

► HELPFUL GUIDELINES

Implementing a CRI Program

As a Catholic institution, there are a number of questions your organization should consider before committing to or evaluating a Catholic Responsible Investing (CRI) Program:

- Is mission integration a goal throughout your organization?
- How will your CRI policy be tailored to your beliefs?
- How will you determine your screening criteria?
- Will managers be monitored for compliance with screens?
- Will your screens be monitored and kept up-to-date?
- Will you have a proxy voting policy?
- Who will vote your proxies?
- Will you be able to file shareholder resolutions?
- Will you be able to engage in active ownership?
- How will you judge the social return of your CRI program?

The Church offers fiduciaries considerable flexibility in how to apply the philosophical clarity of Catholic moral and ethical teaching to the creation of CRI policy—addressing the specific concerns of your institution, while remaining faithful to core Catholic beliefs. And those responsible for policy development and implementation can draw upon the decades-long experience of other Catholic investors. For U.S. investors, the guidelines developed by the U.S. Conference of





Catholic Bishops can serve as a helpful guide. CBIS suggests the following step-by-step approach for organizations who would like to create their own customized CRI policies.

Step 1: Determine Core Beliefs

Core beliefs are those that are central to the organization's mission. Subsidiary beliefs are those that are important to the organization, but are less directly related to its mission. The first step in policy development is to determine core and subsidiary beliefs. For example, these may include the dignity of all people, the sacredness of human life or the right to healthcare and education. These beliefs do not change over time. They are central to the identity of the institution.

Step 2: Prioritize Issues

Once core beliefs are determined, the institution should decide which represent priorities for action. Organizations should consider how core beliefs relate to companies, where opportunities exist to speak these beliefs, and what resources are available for doing so. Keep in mind that issue priorities may change overtime as society changes.

Step 3: Define Issues

Define exactly what types of corporate conduct raise concerns for the organization, distinguishing between conduct that may be amenable to change from that which so violates core beliefs that the institution would prefer not to profit from it. As a part of this analysis, the organization should consider the need for prudent portfolio diversification.

Step 4: Determine Resources

A customized active ownership program may require staff time and funds for research and administration. Depending on the level of resources the organization wishes to devote to the task, there are a number of practical alternatives.

In house—Some Catholic institutions devote staff time and resources to implementing an CRI program directly. This option provides the greatest flexibility and control over program specifics. However, it also requires the greatest amount of resources.

Outsourcing—Organizations can outsource the implementation of screens and proxy voting to professional vendors of these services. However, active ownership cannot be outsourced in this way.

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