



# CLIMATE TRANSPARENCY REPORT 2019

Christian Brothers Investment Services, Inc.

# About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2019 PRI Reporting Framework.

## About this report

This report is an export of only the climate-related indicators from the 2019 Reporting Framework response. The full Public Transparency Report is available here ([https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-97072306-C42C-40E3-960F-C918CAA09712/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C\\*complete\\*%7C\\*public\\*/Merged/](https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-97072306-C42C-40E3-960F-C918CAA09712/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C*complete*%7C*public*/Merged/)). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2019 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

## TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.1	✓	Public				
SG 01.2	✓	Public				
SG 01.3	✓	Public				
SG 01.4	✓	Public				
SG 01.5	✓	Public				
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 01.11 CC	-	Public				
SG 01.12 CC	✓	Public				
SG 02.2	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	-	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	✓	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.4	-	Public				
SG 14.5	-	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	-	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Public				
SG 15.2	-	Public				
SG 15.3	-	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

# ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
<b>Name</b>	Christian Brothers Investment Services, Inc.
<b>Signatory Category</b>	Fund of funds, manager of managers, sub-advised products - Majority
<b>Signatory Type</b>	Investment Manager
<b>Size</b>	US\$ 5 - 9.99 billion AUM
<b>Main Asset Class</b>	>50% Listed Equity Externally Managed
<b>Signed PRI Initiative</b>	2014
<b>Region</b>	North America
<b>Country</b>	United States
<b>Disclosure of Voluntary Indicators</b>	76% from 38 Voluntary indicators

# Christian Brothers Investment Services, Inc.

## Reported Information

### Public version

### Strategy and Governance

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Investment policy

SG 01

Mandatory

Public

Core Assessed

General

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Fiduciary (or equivalent) duties <input type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Other, specify (1) Alignment with USCCB Guidelines. <input checked="" type="checkbox"/> Other, specify(2) PRI Principles Alignment summary	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

**SG 01.3**

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and its relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)

**Other description (1)**

Catholic social teaching forms the basis for our work at CBIS. Our Catholic Responsible Investing (CRI) (SM) approach centers on three key principles: human dignity, economic justice and environmental stewardship. Our Investment Policy outlines our CRI approach and methodologies and incorporation of Catholic social teaching.

- Other RI considerations, specify (2)

**SG 01.4**

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

**PRINCIPLES:** Catholic Social Teaching forms the basis for our work at CBIS. Our Catholic Responsible Investing (CRI) (SM) approach centers on three key principles: human dignity, economic justice and environmental stewardship. Our approach to ESG is specialized for our Catholic fund investors, yet is compatible with global norms, like environmental protection, human rights, and ethical governance, and with issues commonly found in the PRI Collaboration Platform.

**INVESTMENT STRATEGY:** In order to deliver a broadly diversified set of solutions for Catholic institutions, CBIS employs a manager-of-managers approach to portfolio development and management. Through extensive research and analysis, we hire quality asset managers to sub-advise our portfolios and work closely with them on portfolio development. Our managers choose investments that provide balance to those we have excluded, based on our screens, and that offer similar return profiles. Through ongoing monitoring, we oversee our sub-advisers' security selection to ensure they continue to meet our CRI objectives.

**REAL-WORLD IMPACT:** We use screening, active ownership, proxy voting, investor education, and policy engagement to highlight the real-world impacts of certain corporate activities in our portfolio and to change them for the better. Visit <http://cbisonline.com/us/catholic-socially-responsible-esg-investing/cri-progress-report/> for issue-by-issue activities we undertake on these concerns.

**SG 01.5**

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

CBIS is a leader in applying Catholic social teaching to the investment decision process. Catholic Responsible Investing (CRI) (SM) is embedded in CBIS' culture and provides the basis for management of the investment portfolio. Our Investment Policy that outlines our CRI approach, investment convictions and CRI methodologies can be found here: [http://cbisonline.com/us/wp-content/uploads/sites/2/2014/06/CRI\\_POSITIONING\\_JAN\\_14\\_16.pdf](http://cbisonline.com/us/wp-content/uploads/sites/2/2014/06/CRI_POSITIONING_JAN_14_16.pdf).

