



Christian Brothers Investment Services (CBIS)

In each issue of the Corporate Examiner, we profile an ICCR member organization and its work in corporate social responsibility. Below we spoke with Julie Tanner.

In keeping with Catholic teaching, CBIS practices Catholic Responsible Investing (CRI) —i.e., a blend of screening, corporate engagement (active ownership) and diversified investing. This involves working on behalf of organizations to align their investments with their beliefs. How can CRI help create reforms that benefit workers, local communities and the environment while also potentially reducing investment risk?

It is the active ownership component of our CRI approach that has the most direct impact on people – while screening helps send a message and is a powerful tool in shaping our efforts on issues like weapons manufacturing, active corporate engagement helps us in raising critical issues with an aim towards influencing the strategies, policies and practices of corporations in our portfolios. Our active ownership program is shaped by Catholic teaching and leverages a variety of tools in our daily efforts, including ongoing dialogue with corporate management, voting at corporate meetings, submitting shareholder resolutions, and thoughtful proxy voting.

As responsible shareholders, we believe that we are called upon to be active owners – it is an essential aspect of our fiduciary duty, so by staying engaged, we are able to fulfill our fundamental responsibility as stewards of our participant assets.

Our legacy of active ownership dates back over 30 years – by actively engaging corporate management and board members, we have shown that we can have a positive effect on how they impact communities, their employees and the environment.

While active ownership may not directly impact returns in the short term, we believe that it can impact shareholder value over time. For example, there can be great risks to companies from inattention to environmental and social issues, including financial, regulatory, legislative, legal, and reputational risks. We believe that companies are better able to avert risk by developing robust and substantive policies and programs that can more adequately protect shareholder value in the long term. This long-term perspective can help make companies not only more ethical and responsible but also better investments that are in-line with Church teaching.



Julie Tanner, Director, Catholic Responsible Investing

How does membership in ICCR help CBIS? Has CBIS been able to enhance its impact by coordinating its efforts with other institutional investors?

CBIS has been a member of ICCR since 1985 and we believe the organization has been a critical part of our success in engaging companies in our portfolio. Coordinating with faith investors enables us to learn from other members, amplify our message, force companies to take notice and address serious social and environmental challenges.

ICCR has changed the landscape of corporate responsibility by challenging and shifting conventional notions of shareholder advocacy and engagement. By working together, ICCR members are able to impact the policies and practices of not just one or two companies but entire sectors each shareholder season. It is important for the Catholic religious orders, diocese, foundations and healthcare systems that invest with CBIS to see that critical issues like human trafficking, climate change, worker rights, and environmental justice are well represented at ICCR. For these reasons, CBIS has been proud to be represented on ICCR's governing board at various times throughout its history.



Do you expect that the recent Papal Encyclical, Laudato Si', will affect the investment needs of your clients, and how might it impact CBIS's business model in the coming years?

CBIS' Catholic Responsible Investing approach falls right in line with Laudato Si' and the words of the Pope. As we noted throughout our web series on Laudato Si', Pope Francis reminded us all that "our common home" is part of "creation" and has to do with God's plan "in which every creature has its own value and significance." CBIS' ongoing efforts around human dignity, social justice and environmental stewardship attempt to help cover the "social mortgage" that is inherent when corporations seek to do business around the world. We believe that his words encouraged enhanced interest in socially responsible investing, not just around the environment, but also other key issues as "everything is interrelated".

Does CBIS believe that active ownership is a net "cost", a "feel good", or rather, an additive to investment returns?

We think it is an additive to investment returns. Our overall goal is long-term, positive change in the performance of companies in our portfolio, as it relates to the investing principles that guide our work. While the specific goal of each engagement differs, in general we seek to bring about systemic



change that improves the lives of communities and individuals, particularly the poor. We believe that this long-term perspective makes companies not only more ethical and responsible but also better investments that are in-line with Church teaching.

When dialoguing with a company and making the business case for taking certain actions, how important is it to find an "ally" within the company to champion the issue, say, the risk of human trafficking within supply chains?

Finding a champion at a company can make all the difference. We always try to find that person at the company who has the knowledge about the motivations of key players and changes within the organization. They can be an invaluable resource to help steer a negotiation to completion. There have been several important and challenging dialogues that CBIS has led that were able to move forward and yield positive results thanks to internal champions at companies like Newmont Mining (community opposition), Wyndham (human trafficking), and JPMorgan Chase (environment).

CBIS has been active on a number of issues, from human trafficking and conflict minerals, to climate change, access to nutrition and board diversity. Is there any one issue that is of utmost importance to CBIS at the moment? And are there any emerging issues that you are exploring?

Of course, all these issues are of importance to us and our participant organizations. We focus our efforts around human dignity, economic justice and environmental stewardship principles, but the specific issues and companies are driven by a variety of metrics such as the size of our holdings, the strategic importance of a company in an industry, its performance, and more. This analysis has us looking at new and ongoing engagements around fossil fuels, pornography, and water management, to name a few.