

## **STATEMENT OF INVESTMENT PRINCIPLES**

**Paulist Center Community**

**May 2006**

As the Paulist Center Community, we aspire to express the good news of Jesus and His social teachings in contemporary society. We seek to manifest God's love for all.

One way we work to accomplish our mission is by serving as responsible stewards of our investment resources to provide for the current and future needs of our Paulist Center Community and for our ministries.

Another way we accomplish our mission is through socially responsible investing that considers the moral and ethical standards of companies, as well as the risks and rate of return on investments.

We seek to invest in companies and other investment possibilities that contribute to the building of a peaceful and just world. We have set forth investment guidelines that speak to this purpose.

### **INVESTMENT PRINCIPLES**

We aspire to express the good news of Jesus and His social teachings in contemporary society through three main principles:

- 1. We seek to advance the human rights of all.**
- 2. We seek to advance peace, not simply defined by the absence of war.**
- 3. We seek to advance sustainable communities, communities which are self-sufficient and thriving.**

Within this framework, there are many issues that can be addressed through the socially responsible investing. As a community of faith, we recognize our responsibility to work with other concerned investors to bring about change in corporate policies, programs and practices.

### **Strategies for Participating in Socially Responsible Investing**

We will engage four, basic strategies for participating in socially responsible investing:

- A. Screening our investments to disallow investments in certain corporations from which we do not wish to be stakeholders and financially benefit, and deliberately investing in corporations that seek to advance our principles.
- B. Filing shareholder resolution on core issues of concern. This gives us an opportunity to join with others to speak out against specific injustices and to advocate for improved policies and practices.
- C. Voting proxies. This allows us to adhere to our principles by supporting shareholder resolutions filed by other concerned Investors.
- D. Community-Based Investing. This practice allows us to make non-traditional loans to benefit others. This strategy will be described further under separate cover.

### **Corporate Practices and How We Seek to Influence Them**

For each of the following principles, we choose use our investments to bring about positive change. We can do this by:

S = Screening an investment out of the portfolio,

R = Filing a shareholder resolution to address the issue, and  
P = Voting our proxies in support of resolutions filed by other investors on these issues.<sup>1</sup>

At this time, we have identified specific corporate practices of concern as they relate to each of the three investment principles. These specific practices of concern may change over time. In the following paragraphs, specific corporate practices will be labeled “S”, “R”, or “P”, based on which action is appropriate for our community to take.

**General Principle 1: We seek to advance the human rights of all.**

**Corporations are major participants in addressing human rights through their programs, policies, and practices; therefore the portfolio should emphasize companies making positive efforts to improve local and global human rights, and to avoid companies which exploit their workers, do not respect the rights of communities and degrade the individual.**

1. Corporations who discriminate based on gender, race, religion, ethnicity, sexual preference or age - **R**
2. Corporations who allow the use of bonded and/or forced labor - **P**
3. Corporations who allow unfair and/or unsafe working conditions - **P**
4. Corporations who do not abide by law or avoid law by operating in multiple jurisdictions
5. Corporations who allow the use of prison or slave labor - **S**
6. Corporations who do not respect the rights of the community (including but not limited to indigenous communities)<sup>2</sup> - **P**
7. Corporations who do not pay a sustainable living wage - **R**
8. Corporations who allow or demand excessive working hours and/or overtime – **P**
9. Corporations who allow the use of child labor - **S**
10. Corporations who produce or distribute pornographic materials - **S**
11. Corporations who contribute to prostitution - **P**

**General Principle 2: We seek to advance active peace, not simply defined by the absence of war.**

**Corporations influence the ability of both large and small communities to achieve a state of active peace; therefore the portfolio should emphasize companies promoting peace and healthy communities and avoid corporations whose actions support dictatorships, violence, and weapons.**

1. Corporations who produce or sell in countries governed by dictatorships with egregious human rights abuses – **S**
2. Corporations who produce violent video games - **P**
3. Corporations who produce violent media - **P**

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Specific topics for action related to the principles are listed under each principle. This is not an exhaustive list of issues related to each of the three principles. We have relied on the consultation of Sr. Ruth Rosenbaum, Co-Founder of the Center for Reflection, Education, and Action (CREA), to recommend issues that we should attend to. CREA staff examined our key values and did a systemic analysis of the lead issues that have arisen in the world of corporate responsibility over the past five years. They matched those issues with our interests. They then removed issues for which there is a substantial advocacy movement already in place. Such issues include: Wal-Mart and CEO wages. What remains on this list are issues where shareholder momentum is building or issues that are newer to the field and aligned with our values.

