

CATHOLIC RESPONSIBLE INVESTMENTSSM PROGRESS REPORT

Impact and Justice

OCTOBER 2020

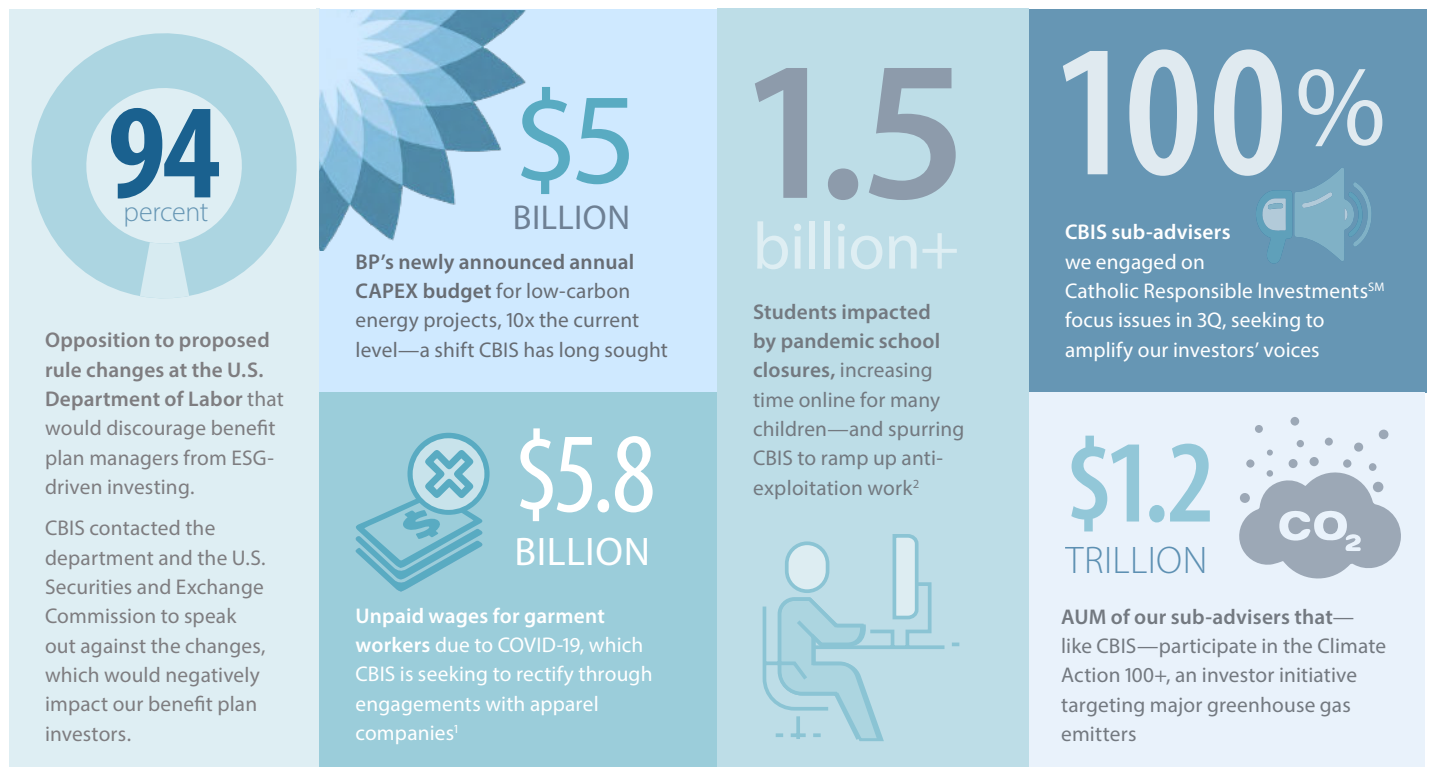
Achieving Results & Earning Recognition

Despite the ongoing pandemic, our active ownership work continued apace through summer into fall—much of it aimed at mitigating COVID-19’s heavy human and economic toll. CBIS is pleased to report on the progress of our efforts to protect the dignity of work amid this crisis, and our ongoing initiatives to combat climate change and promote workplace diversity. Also in 3Q, CBIS was proud to be recognized twice by the highly regarded Principles for Responsible Investment (PRI).



CBIS Shortlisted for Stewardship Project of the Year by U.N.-backed PRI

[See article on page 2](#)



CBIS Receives Pair of Accolades from PRI

Scoring Straight A's for Responsible Investing

For the fourth straight year, CBIS earned an A+ in one category and A's in all others on our annual PRI report card. Overall, we outperformed the median score among PRI signatories.