Our approach involves screening across all funds, engagement at the company/security, regulatory, trade association, and industry level, proxy voting, collaboration, and investor education. We began developing engagement strategies within Fixed Income starting in 2016 and are building those efforts out over time. We have been engaging companies on ESG issues for well over 30 years and filed our first shareholder

resolution on an ESG topic in 1986.

CBIS was invited to participate in the development of the US Conference of Catholic Bishops (USCCB) guidelines and is one of the few Catholic fund firms to consider all three strategies suggested by the Bishops.

Our approach integrates faith-based values into the investment process through disciplined management that includes the following strategies:

**Diversified Portfolio** - We offer a variety of options to access our CRI investing strategies, including institutional pooled funds and separate accounts, with investments in equities and fixed income. By pooling investment assets, we can invest larger amounts and work with sub-advisers who might not otherwise be available to institutional investors with smaller portfolios.

**Ethical Screening** - We develop the criteria for our Catholic investing screens and active ownership efforts by examining Church teachings and various Conference of Catholic Bishops' investment guidelines, by conducting research and surveys, and assessing the potential financial impacts of our program.

**Active Ownership** - CBIS' active ownership program is shaped by a variety of tools to address issues related to human dignity, economic justice and environmental stewardship:

- **Shareholder Resolutions** - CBIS files resolutions that are voted on by shareholders to demonstrate widespread support for addressing Catholic beliefs.
- **Corporate Dialogues** - CBIS meets with companies in our portfolios to advise them and hold them accountable as responsible corporate citizens whose activities may have global impacts.
- **Proxy Voting** - We vote more than 3,000 proxy ballots each year, covering over 30,000 unique management and shareholder proposals throughout the world, to inform companies of Catholic beliefs on important investing issues.
- **Regulatory and Policy Advocacy** - We engage policy makers and regulators regarding issues of market transparency, systemic risk, shareholder rights, and consistent industry or market expectations around our core issues.

**Strategic Partnerships** - We take our strategic partnerships and involvement in investor networks and coalitions very seriously, and spend much of our engagement resources on collaborative efforts that utilize these partnerships effectively. This includes our role on the boards of many critical organizations, like the Interfaith Center on Corporate Responsibility, or child trafficking organizations like ECPAT USA; it also means having an active role in the working groups of various entities critical to our work, from the PRI and USSIF and ICCR, to Ceres' INCR, SICS and Water Hub, to the Climate Action 100+, the Child Exploitation Working Group, and the Investor Alliance for Human Rights, among others.

No

I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

SG 01 CC	Voluntary	Public	Descriptive	General
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<b>SG 01.6 CC</b>	Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation's investment time horizon.
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CBIS has identified some climate risks and opportunities across the portfolio of funds, but because of our structure as a manager-of-managers with existing requirements already in place for those manager contracts, we have opted at this time to better understand what our managers are doing on climate-related issues through ongoing meetings and surveys, and to share with them our findings on risk or opportunity to given securities, sectors, or business lines. We also regularly update our managers on our climate-related engagement efforts, and the companies we focus on, and now query our managers on their support for the TCFD, or reporting that aligns with it.

While we have done carbon footprinting for several of our funds, climate scenario testing for those same funds

using data from Carbon Delta, and analyzed some short-, medium- and long-term risks from climate change to the portfolio, specific sectors, and some individual securities, we have not incorporated those risks into security selection because all investments are made by the sub-advisers (external managers). We are now working with our fund managers to determine what is possible from a manager-of-managers structure in better incorporating and sharing climate change risks/opportunities between the sub-advisers and CBIS, and we are preparing to rate/rank the environmental performance of the companies that we own across all funds in 2020, so that managers have access to that data and can choose (with other factors being equal) the securities with higher Environmental Stewardship, Human Dignity, Human Rights or Economic Justice performance records.

