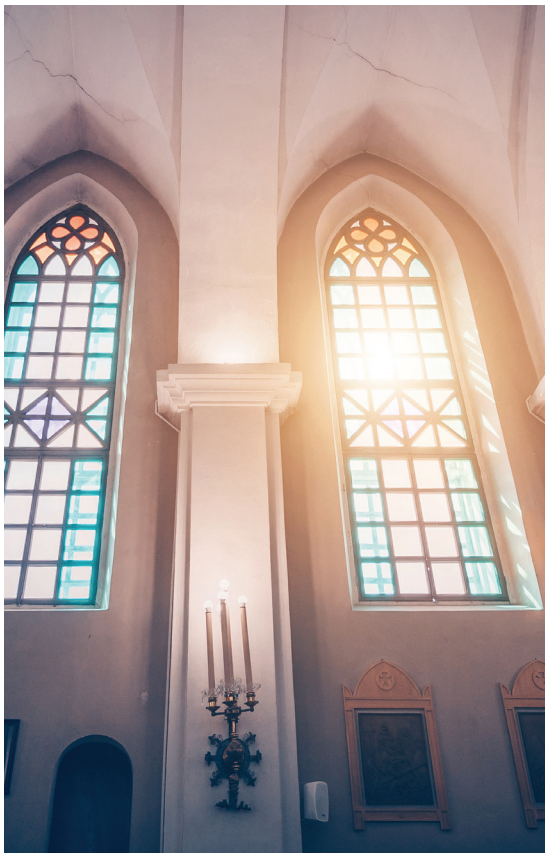
Breckinridge CAPITAL ADVISORS

# U.S. Catholic Bishops Reviewing Investing Guidelines, Asset Managers Paying Attention



## Key Takeaways

- The U.S. Conference of Catholic Bishops (USCCB) is reviewing its sustainable investing guidelines.
- Revisions may include additional context for ESG investing, including fossil fuel-free mandates.
- Asset managers that incorporate USCCB guidelines into strategies will need to take heed of any revisions in their frameworks that accommodate ESG inclusion in a thoughtful way.

News that the U.S. Conference of Catholic Bishops (USCCB) is reviewing its sustainable investing guidelines is prompting speculation that revisions may include additional context for environmental social and governance (ESG) investing, including fossil fuel-free mandates.

Reports say that announcement of revisions could come at the bishops' USCCB Fall General Assembly in Baltimore from November 15 through 17, 2021. Asset managers that incorporate USCCB guidelines into strategies that they manage for clients seeking to invest in accordance with Catholic values will need to take heed of any revisions in their frameworks that accommodate ESG inclusion in a thoughtful way. Breckinridge manages sustainable investment mandates, including strategies that adhere to USCCB Catholic values guidelines and fossil fuel-free methodologies.

Changes to the USCCB sustainable investing guidelines would be the first updates in nearly 20 years and comes after the Vatican issued guidance to Catholics on how to consider environmental matters in investments, including fossil fuel stocks.

In a September 28, 2021 editorial, *National Catholic Reporter* stated, "These actions are in line with the increasingly clear guidance coming from the Vatican, beginning with Pope Francis' 2015 encyclical 'Laudato Si', on Care for Our Common Home,' followed by the Synod of Bishops for the Amazon in October 2019 and, in June 2020, by proposals for implementing Laudato Si', with recommendations on investments."

The potential for more explicit integration of ESG principles, including fossil fuel-free strategies, in Catholic values investing approaches comes as institutions broadly are seeking to eliminate oil and gas investments from their portfolios.

"A growing number of college and university endowments are divesting from fossil-fuel holdings and embracing ESG principles, *Pensions & Investments* reported on November 1, 2021. "The largest among them is Harvard University, which announced earlier this year that its $53.2 billion endowment would make no direct investments in fossil-fuel companies going forward."

Other institutions to divest of fossil fuel investments during the last two years, according to Pensions & Investments, include Boston University, Cornell University, Dartmouth College, the University of California, Oakland, and Loyola University Chicago.

Global attention on the topic of climate change and the investment risks that it poses increased in 2021 after the report of the UN Intergovernmental Panel on Climate Change on the causes and current extent of climate change, In addition, the COP26 global climate change conference in Glasgow heightened climate change concerns.

*National Catholic Reporter's EarthBeat* project noted that Scotland's Catholic Church announced its financial divestment from fossil fuels recently. "The Catholic Bishops' Conference of Scotland, along with all eight Scottish archdioceses and dioceses, announced their fossil-free commitment Oct. 26, just days before the United Nations climate conference known as COP26 will begin in Glasgow." *EarthBeat* said.