

Socially Responsible Investment Guidelines

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Ascension's Ethics Department provides values-based ethical guidance to asset managers for Ascension and its affiliated entities. As a faith-based and non-profit entity, Ascension has a fundamental commitment to invest its assets in a socially responsible way. To this end, the Ethics Department of Ascension has developed a Socially Responsible Investment (SRI) Philosophy and Guidelines (the "Guidelines") with the intention of ensuring that the assets of Ascension and its affiliated entities are invested appropriately. The goal of this piece is to provide a brief summary of key elements of these Guidelines relevant to evaluating entities from an environmental stewardship perspective.

BRIEF SUMMARY OF AN SRI PHILOSOPHY

Ascension is committed to exercising stewardship of financial resources through investments that are consistent with Ascension's mission, vision and values which includes refraining from investing in companies when that investment would entail implicitly condoning and/or directly contributing to activities that are understood within Catholic teaching to be morally wrong. Because Ascension understands that health care is first and foremost a basic human right, any investments in health care delivery organizations will be evaluated on the basis of whether their policies and practices are

consistent with that belief. Moreover, Ascension seeks to avoid investments in companies whose policies and practices contribute to the violation of human rights, whose policies and practices are directed specifically to opposing the moral teachings of the Catholic Church, whose policies and practices are consistently found to be discriminatory, or whose working conditions are exploitive. Ascension's SRI Guidelines are drawn out of the Catholic moral tradition and provide some specific guidance for investment and asset management. In addition to ensuring that its investments are not contrary to the principles of Catholic social thought, Ascension also makes investments that seek to further a social responsibility mission by focusing on investments that focus on environmental stewardship or are designed to improve access to certain social goods and services that are deemed basic human rights but may not be available (or are available only on a limited or inadequate basis) to the poor and vulnerable, such as health and health care, clean water, food and nutrition, financial services, and adequate and affordable housing and education.

SRI GUIDELINES: ENVIRONMENTAL SCREEN

Recently, Ascension's investment manager requested the assistance of Ascension's Ethics Department to interpret and implement an environmental screen both of companies

currently in its investment portfolios and of companies in which Ascension may invest in the future. The SRI Guidelines provide the basis for the environmental screen, but, when tasked with screening hundreds of companies, we believe it is important to establish a standardized process to ensure the consistent application of the SRI Guidelines. For the environmental screen (as well as additional screens pursuant to the SRI Guidelines), we use a variety of tools and resources that provide company profiles as the basis for our review. Based on established factors and metrics, companies are scored and placed into one of four categories: very severe, severe, moderate, and minor. Because of the rigor of the research on each company, we can create a set of parameters specific to the categories themselves that are designed to assist in the evaluation process. For example, we can establish the principle that companies with “minor” environmental concerns need not be restricted from investment. Likewise, we can establish the principle that companies in the very severe category be automatically restricted from investment. For companies in the other two categories, we can then provide review with additionally developed guidance to address the following questions: (1) is the company’s response to real or alleged environmental concerns substantive, consistent, and ongoing relative to the severity of the assessment category?; (2) has the company been consistently cited for violating environmental protection regulations?; and (3) does the company have policies and practices that contribute to the violation of human rights or are exploitative or discriminatory? With these considerations in mind, the Ethics Department of Ascension offered a reasoned evaluation as to whether restricting these companies from

investment is consistent with Ascension’s SRI Philosophy and Guidelines.

The SRI Guidelines are both a useful tool for screening potential investments and an illustration of the mission, vision, and values of Ascension in action. Just as important as the Guidelines themselves is the process of developing and implementing such Guidelines, for this prayerful and reflective process challenges us to explore creative ways in which we might continue the healing ministry of Jesus in our ever-changing world. ✚

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