CBIS additionally engages with companies and regulators on climate change, climate risk, and climate policy and shares pertinent learnings with our managers where appropriate. We ask our managers for information on how they voted on ESG proxy ballots for other clients, to get an indication of how they are supporting and changing their views on particular climate-related issues (as CBIS votes all of its own ballots in-house, and we construct our own voting guidelines to do so).

Climate-related risks identified by CBIS include:

1. Specific extreme weather events impacting geographic regions, supply chains, natural resources, and specific business types.
2. Dislocations of people caused by weather disasters, natural resource shortages, and related issues, and accompany human rights and social risks to them from the dislocation.
3. Risks to a company or industry license to operate from not taking climate change into account, or adapting quickly enough for it.
4. Regulatory risks to specific industries from slow rate of response, adaptation, or mitigation.
5. Litigation risks to certain sectors or business lines.

Opportunities:

1. Technologies that can benefit companies or industries if implemented, but that may be costly in the short-term.
2. First-mover advantage in certain sectors.
3. Opportunities to avoid costly infrastructure build-out by employing newer low-carbon technologies that can be decentralized from a large-scale grid, pipeline, etc.
4. Health, mobility, and related benefits from low-carbon, lower pollution, and changing business models that incorporate significant climate emissions reductions.
5. Business model evolution away from high-carbon or high-emissions strategies.

<b>SG 01.7 CC</b>	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?
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Yes

<b>SG 01.8 CC</b>	Indicate the associated timescales linked to these risks and opportunities.
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Short-, medium- and long-term. Our Voting and Engagement staff are assessing risks out for approximately one year, 5 years, 10 years, and some out to 2040, but only at the level of individual securities or clusters of securities, and not the entire portfolio at this time. We study macroeconomic data and trend reports, industry level trends, company benchmarking reports, and the confluence of multiple sets of trends in our assessments. License to operate, physical risk, adaptability of the business model, regulatory backlash, technological costs and progress, and impacts to vulnerable populations are considered in our overall assessment.

No

<b>SG 01.9 CC</b>	Indicate whether the organisation publicly supports the TCFD?
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- Yes
- No

<b>SG 01.10 CC</b>	Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.
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- Yes

Describe
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While we are just beginning conversations with our managers now to determine what is possible in their efforts on assessing and managing climate risks and opportunities, knowing that security selection happens at the sub-adviser level, we have been more vocal in sharing our climate engagement priorities and progress with managers, while encouraging them in similar efforts where possible. We currently manage climate-related risks to the portfolio through:

- Engagement with select sectors and securities, including some fixed income assets
- Proxy voting in support of climate related proposals and candidates for boards
- Support for consistent public policy on climate change (like a uniform price on carbon)
- Supporting improved reporting by companies and debt-providers on climate risks, transition strategies, and opportunities.

- No

<b>SG 1.12 CC</b>	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.
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- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

<b>SG 02</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 6</b>
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

<b>SG 02.1</b>	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
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- Policy setting out your overall approach

URL/Attachment
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- URL

URL

{hyperlink:http://cbisonline.com/us/wp-content/uploads/sites/2/2014/06/CRI\_POSITIONING\_JAN\_14\_16.pdf}

- Attachment (will be made public)
- Formalised guidelines on environmental factors

URL/Attachment

- URL

URL

{hyperlink:https://cbisonline.com/us/wp-content/uploads/sites/2/2015/07/ACTIVE\_OWNERSHIP\_BRIEF\_v2.pdf}

- Attachment (will be made public)
- Formalised guidelines on social factors

URL/Attachment

- URL

URL

{hyperlink:https://cbisonline.com/us/wp-content/uploads/sites/2/2015/07/ACTIVE\_OWNERSHIP\_BRIEF\_v2.pdf}