“CBIS is proud to receive this validation from one of the world’s foremost coalitions of asset managers,” said Julie Tanner, Managing Director, Catholic Responsible InvestmentsSM. “It demonstrates our commitment to upholding the highest standards for responsible investing and continually improving our performance.”

In particular, CBIS has focused on better integrating our sub-advisers into our Catholic Responsible InvestmentsSM approach in recent years. We work closely with them to both leverage their clout in our active ownership program and encourage them to embrace best practices in responsible investing.

Recognition for Progress Protecting Children

CBIS is proud that our active ownership work to safeguard children on the internet was recognized as part of the 2020 PRI Awards. While we did not win, we were honored to be shortlisted in the Stewardship Project of the Year category by an independent panel of judges.

“Congratulations to the Church of England Pensions Board, Swedish National Pension Funds and the other responsible investing leaders that were shortlisted with us. We are honored to be recognized alongside such a well-respected group of peers, and appreciate the strong support our investors have shown for our work to keep children safe online.”

JEFFREY McCROY, CBIS CEO

CBIS was recognized for our efforts to ensure the Information and Communication Technology (ICT) sector implements comprehensive frameworks to prevent child sexual exploitation online. ([Read our full entry on the PRI website.](#)) We were among the first institutional investors to engage ICT companies on addressing this growing problem, and ramped up our efforts after our latest fund investor survey found the issue is a top priority.

2020 PRI ASSESSMENT
CBIS Summary Scorecard¹

CATEGORY	MEDIAN SCORE	CBIS SCORE
Strategy & Governance	A	A+
Manager Selection, Appointment & Monitoring	A/B ²	A
Active Ownership	B	A

[Access CBIS' 2020 PRI transparency report. >](#)

1. PRI (Principles for Responsible Investment) is an organization whose goal is to promote responsible investing. CBIS pays membership dues to PRI; however, CBIS did not pay to participate in this PRI Scorecard. The PRI Scorecard evaluates members across numerous categories and subcategories based on their peer group and investment asset classes. This Scorecard is not indicative of any client's experience with CBIS and is not indicative of future performance. The Scorecard is created by PRI. For more details, see PRI's website: <https://www.unpri.org/signatories/reporting-and-assessment>
2. Median grade was either A or B depending on subcategory.

2020 PRI AWARDS

 **~120** entrants based in 25 countries

 **FOUR** award categories

 **5** firms shortlisted in each category





Impacts from COVID-19 continue to reverberate throughout the apparel industry, as brands grapple with decreased demand. For CBIS, the critical question is whether these companies are addressing the downturn in ways that protect third-party manufacturers and other vendors—and, in turn—the lives and livelihoods of their employees. This is not only an issue of human dignity, but critical to the long-term health of the industry.

“We are part of the International Working Group for the implementation of the (ILO’s COVID-19) Call to Action. The Call is a milestone regarding the way the various organizations – both employers, as well as trade unions and brands – understand collaboration in the industry, as clear priorities are set regarding the way support to the industry must be urgently arranged to minimize the effect of the pandemic on workers.”

RESPONSE TO CBIS FROM INDITEX, ONE OF THE WORLD’S LARGEST FASHION RETAILERS

As part of a larger initiative with the Interfaith Center on Corporate Responsibility and KnowTheChain, a nonprofit focused on workers’ rights, CBIS took the lead in sending letters to five top fashion brands in our portfolio: **Fast Retailing, Hermès, Hugo Boss, Inditex and Kering.**

The chart below summarizes the responses those companies provided on several key issues. Among other actions, we urged them to:

- Sign the International Labor Organization (ILO) [COVID-19 Call to Action](#), aimed at mobilizing the industry to help manufacturers weather the crisis and support workers
- Help suppliers stay afloat by offering favorable financing terms
- Honor pre-pandemic agreements by paying for completed orders
- Commit to paying for orders in production

ACTION	FAST RETAILING	BOSS HUGO BOSS	HERMÈS PARIS	INDITEX	KERING
Sign ILO’s Call to Action	Y	N	N	Y	Y
Offer supplier financing	Y	Y	Y	Y	Y
Pay for completed orders	Y	Y	Y	Y	Y
Pay for orders in production	Y	Y	Y	Y	Y

Note: Kering responses based on Business & Human Rights Resource Centre’s [COVID-19 Apparel Action Tracker](#)

Promoting Workplace Diversity as Pope Urges Unity



For the 2020 proxy season, members of the Interfaith Center on Corporate Responsibility (ICCR)—where CBIS sits on the board—filed 42 shareholder resolutions on a range of issues. While we supported all that went to a vote at companies where we hold shares, we paid particular attention to a resolution from our colleagues at As You Sow asking **Fastenal** to assess its workplace diversity.

