org/EN/ProfessionalInterest/Pages/ProtocolTraffickingInPersons.aspx.

E) *The Human Person*

"Valuing one's own body in its femininity or masculinity is necessary if I am going to be able to recognize myself in an encounter with someone who is different. In this way we can joyfully accept the specific gifts of another man or woman, the work of God the Creator, and find mutual enrichment. It is not a healthy attitude which would seek 'to cancel out sexual difference because it no longer knows how to confront it.'"[30]

Policy II. 8: The USCCB will not invest in companies that directly participate in the performance of surgeries or in the administration of drugs or hormones for the purposes of delaying normal puberty or modifying the body's appearance and/ or functions in order to express an identity incongruent with one's biological sex.[31]

Policy II. 9: The USCCB will also actively promote through corporate dialogues, proxy voting, and support of shareholder resolutions additional disclosure from companies on these activities.

F) *Marriage, Sexual Integrity, and Family*

"Sexuality, by means of which man and woman give themselves to one another through the acts which are proper and exclusive to spouses, ... is realized in a truly human way only if it is an integral part of the love by which a man and a woman commit themselves totally [in marriage] …. This totality which is required by conjugal love also corresponds to the demands of responsible fertility …. directed to the generation of a human being."[32]

Policy II. 10: The USCCB will encourage companies through corporate dialogues, proxy voting, and support of shareholder resolutions to advocate for an understanding of marriage or sexuality that is consistent with Church teaching and natural law.

---

[30] Pope Francis, *Laudato si'*, no. 155.

[31] Pope Francis, *Amoris Laetitia*, no. 56.

[32] Pope John Paul II, *Familiaris consortio*, no. 11.

G) *Contraceptives*

"The Church...teaches that each and every marital act must of necessity retain its intrinsic relationship to the procreation of human life."[33]

Policy II. 11: The USCCB will not invest in companies that manufacture contraceptives or derive more than 10% of their revenue from the sale of contraceptives, even if they do not manufacture them.

III. Enhance the Common Good

"The obligation to 'love our neighbor' has an individual dimension, but it also requires a broader social commitment to the common good."[34] Vatican II defines the common good as "the sum of those conditions of social life which allow social groups and their individual members relatively thorough and ready access to their own fulfillment."[35]

A) *Reducing Arms Production*

"At issue is whether the development of nuclear, chemical and biological weapons, and the enormous and growing possibilities offered by new technologies, have granted war an uncontrollable destructive power over great numbers of innocent civilians. The truth is that 'never has humanity had such power over itself, yet nothing ensures that it will be used wisely'."[36]

Policy III. 1: The USCCB will not invest in firms that derive any revenue from the production of weapons inconsistent with Catholic teaching on war (e.g., biological and chemical weapons, landmines, nuclear weapons, weapons of mass destruction, etc.).[37]

---

[33] Pope Paul VI, *Humanae vitae*, no. 11

[34] *Economic Justice for All*, Introduction, no. 14.

[35] Gaudium et spes, no. 26.

[36] Pope Francis, *Fratelli tutti*, no. 258.

[37] Catechism of the Catholic Church, no 2314.

The USCCB will not invest in companies that manufacture firearms with the exception of those companies that only manufacture firearms for hunting and/or legitimate military or law enforcement organizations.[38]

Policy III. 2: The USCCB will engage companies through corporate dialogues, proxy voting, and support of shareholder resolutions efforts to limit weapons production, to limit foreign sales of weapons, and to convert corporate capacity to non-military uses. For companies that may cause, contribute to, or be linked to warfare, such as technology companies or financial institutions, the USCCB will actively encourage them through shareholder engagement and voter proxy to uphold and incorporate human rights standards as understood by the Church into their business decisions. The USCCB will also actively promote additional disclosure from companies on their production and sales of weapons.

B) *Addictive Materials or Harmful Habitual Behaviors*

"The virtue of temperance disposes us to *avoid every kind of excess*."[39]

"*Games of chance* (card games, etc.) or *wagers* are not in themselves contrary to justice. They become morally unacceptable when they deprive someone of what is necessary to provide for his needs and those of others. The passion for gambling risks becoming an enslavement."[40]

Policy III. 3: The USCCB will not invest in companies whose primary purpose is to derive revenue from gambling or the production of tobacco or the recreational use of cannabis.

---

[38] See https://www.usccb.org/issues-and-action/human-life-and-dignity/violence/upload/Remarks-Bishop-Dewane-Responses-to-the-Plague-of-Gun-Violence-11-11-2019.pdf.

[39] Catechism of the Catholic Church, no. 2290.

[40] Catechism of the Catholic Church, no. 2413.

Policy III. 4: The USCCB will encourage companies through corporate dialogues, proxy voting, and support of shareholder resolutions to move away from the production, marketing, or distribution of addictive or other harmful materials.