- Attachment (will be made public)
- Screening / exclusions policy

URL/Attachment

- URL

URL

{hyperlink:http://cbisonline.com/us/wp-content/uploads/sites/2/2015/05/SCREENING\_CASE\_STUDY\_YELLOW2017.pdf}

- Attachment (will be made public)
- Engagement policy

URL/Attachment

- URL

URL

{[hyperlink:https://cbisonline.com/us/wp-content/uploads/sites/2/2015/07/ACTIVE\\_OWNERSHIP\\_BRIEF\\_v2.pdf](https://cbisonline.com/us/wp-content/uploads/sites/2/2015/07/ACTIVE_OWNERSHIP_BRIEF_v2.pdf)}

Attachment (will be made public)

(Proxy) voting policy

URL/Attachment

URL

URL

{[hyperlink:https://cbisonline.com/us/wp-content/uploads/sites/2/2017/03/CBIS\\_Proxy-spreads\\_final\\_links.pdf](https://cbisonline.com/us/wp-content/uploads/sites/2/2017/03/CBIS_Proxy-spreads_final_links.pdf)}

Attachment (will be made public)

Other, specify (1)

Other, specify (1) description

Alignment with USCCB Guidelines.

URL/Attachment

URL

URL

{[hyperlink:http://cbisonline.com/us/catholic-socially-responsible-esg-investing/stock-screens-based-on-usccb-investing-guidelines/](http://cbisonline.com/us/catholic-socially-responsible-esg-investing/stock-screens-based-on-usccb-investing-guidelines/)}

Attachment (will be made public)

Other, specify (2)

Other, specify (2) description

PRI Principles Alignment Summary

URL/Attachment

URL

URL

{[hyperlink:http://cbisonline.com/us/wp-content/uploads/sites/2/2017/02/CBIS\\_PRI\\_BRIEFv5.6.1.pdf](http://cbisonline.com/us/wp-content/uploads/sites/2/2017/02/CBIS_PRI_BRIEFv5.6.1.pdf)}

Attachment (will be made public)

We do not publicly disclose our investment policy documents

**SG 02.2**

Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

- URL

URL

{hyperlink:http://cbisonline.com/us/wp-content/uploads/sites/2/2014/06/CRI\_POSITIONING\_JAN\_14\_16.pdf}

- Attachment

- Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment

- URL

URL

{hyperlink:http://cbisonline.com/us/catholic-socially-responsible-esg-investing/cri-progress-report/}

- Attachment

- ESG incorporation approaches

URL/Attachment

- URL

URL

{hyperlink:http://cbisonline.com/us/wp-content/uploads/sites/2/2017/02/CBIS\_PRI\_BRIEFv5.6.1.pdf}

- Attachment

- Active ownership approaches

URL/Attachment

- URL

URL

{hyperlink:http://cbisonline.com/us/wp-content/uploads/sites/2/2015/07/ACTIVE\_OWNERSHIP\_BRIEF\_v2.pdf}

- Attachment

- Reporting

- Climate change

URL/Attachment

URL

URL

{hyperlink:[http://cbisonline.com/us/wp-content/uploads/sites/2/2014/06/CLIMATE\\_CHANGE\\_IR.pdf](http://cbisonline.com/us/wp-content/uploads/sites/2/2014/06/CLIMATE_CHANGE_IR.pdf)}

Attachment

Understanding and incorporating client / beneficiary sustainability preferences

URL/Attachment

URL

URL

{hyperlink:[http://cbisonline.com/us/wp-content/uploads/sites/2/2015/07/ACTIVE\\_OWNERSHIP\\_BRIEF\\_v2.pdf](http://cbisonline.com/us/wp-content/uploads/sites/2/2015/07/ACTIVE_OWNERSHIP_BRIEF_v2.pdf)}

Attachment

Other RI considerations, specify (1)

Other description (1)

Catholic social teaching forms the basis for our work at CBIS. Our Catholic Responsible Investing (CRI) (SM) approach centers on three key principles: human dignity, economic justice and environmental stewardship. Our Investment Policy outlines our CRI approach and methodologies and incorporation of key facets of Catholic social teaching.