The issue presents both risks and opportunities for the Minnesota-based distributor of industrial and construction products, which employs 21,000. CBIS joined Scott Investment Partners LLP—a sub-adviser to CBIS Global—for a discussion with Fastenal leadership on our support for the resolution, which garnered 61.4% support. We also explained our previous votes against the board over lack of diversity. In a sign of progress, Fastenal’s board elected Sam Hseng-Hung Hsu—an American executive of Taiwanese descent—as an independent director.

“Instances of racism continue to shame us, for they show that our supposed social progress is not as real or definitive as we think... Racism is a virus that quickly mutates and, instead of disappearing, goes into hiding, and lurks in waiting.”

FRATELLI TUTTI: ON FRATERNITY AND SOCIAL FRIENDSHIP, POPE FRANCIS’ THIRD ENCYCLICAL, RELEASED IN OCTOBER 2020

Additional developments in our multi-pronged campaign against racism:

- CBIS sub-adviser Global Alpha joined managers with over \$2.3 trillion in AUM in signing the [Canadian Investor Statement on Diversity & Inclusion](#), acknowledging their “responsibility to ensure that the persistent inequities in business and our society are eliminated.”
- In an ICCR panel with Whistle Stop Capital and the W.K. Kellogg Foundation, CBIS’ Julie Tanner stressed the importance of strong corporate workplace diversity, equity and inclusion practices.

Don’t Miss Our RCRI Panel on Active Ownership

If you’re a member of the Resource Center for Religious Institutes, be sure to attend this virtual discussion on how Catholic organizations can leverage investments to impact corporate practices and government policies for the greater good.

FAITH & FINANCE:

Strategies to be a more effective active owner across asset classes

When: Friday, November 6 from 3-4 pm EST

CBIS Panelists:

- John Geissinger, CFA
Chief Investment Officer
- Julie Tanner
Managing Director,
Impact & Justice
- Hoa Quach, CFA
Portfolio Manager
- Constance Christian, CFA
Portfolio Manager



BP Finally Takes Concrete Steps to Move “Beyond Petroleum”



Two years ago, CBIS asked BP to begin accounting for carbon emissions from the products it sells—not just those generated directly by the company—in measuring its environmental impact. At the time, the concept was considered radical by oil and gas companies.

Now BP is pledging to reduce the carbon intensity of its products by over 15% by 2030, as part of a newly announced strategy to position the company for success in a low-carbon economy. By that same year, BP has also committed to cutting:

- Oil and gas production by 40%
- Emissions from its operations by 30-35%
- Emissions from oil and gas production by 35-40%

CBIS has provided ongoing feedback to BP on its new direction, and will meet with company leaders again in the coming weeks to assess progress and encourage them to start sharing results.

1,850 companies CBIS and other members of the CDP (Carbon Disclosure Project) contacted, encouraging them to adopt science-based targets* (SBTs) for reducing emissions

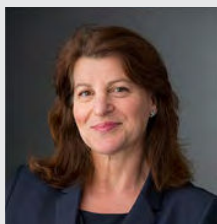
*SBTs are goals consistent with keeping global temperature increases between 1.5-2°C vs. preindustrial levels.

Contact Us

We want to hear from you! If you have questions or want more information on any of our engagements, please reach out to our Catholic Responsible InvestmentsSM team at: CRI@cbisonline.com or (800) 592-8890



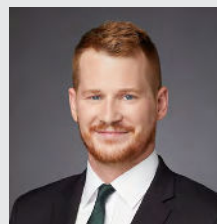
John Geissinger, CFA
Chief Investment Officer
jgeissinger@cbisonline.com



Julie Tanner
Managing Director
jtanner@cbisonline.com



Tracey Rembert
Director
trembert@cbisonline.com



Lucas Schoeppner
Director
lschoeppner@cbisonline.com



Raymond Burnell
Director
rburnell@cbisonline.com

IMPORTANT DISCLOSURES

The securities identified and described do not represent all of the securities purchased, sold or recommended for CUIT Funds, CBIS Global Funds and separate managed accounts. For a complete list of securities please contact CBIS. The reader should not assume that an investment in the securities identified was or will be profitable. All material of opinion reflects the judgement of Adviser at this time and are subject to change. This material is not intended as an offer or solicitation to buy, hold or sell any financial instrument or investment advisory services.