C) *Media and Telecommunications*

"The media [should be] 'geared towards a vision of the person and the common good that reflects truly universal values. Just because social communications increase the possibilities of interconnection and the dissemination of ideas, it does not follow that they promote freedom or internationalize development and democracy for all. To achieve goals of this kind, they need to focus on promoting the dignity of persons and peoples; they need to be clearly inspired by charity and placed at the service of truth, of the good, and of natural and supernatural fraternity."[41]

Policy III. 5: The USCCB will actively encourage through corporate dialogues, proxy voting, and support of shareholder resolutions media and telecommunication companies, including social media companies, to employ and enforce guidelines that promote the dignity of the human person, as understood by Church teaching. The USCCB should avoid investing in media corporations that have demonstrated resistance to adopting and implementing a human rights policy that is consistent to Church teaching.[42]

IV. Pursuing Economic Justice

"[A]ll economic institutions must support the bonds of community and solidarity that are essential to the dignity of persons. Wherever our economic arrangements fail to conform to the demands of human dignity lived in community, they must be questioned and transformed."[43]

---

[41] Pope Benedict XVI, *Africae munus*, no. 144.

[42] See Pope John XXIII, *Pacem in terris*, no. 9. See also *Economic Justice for All*, no. 80 and the United Nations' *Guiding Principles on Business and Human Rights*, insofar as this resource does not contradict the teaching of the Catholic Church.

[43] Economic Justice for All, no. 28.

A) *Encouraging Social, Environmental, and Financial Responsibility*

"Ethical responsibility is not just avoiding evil, but doing right, especially for the weak and vulnerable. Decisions about the use of capital have moral implications."[44]

Policy IV. 1: The USCCB will strongly encourage companies through corporate dialogues, proxy voting, and support of shareholder resolutions to report on social, environmental, as well as financial performance.

Policy IV. 2: The USCCB will actively promote and engage companies through corporate dialogues, proxy voting, and support of shareholder resolutions the adoption of corporate social and environmental responsibility guidelines within companies.

B) *Labor Standards*

"All people have the right to economic initiative, to productive work, to just wages and benefits, to decent working conditions, as well as to organize and join unions or other associations."[45]

Policy IV. 3: The USCCB will engage companies through corporate dialogues, proxy voting, and support of shareholder resolutions to provide decent working conditions, just wages,[46] employee ownership/ profit sharing, the right to organize, protecting children, worker-led social responsibility models, and other initiatives aimed at the protection and promotion of human dignity and economic justice.

---

[44] USCCB, Everyday Christianity: To Hunger and Thirst for Justice, (1998), p. 6.

[45] USCCB, A Catholic Framework for Economic Life, (2015), no. 5.

[46] See Catechism of the Catholic Church, no. 2434, and Pontifical Council for Justice and Peace, Compendium of the Social Doctrine of the Church, no. 302.

Policy IV. 4: The USCCB will advocate and engage companies through corporate dialogues, proxy voting, and support of shareholder resolutions to promote just wage and benefit policies, and worker safety. In addition, the USCCB will work toward the protection of migrant and seasonal workers.

C) *Affordable Housing/Banking*

"The Church has traditionally viewed housing, not as a commodity, but as a basic human right. This conviction is grounded in our view of the human person and the responsibility of society to protect the life and dignity of every person by providing the conditions where human life and human dignity are not undermined but enhanced."[47]

Policy IV. 5: The USCCB will encourage companies through corporate dialogues, proxy voting, and support of shareholder resolutions to adopt practices for ethical and responsible banking, including as it relates to corporate lending activities, project finance, and consumer banking to ensure there are appropriate due diligence and risk management systems in place to identify and mitigate abuses such as those related to discriminatory practices and excessive rates and fees and to serve the underbanked or financially marginalized.[48]

Policy IV. 6: The USCCB will communicate, where appropriate, to its financial institutions support for initiatives to reach out to the poor by providing access to fair credit[49] and other means to help improve livelihoods, the financing of low-income housing, and increased access to capital for communities of color. The USCCB will encourage companies through corporate dialogues, proxy voting, and support of shareholder resolutions engaged in real estate activities to construct and preserve affordable housing that serves low-income individuals and families.

---

[47] USCCB, Homelessness and Housing: A Human Tragedy, A Moral Challenge, (2012), no. 5.

[48] This includes companies whose revenues derive from 10% or more of revenue from predatory lending. See https://www.usccb.org/resources/backgrounder-predatory-banking-payday-lending.

[49] See Compendium of the Social Doctrine of the Church, no. 341.