URL/Attachment

URL

URL

{hyperlink:<http://cbisonline.com/us/catholic-socially-responsible-esg-investing/stock-screens-based-on-usccb-investing-guidelines/>}

Attachment

We do not publicly disclose any investment policy components

**SG 02.3** Additional information [Optional].

**2018 Impact & Justice Newsletters--Active Ownership Progress Reports:**

- 1Q 2018: [https://cbisonline.com/us/wp-content/uploads/sites/2/2018/02/CBIS\\_PROGRESS\\_REPORT-4Q17\\_F.pdf](https://cbisonline.com/us/wp-content/uploads/sites/2/2018/02/CBIS_PROGRESS_REPORT-4Q17_F.pdf)
- 2Q 2018: [https://cbisonline.com/us/wp-content/uploads/sites/2/2018/05/CBIS\\_IMPACTJUSTICE\\_MAY-vF.pdf](https://cbisonline.com/us/wp-content/uploads/sites/2/2018/05/CBIS_IMPACTJUSTICE_MAY-vF.pdf)
- 3Q 2018: CBIS Response to Vatican paper on Economic Justice and Finance: <https://cbisonline.com/us/wp-content/uploads/sites/2/2018/07/Vatican-Calls-for-Economic-Justice-July-2018-FINAL.pdf>
- 4Q 2018: <https://cbisonline.com/us/wp-content/uploads/sites/2/2018/10/Impact-and-Justice-October-2018.pdf>

- 1Q 2019: <https://cbisonline.com/eu/wp-content/uploads/sites/3/2019/01/Impact-and-Justice-January-2019-.pdf> (review of 2018 engagements)

#### **CBIS POLICIES:**

Our policies covering CBIS US Funds can be found within the CUIT 2018 Offering Memorandum: <http://cbisonline.com/us/wp-content/uploads/sites/2/2018/03/Catholic-United-Investment-Trust-Offering-Memorandum-03.09.2018.pdf>

**CBIS' fund strategies and list of fund sub-advisers** can be found here:

<http://cbisonline.com/us/socially-responsible-sri-bond-equity-and-balanced-funds/>

**Our unique approach to Catholic Responsible Investing (SM)** is described here:

<http://cbisonline.com/us/catholic-socially-responsible-esg-investing/>

**CRI Strategy Development Process** (summary of process, plus link to locked document for our investors):

<http://cbisonline.com/us/catholic-socially-responsible-esg-investing/>

#### **Indexing Solutions with CRI:**

[https://cbisonline.com/us/wp-content/uploads/sites/2/2015/07/INDEX\\_OPTION\\_2\\_WP.pdf](https://cbisonline.com/us/wp-content/uploads/sites/2/2015/07/INDEX_OPTION_2_WP.pdf)

#### **PRI Principles Implementation and Alignment:**

[https://cbisonline.com/us/wp-content/uploads/sites/2/2017/02/CBIS\\_PRI\\_BRIEFv5.6.1.pdf](https://cbisonline.com/us/wp-content/uploads/sites/2/2017/02/CBIS_PRI_BRIEFv5.6.1.pdf)

#### **Screening Overview:**

[https://cbisonline.com/us/wp-content/uploads/sites/2/2015/05/SCREENING\\_CASE\\_STUDY\\_YELLOW2017.pdf](https://cbisonline.com/us/wp-content/uploads/sites/2/2015/05/SCREENING_CASE_STUDY_YELLOW2017.pdf)

#### **VOTING:**

We have publicly disclosed our proxy votes (now in real time) since the technology was available and well before many funds were required to do so. Our proxy voting guidelines are publicly available on our website, along with summary graphics to highlight key themes in our voting. CBIS was one of the first investors in the US to publicly disclose its voting guidelines over 15 years ago.

