

► CATHOLIC RESPONSIBLE INVESTING

CRI Progress Report

Q4 2015

Catholic Responsible InvestingSM (CRI) extends a faith-based mission to encompass the management of an investment portfolio — allowing the two to work in harmony. CRI is a powerful management process that allows an organization to express its Catholic beliefs through its investments. By targeting both financial return and social return, fiduciaries can establish a broad vision for an organization’s mission and can demonstrate that all aspects of the organization can be integrated into it. In this issue, we provide updates on our ongoing engagements, including details on some recent events.

ONGOING ENGAGEMENTS | Environmental Stewardship

Ford: UPDATE

Ford is investing an additional \$4.5bn in electrified vehicle solutions by 2020. More than 40% of Ford’s nameplates globally will be electrified by the decade’s end. This is a positive advance. CBIS has discussed with the company for nearly 15 years ways that it could improve the energy efficiency and increase the miles/gallon of its fleet. Electric vehicles are cleaner than petroleum-fueled vehicles and seen as a partial solution for bettering the environment.

Shell: UPDATE

On Nov. 4th 2015, Shell’s CEO Ben Van Beurden had a meeting in New York to update analysts on the company’s performance. CBIS pressed senior executives about contributing to a fund to clean up oil spills in the Niger Delta. We praised the company on its decision to withdraw from drilling in the Arctic, an area that presents high risk due to its remote location and dangerous conditions. We also encouraged the company to provide robust reporting on steps it is taking to combat climate change, in line with the resolution CBIS previously withdrew following a commitment by the company to improve its reporting.



PRINCIPLES UNDERLYING CRI

- **Human Dignity** - human life is sacred
- **Economic Justice** - for the well-being of all people, particularly the poor
- **Environmental Stewardship** - responsibility to protect the planet

BP: UPDATE

On Nov. 13th, 2015 BP held a webinar to share with investors progress it has made in implementing the shareholder resolution filed by CBIS and other investors. The climate resolution that CBIS co-filed at BP received a near unanimous vote of 98% in favor at the April 16th annual meeting. CBIS asked the company to set company-wide greenhouse gas emissions reduction goals. Without external targets, it is difficult for investors to understand how the company is reducing risk and preparing for a carbon-constrained future. We also encouraged the company to share more information on steps it is taking with respect to research and development on low carbon energy.

EXXON/Mobil: Update

CBIS participated in a call with EXXON on Dec 17th 2015, to discuss the shareholder resolution we co-filed. It was a polite conversation, but they plan to attempt to block our resolution from appearing on the ballot although further conversation could change that stance. The company disagrees with setting goals and instead feels its performance should be assessed based on solutions they put forward. Shareholders encouraged the company to establish goals for its climate change program. Simply reducing emissions by any amount over any timeframe is not an effective way for investors to measure success.

Further, many of their oil and gas company peers have set goals for reductions in greenhouse gas emissions. We believe that millions who live in poverty may face climate impacts and will depend on high emitting sectors to take action. The Pope's 2015 encyclical, *Laudato Si'*, made a new moral call for attending to our common home. We will continue to encourage EXXON to be part of the solution.

ONGOING ENGAGEMENTS | Economic Justice**Citigroup: UPDATE**

In 2014, Citigroup updated its Statement on Human Rights, a longtime request by CBIS. This is a strong positive result that the bank has policies and processes to prevent its services from being used for improper purposes such as money laundering,

which can be associated with fundamental human rights abuses such as human trafficking. CBIS updated the bankers on new anti-trafficking laws in the U.S. and U.K. that will have global impacts on corporations, recommended due diligence on the seafood supply chain in Thailand, trafficking in the construction sector in Qatar in advance of the World Cup in 2022, and highlighted new labor conventions that protect worker rights as issues to be aware of.

INTERNATIONAL CATHOLIC STEWARDSHIP CONFERENCE:

Julie Tanner and David Skelding presented to 70 Catholic Foundations from around the country on CRI in advance of the ICSC conference in Chicago on October 22, 2015.

ONGOING ENGAGEMENTS | Human Dignity**Target: UPDATE**

After another investigation in January 2016 revealed that poor migrant workers and children were sold to factories in Thailand and forced to peel shrimp that ended up in global supply chains, CBIS contacted Target. At the Gig Peeling Factory, according to an article by the Associated Press (Slave-peeled shrimp tied to major retailers, restaurants — 12/14/2015), nearly 100 Burmese laborers were trapped, most working for almost nothing. AP noted that workers spent 16 hours a day peeling shrimp in deplorable conditions. Target is aware of the article and the need for even more productive multi-sector collaboration on this critical issue. Target has continued its work on the priority of increasing traceability of their fish sources. As part of its traceability commitment, Target has been vigilant in evaluating its own supply coming out of Southeast Asia and continues to work with a wide range of stakeholders (industry, NGOs, government, etc.) to address human rights violations. Target is currently assessing the opportunity to engage more formally and deeply in the work of the Sustainable Shrimp Supply Chain Taskforce (SSSCT) and its collaborative plan to achieve more oversight. [Shrimp Sustainable Supply Chain Task Force](#) includes retailers, manufacturers, government and human rights organizations working to create procedures for ports, and to trace the seafood supply chain from vessel to feed mill.

INTERNATIONAL TOURISM PARTNERSHIP:

Counts the world's leading hotel companies as members

CBIS was asked to lend its expertise and provide insight to the world's leading hotels, including Wyndham, Hyatt and Marriott, on best practices for corporate responsibility in reporting on human trafficking. Hotels play an important role in the fight against child sexual exploitation. To ensure that investors and the public are aware of their efforts, we recommended the hospitality sector publicly report on steps they are taking to educate employees to recognize and report instances of trafficking, to establish policies and procedures to report on instances of trafficking, and to work collaboratively with law enforcement and policymakers.

Important Information

This is for informational purposes only and does not constitute an offer to sell any investment. The funds are not available for sale in all jurisdictions. Where available for sale, an offer will only be made through the prospectus for the funds, and the funds may only be sold in compliance with all applicable country and local laws and regulations.