D) *Impact Investing*

"Impact investors are those who are conscious of the existence of serious unjust situations, instances of profound social inequality and unacceptable conditions of poverty affecting communities and entire peoples. These investors turn to financial institutes which will use their resources to promote the economic and social development of these groups through investment funds aimed at satisfying basic needs associated with agriculture, access to water, adequate housing and reasonable prices, as well as with primary health care and educational services. Investments of this sort are meant to have positive social repercussions on local communities, such as the creation of jobs, access to energy, training and increased agricultural productivity. The financial return for investors tends to be more moderate than in other types of investment…. We are truly in need of this! It is important that ethics once again play its due part in the world of finance and that markets serve the interests of peoples and the common good of humanity. It is increasingly intolerable that financial markets are shaping the destiny of peoples rather than serving their needs, or that the few derive immense wealth from financial speculation while the many are deeply burdened by the consequences."[50]

Policy IV. 7: The USCCB will seek opportunities to collaborate with other investors to invest in corporations, organizations, and other financial initiatives that not only aim at financial return but also actively intend to address the common good, generating positive social and environmental change. Examples of this policy can be seen in the work of the Catholic Campaign for Human Development[51] of the USCCB and in the work of the *Catholic Impact Investing Collaborative*.[52]

Policy IV. 8: The USCCB will seek opportunities to collaborate with other investors to invest in corporations, organizations, and other financial initiatives that promote and

---

[50] Pope Francis, Address to the Participants in the Conference on 'Impact Investing for the Poor', (15 June 2014).

[51] See, https://www.usccb.org/committees/catholic-campaign-human-development.

[52] See, http://www.catholicimpact.org/.

strengthen communities, focusing on not only their economic effect but their social impact as well. This can be demonstrated through such activities as having office or production sites located in areas of economic need, incorporating in all major company decisions the impact they will have on employees and people of the local communities, providing an alternative to "pay day loans," and giving charitable donations or other forms of support to community-building organizations.

V. Saving Our Global Common Home

"The book of nature is one and indivisible: it takes in not only the environment but also life, sexuality, marriage, the family, social relations: in a word, integral human development. Our duties towards the environment are linked to our duties towards the human person…"[53]

"The earth's resources are also being plundered because of short-sighted approaches to the economy, commerce and production."[54]

"The right of some to free enterprise or market freedom cannot supersede the rights of peoples and the dignity of the poor, or, for that matter, respect for the natural environment, for 'if we make something our own, it is only to administer it for the good of all' (*Laudato si'*, no. 95)."[55]

A) *Climate Change*

"Climate change is a global problem with grave implications: environmental, social, economic, political and for the distribution of goods. It represents one of the principal challenges facing humanity in our day. Its worst impact will probably be felt by developing countries in coming decades."[56]

---

[53] Pope Benedict XVI, *Caritas in veritate*, no. 51.

[54] Pope Francis, *Laudato si'*, no. 32.

[55] Pope Francis, *Fratelli tutti*, no. 122.

[56] Pope Francis, *Laudato si'*, no. 25.

Policy V. 1: The USCCB will actively invest in companies whose business models are consistent with the emission reduction goals of the Paris Agreement, insofar as this resource does not contradict the teaching of the Catholic Church.[57]

Policy V. 2: The USCCB will encourage companies through corporate dialogues, proxy voting, and support of shareholder resolutions to establish greenhouse gas emission reduction goals, provide disclosure around low-carbon planning, and mitigate climate change. The USCCB will consider divestment from those companies that consistently fail to initiate policies intended to achieve the Paris Agreement goals.[58]

B) *Biodiversity*

*"*Caring for ecosystems demands far-sightedness, since no one looking for quick and easy profit is truly interested in their preservation. But the cost of the damage caused by such selfish lack of concern is much greater than the economic benefits to be obtained. Where certain species are destroyed or seriously harmed, the values involved are incalculable."[59]

Policy V. 3: The USCCB will actively encourage companies through corporate dialogues, proxy voting, and support of shareholder resolutions to demonstrate high standards of protection for living organisms and terrestrial, marine, and other ecosystems. One resource outlining definitions, principles, and best practices for biodiversity

---

[57] See https://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf. For the Church's support of these goals, see https://www.vatican.va/content/francesco/en/messages/pont-messages/2020/documents/papa-francesco_20200901_messaggio-giornata-cura-creato.html and https://www.usccb.org/issues-and-action/human-life-and-dignity/environment/upload/USCCB-CRS-Letter-to-Secretary-Tillerson-on-Care-for-Creation-02-17-2017.pdf.

[58] "Promote responsible investments in social and environmental sectors, for example by evaluating progressive disinvestment from the fossil-fuel sector" (Interdicasterial Working Group of the Holy See on Integral Ecology, *Journeying Towards Care for Our Common Home: Five Years After* Laudato Si', (Vatican City: *Liberia Editrice Vaticana*, 2020, p.179.