#### **Proxy Voting Dashboard, Summary Graphics, and Vote Look-up Online:**

<http://cbisonline.com/us/catholic-socially-responsible-esg-investing/proxy-voting/>

#### **Proxy Voting Guidelines:**

[https://cbisonline.com/us/wp-content/uploads/sites/2/2017/03/CBIS\\_Proxy-spreads\\_final\\_links.pdf](https://cbisonline.com/us/wp-content/uploads/sites/2/2017/03/CBIS_Proxy-spreads_final_links.pdf)

#### **ENGAGEMENT:**

Engagement updates, by quarter and year and issue, can be found through various links on our website. Please see our Literature webpage for more information: <https://cbisonline.com/us/literature/>

#### **2018 Active Ownership/Engagement Summary:**

[https://cbisonline.com/us/wp-content/uploads/sites/2/2018/05/CBIS\\_IMPACTJUSTICE\\_MAY-vF.pdf](https://cbisonline.com/us/wp-content/uploads/sites/2/2018/05/CBIS_IMPACTJUSTICE_MAY-vF.pdf)

#### **Active Ownership Policy & Overview:**

[https://cbisonline.com/us/wp-content/uploads/sites/2/2015/07/ACTIVE\\_OWNERSHIP\\_BRIEF\\_v2.pdf](https://cbisonline.com/us/wp-content/uploads/sites/2/2015/07/ACTIVE_OWNERSHIP_BRIEF_v2.pdf)

**ESG/CRI ISSUE REPORTS:** (found on our Literature webpage: <https://cbisonline.com/us/literature/>)

Human Trafficking: [https://cbisonline.com/us/wp-content/uploads/sites/2/2014/06/HUMAN\\_TRAFFIC\\_IR\\_UPDATE\\_v3.4.1.pdf](https://cbisonline.com/us/wp-content/uploads/sites/2/2014/06/HUMAN_TRAFFIC_IR_UPDATE_v3.4.1.pdf)

Supply Chains and Human Rights: [https://cbisonline.com/us/wp-content/uploads/sites/2/2015/06/eff-supply-chain-accountability\\_logo.pdf](https://cbisonline.com/us/wp-content/uploads/sites/2/2015/06/eff-supply-chain-accountability_logo.pdf)

Human Trafficking Linked to Major Sporting Events: [https://cbisonline.com/us/wp-content/uploads/sites/2/2015/06/CBIS-REPORT-Corporate-Strategies-to-Address-Human-Trafficking-For-London-Olympic-Sponsors-and-Hospitality-Companies\\_logo.pdf](https://cbisonline.com/us/wp-content/uploads/sites/2/2015/06/CBIS-REPORT-Corporate-Strategies-to-Address-Human-Trafficking-For-London-Olympic-Sponsors-and-Hospitality-Companies_logo.pdf)

BP Engagement Case Study: [http://cbisonline.com/us/wp-content/uploads/sites/2/2015/02/CBIS\\_CASE\\_STUDY\\_BP\\_v4.2.pdf](http://cbisonline.com/us/wp-content/uploads/sites/2/2015/02/CBIS_CASE_STUDY_BP_v4.2.pdf)

Climate Change Issue Brief: [http://cbisonline.com/us/wp-content/uploads/sites/2/2014/06/CLIMATE\\_CHANGE\\_IR.pdf](http://cbisonline.com/us/wp-content/uploads/sites/2/2014/06/CLIMATE_CHANGE_IR.pdf)

We also feature blogs, news articles, key ESG events and engagement victories on our website on a very regular basis. We occasionally feature recorded plenary sessions and speeches on ESG topics as well.