<sup>2</sup> Example: When one international retail chain in Mexico city set up a store on sacred Mayan grounds.

4. Corporations who produce and/or promote and/or traffic in weapons -**S**
5. Corporations who fund or benefit from violence - **S**

**General Principle 3: We seek to advance sustainable communities, communities which are self-sufficient and thriving. The three basic components of functioning sustainability are economic sustainability, environmental sustainability and social sustainability. Corporations have major impact on the sustainability of families, communities and societies.**

1. Corporations whose practices contribute to lack of access to crops, food and/or water - **P**
2. Corporations who avoid local economic benefits and taxes including those operating in Export Processing Zones - **P**
3. Corporations who market products in any country which are banned by law in another country including, but not limited to, landmines and pesticides - **P**
4. Corporations who do not eliminate hazardous chemicals from their products or their emissions. Hazardous chemicals includes but is not limited to carcinogens and terratogens - **P**
5. Corporations who avoid paying benefits by extensive use of part time employees and/or informal labor - **P**
6. Corporations who engage in red-lining – **P**
7. Corporations with policies and practices that negatively impact the quality of life of individuals, communities and/or countries – **P**
8. Corporations whose policies and practices contribute to social instability by the encouragement of migration – **P**
9. Corporations who do not practice the “equal pay for equal work” principle - **P**
10. Corporations who have extensive use of off-shoring, outsourcing and supply chains without comprehensive compliance systems in operation - **P**
11. Corporations who aggressively market baby formula among persons for whom the use of the formula is inappropriate - **R**
12. Companies who produce and market tobacco products - **S**
13. Corporations who do not have comprehensive rules and practices against bribery, corruption and/or facilitating payments – **P**
14. Companies whose primary business is the promotion of gambling – **S**
15. Companies whose policies, programs and practices contribute to global warming – **R**
16. Companies who target specific, inappropriate populations through the sale of high alcohol content products - **S**

## Re-Statement of Topics by Action

*Note: The committee will develop a companion document that explains why each topic has had a specific action designated.*

### Shareholder Resolution Filing

1. Corporations who discriminate based on gender, race, religion, ethnicity, sexual preference or age – **R**
2. Corporations who aggressively market baby formula among persons for whom the use of the formula is inappropriate - **R**
3. Corporations who do not pay a sustainable living wage – **R**
4. Companies whose policies, programs and practices contribute to global warming – **R**
5. Companies whose policies, programs and practices contribute to global warming – **R**

### Proxy Voting

1. Corporations who allow the use of bonded and/or forced labor - **P**
2. Corporations who allow unfair and/or unsafe working conditions - **P**
3. Corporations who do not abide by law or avoid law by operating in multiple jurisdictions- **P**
4. Corporations who do not respect the rights of the community (including but not limited to indigenous communities) - **P**
5. Corporations who allow or demand excessive working hours and/or overtime - **P**
6. Corporations who produce or distribute who contribute to prostitution - **P**
7. Corporations whose practices contribute to lack of access to crops, food and/or water - **P**
8. Corporations who avoid local economic benefits and taxes including those operating in Export Processing Zones - **P**
9. Corporations who market products in any country which are banned by law in another country including, but not limited to, landmines and pesticides - **P**
10. Corporations who do not eliminate hazardous chemicals from their products or their emissions. Hazardous includes but is not limited to carcinogens and terratogens - **P**
11. Corporations who avoid paying benefits by extensive use of part time employees and/or informal labor - **P**
12. Corporations who engage in red-lining - **P**
13. Corporations with policies and practices that negatively impact the quality of life of individuals, communities and/or countries - **P**
14. Corporations whose policies and practices contribute to social instability by the encouragement of migration - **P**
15. Corporations who do not practice the “equal pay for equal work” principle - **P**
16. Corporations who have extensive use of off-shoring, outsourcing and supply chains without comprehensive compliance systems in operation - **P**
17. Corporations who do not have comprehensive rules and practices against bribery, corruption and/or facilitating payments – **P**

### Screening from Portfolio

1. Corporations who allow the use of prison or slave labor - **S**
2. Corporations who allow the use of child labor - **S**
3. Companies who produce and market tobacco products - **S**
4. Companies whose primary business is the promotion of gambling – **S**
5. Companies who target specific populations through the sale of high alcohol content products – **S**
6. Corporations who produce and/or promote and/or traffic in weapons - **S**