[59] Pope Francis, *Laudato si'*, no. 36.

protection is the United Nations Convention on Biological Diversity[60] insofar as this resource does not contradict the teaching of the Catholic Church.

Policy V. 4: The USCCB should avoid investing in companies that have caused specific instances of biodiversity loss, or whose practices have significantly contributed to biodiversity loss and have not worked toward correcting or remediating the damage their operations have caused.

C) *Water and Natural Resources*

"…it is not possible to sustain the present level of consumption in developed countries and wealthier sectors of society, where the habit of wasting and discarding has reached unprecedented levels. The exploitation of the planet has already exceeded acceptable limits and we still have not solved the problem of poverty… Fresh drinking water is an issue of primary importance, since it is indispensable for human life and for supporting terrestrial and aquatic ecosystems. Sources of fresh water are necessary for health care, agriculture, and industry."[61]

Policy V. 5: The USCCB should avoid investing in companies whose activities directly contribute to depletion and/or degradation of available water, without mitigating these impacts, and in companies engaged in extraction of natural resources that do not demonstrate formal and/or informal compliance with the principles of the Extractive Industries Transparency Initiative[62] insofar as this resource does not contradict the teaching of the Catholic Church.

Policy V. 6: The USCCB will encourage companies through corporate dialogues, proxy voting, and support of shareholder resolutions to employ water saving policies and technologies along with other means of saving water.

---

[60] See https://www.cbd.int/convention/text/.

[61] Pope Francis, *Laudato si'*, nos. 27-28.

[62] See https://eiti.org/.

D) *Technology*

"We have to accept that technological products are not neutral, for they create a framework which ends up conditioning lifestyles and shaping social possibilities along the lines dictated by the interests of certain powerful groups… We have the freedom needed to limit and direct technology; we can put it at the service of another type of progress, one which is healthier, more human, more social, more integral. Liberation from the dominant technocratic paradigm does in fact happen sometimes, for example, when cooperatives of small producers adopt less polluting means of production, and opt for a non-consumerist model of life, recreation and community."[63]

Policy V. 7: The USCCB will actively encourage technology companies through corporate dialogues, proxy voting, and support of shareholder resolutions to employ and enforce guidelines that promote the dignity of the human person and protect the environment. Technology companies have a particular responsibility to ensure that they promote responsible consumption, employ efficient and renewable energy use, contribute to the common good, and conform to environmental standards.

E) *Environmental Impact*

*"*Efforts to promote a sustainable use of natural resources are not a waste of money, but rather an investment capable of providing other economic benefits in the medium term. If we look at the larger picture, we can see that more diversified and innovative forms of production which impact less on the environment can prove very profitable. It is a matter of openness to different possibilities which do not involve stifling human creativity and its ideals of progress, but rather directing that energy along new channels."[64]

Policy V. 8: The USCCB will actively encourage companies through corporate dialogues, proxy voting, and support of shareholder resolutions to uphold the highest environmental standards and to change and remediate practices that negatively impact the

[63] Pope Francis, *Laudato si'*, nos. 107,112

[64] Pope Francis, *Laudato si'*, no. 191.

environment either in their operations, or those of their contractors or supply chain, and in their products or services. This may include, for example, a company's emissions, spills, hazardous waste or other forms of pollution, non-compliance with environmental regulations, damage to ecosystems, concerns over the risks that a company's products/services may pose to the environment and public health, or concerns related to products at the end of their life cycle.

Policy V. 9: The USCCB should avoid investing in companies that are non-compliant with the three environmental principles (7, 8, and 9) of the UN Global Compact[65] insofar as this resource does not contradict the teaching of the Catholic Church.

CONCLUSION

Pope Francis has commented:

> Rising levels of poverty on a global scale bear witness to the prevalence of inequality rather than a harmonious integration of persons and nations. An economic system that is fair, trustworthy and capable of addressing the most profound challenges facing humanity and our planet is urgently needed. I encourage you to persevere along the path of generous solidarity and to work for the return of economics and finance to an ethical approach which favors human beings….
>
> An economic system detached from ethical concerns does not bring about a more just social order, but leads instead to a "throw away" culture of consumption and waste. On the other hand, when we recognize the moral dimension of economic life, which is one of the many aspects of social doctrine of the Church that must be integrally respected, we are able to act with fraternal charity, desiring, seeking and protecting the good of others and their integral development.[66]

In presenting these guidelines, it is hoped that, by following them, we can actively work toward developing a just, trustworthy economy that promotes the common good of all.

---

[65] See https://www.unglobalcompact.org/what-is-gc/mission/principles.

[66] Pope Francis, Address to the Members of the Council for Inclusive Capitalism, (11 November 2019).