## Governance and human resources

SG 07 CC	Voluntary	Public	Descriptive	General
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<b>SG 07.5 CC</b>	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investment analysts

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Dedicated responsible investment staff

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

External managers or service providers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other role, specify (1)

Other description (1)

Other role, specify (1)

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

**SG 07.7** For the management-level roles that assess and manage climate-related issues, provide further information on the structure and process involved.  
**CC**

Our CEO now oversees our CRI team, which leads all of our climate policy efforts, coalitional efforts, and engagements on climate-related issues. The CEO and CIO are debriefed on major climate risks and high-risk sectors, and what the CRI team is hearing from key sectors through its engagements. The Managing Director of the CRI Dept. is briefed on trends in proxy voting related to climate change, public policy on climate at the national and international level, and on trend reports by influential agencies.

**SG 07.8** Explain how the organisation engages external investment managers on the TCFD recommendations and its implementation.  
**CC**

- Incorporation of TCFD in Annual Report
- Incorporation of TCFD in regular client reporting
- Request that investment managers complete PRI Climate indicators
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner guide

## ESG issues in asset allocation

<b>SG 13</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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**SG 13.1** Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, to assess future ESG factors
- Yes, to assess future climate-related risks and opportunities

Describe

We had an external manager complete climate scenario analyses across portions of two of our funds, using data from Climate Delta. We reviewed those results with the manager, and are assessing how to do this across other funds, as we often combine several managers to implement one fund strategy.

- No, not to assess future ESG/climate-related issues

**SG 13.2**

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

**We do the following**

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify

We screen on 10 issues, so substantial attention is paid to sector weighting when the bulk of an industry may be screened out (pharmaceuticals, tobacco).

- We do not consider ESG issues in strategic asset allocation

<b>SG 13 CC</b>	<b>Voluntary</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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**SG 13.4 CC**

Describe how the organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, the results and any future plans.

- Initial assessment

**Describe**

CBIS had one of our managers complete carbon footprinting AND climate scenario analysis across portions of two of our funds, each with either a US or international concentration (World Equity Fund and CUIT Growth). We reviewed the results with the manager, but the results are incomplete because they only assess the holdings that manager purchased within that fund product. Both of those funds have multiple managers, so it is necessary to complete the scenario analysis and footprinting using the same methodologies across all managers in a fund to get a snapshot of risks to the fund and its potential footprint.

However, the analyses, combined with carbon footprinting for those two funds, did shed light on where carbon exposure was currently, and in which sectors, and highlighted policy risks related to climate from large weightings within the fund. We have more work to do here to understand the carbon trajectory of each fund to determine the scope of medium-term risk.

- Incorporation into investment analysis
- Inform active ownership

**Describe**

Several companies in the footprinting assessment were already on our climate focus list for engagement. However, it was interesting to see small positions of some companies produce outsized carbon impacts, so it gave us additional information, when combined with the scenario assessment, on whether any targeted divestment of subsectors might be warranted in the future if emissions are not driven down by technology or business model shifts in that subsector. It also gave us insights into international climate policy initiatives that we may want to focus on, for particular geographies (like physical risks and impacts to emerging markets).

- Other

**SG 13.5  
CC**

Indicate who uses this analysis.

- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

**SG 13.6  
CC**

Indicate whether the organisation has evaluated the impacts of climate-related risk, beyond the investment time-horizon, on the organisations investment strategy.

- Yes
- No

Please explain the rationale

We have only evaluated climate risk impacts for certain sub-sectors, and not the portfolio as a whole. We have engaged major fossil fuel companies and auto makers for over 15 years on climate risk and strategy, and the scenarios checked in SG 13.7 CC below are the ones we discuss with them, to better understand the trajectory and risk for the whole industry, and industries and asset classes dependent on them.

Other than sector specific risks, climate change impacts all asset classes and securities, and asset allocation and portfolio construction. As a manager of managers, it has been difficult to understand future climate risks to the overall portfolio because we are not selecting the securities for each fund. We have, however, begun the methodology and data provider scoping to rate each of our corporate securities across a spectrum of environmental and human rights criteria, which will be provided to managers when completed in 2020. All things being equal, we are encouraging our managers to select the securities with the higher-rated human rights and environmental scores. Once that exercise is commonplace across our funds, we will be in a better position to understand some climate risks and opportunities across the portfolio, and individual funds themselves.

**SG 13.7  
CC**

Indicate whether a range of climate scenarios is used.

- Yes, including analysis based on a 2°C or lower scenario
- Yes, not including analysis based on a 2°C or lower scenario
- No, a range is not used

**SG 13.8  
CC**

Indicate the climate scenarios the organisation uses.

Provider	Scenario used
IEA	<input checked="" type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)
IEA	<input type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario
IEA	<input checked="" type="checkbox"/> Sustainable Development Scenario (SDS)
IEA	<input checked="" type="checkbox"/> New Policy Scenario (NPS)
IEA	<input checked="" type="checkbox"/> Current Policy Scenario (CPS)
IRENA	<input type="checkbox"/> RE Map
Greenpeace	<input checked="" type="checkbox"/> Advanced Energy [R]evolution
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)
Bloomberg	<input checked="" type="checkbox"/> BNEF reference scenario
IPCC	<input type="checkbox"/> Representative Concentration Pathway (RCP) 8.5
IPCC	<input type="checkbox"/> RPC 6
IPCC	<input checked="" type="checkbox"/> RPC 4.5
IPCC	<input type="checkbox"/> RPC 2.6
Other	<input type="checkbox"/> Other (1)
Other	<input type="checkbox"/> Other (2)
Other	<input type="checkbox"/> Other (3)

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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**SG 14.1**

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)
- Other, specify(2)
- None of the above

**SG 14.2**

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments
- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify

other description

used climate data and risk analysis in our engagement and proxy voting endeavors.

- None of the above

**SG 14.3**

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify

other description

We engage high risk companies in our portfolio to stress-test their portfolios against a 2-degree or less scenario.

None of the above

<b>SG 14 CC</b>	<b>Voluntary</b>	<b>Public</b>	<b>General</b>
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**SG 14.6 CC** Please provide further details on these key metric(s) used to assess climate related risks and opportunities.

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
<b>Carbon footprint (scope 1 and 2)</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Better understanding of fund risk.		
<b>Exposure to carbon-related assets</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Better understanding of fund risk.		

**SG 14.8 CC** Indicate whether climate-related risks are integrated into overall risk management and explain the risks management processes for identifying, assessing, and managing climate-related risks.

- Process for climate-related risks is integrated into overall risk management
- Process for climate-related risks is not integrated into our overall risk management

Please describe

We are currently assessing how our manager-of-managers structure, with a multi-manager strategy for most of our funds, can systematically and consistently apply a climate risk process and risk methodology for the entire portfolio, which is difficult. We have started the process of querying managers on their climate capabilities, to better determine what can happen across our assets on a consistently-applied basis.

**SG 14.9 CC** Indicate whether the organisation undertakes active ownership activities to encourage TCFD adoption.

Yes

Please describe

We focus on engaging top fossil fuel producers and auto makers in our climate engagements--both through the CA 100+ initiative, and as stand-alone discussions. We ask every company engaged on climate risk to support the TCFD and to report in alignment with it. We make space in our dialogues to review with companies any challenges presented by the TCFD, and we have taken the time in 2018 to have more in-depth conversations with companies about the expectations placed on investors, and not just themselves, to more accurately report on climate related risks and actions and response. That has typically changed the conversation, when companies know that we as investors are also being held to account for climate performance, and that those reporting and accountability expectations are growing for the company's investor base.

No, we do not engage

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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**SG 15.1** Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

- Yes
- No