



THE SOCIETY OF THE HOLY CHILD JESUS

A FAITHINVEST CASE STUDY

March 2024

The logo for FaithInvest, featuring a stylized 'F' and 'I' intertwined above the word 'FAITHINVEST' in a sans-serif font.

TABLE OF

CONTENTS

01 Introduction

02 Investment Background and Issue

03 The Process

05 The Outcome



The education of underprivileged children and women was the first ministry of the Society of the Holy Child Jesus when it was founded in England in 1846. Today, it remains a key focus of SHCJ activities across the world. Above, children at two SHCJ schools – Priory School in Edgbaston, UK, and the Corneila Connolly School in Goaso, Ghana.

Front cover image: Stained glass, Madonna and Holy Child Jesus

All photographs courtesy of the SHCJ



INTRODUCTION



The Society of the Holy Child Jesus (SHCJ) is an international Roman Catholic religious congregation of women that spans four continents. Founded by Cornelia Connelly in 1846, the guiding principle of the SHCJ is the enhancement of human dignity, which inspires actions towards a more just, compassionate and harmonious world informed by Catholic Social Teaching. Today, the SHCJ works in educational, spiritual, pastoral, social and healthcare ministries across the world.

The European province is registered as a Charitable Incorporated Organisation (CIO). The CIO aims to support the religious and other charitable works carried out by the Society and its members.

The SHCJ believes that its investments, like all its resources, must be aligned with its guiding principles, the enhancement of human dignity and care for our common home and the values that flow from this: justice, peace and compassion.

In an effort to create an Investment Policy and Guidelines statement (IP&G) more in line with their values, the SHCJ European Province chose FaithInvest to help guide and accompany them on their journey of greater faith-consistent investing.



‘We live our mission to rejoice in God’s presence and to help people believe that God lives and acts in them and in our world.’

The Society of the Holy Child Jesus

Sister Angela O'Connor, European Province Leader

INVESTMENT BACKGROUND

At the outset of the project, the European Province of the SHCJ held a long-term reserves portfolio invested for growth, with a return target of 3.5% in excess of inflation, after fees, while generating annual income to further the religious and other charitable works carried on by the Society. Portfolio management responsibilities were assigned to selected professional investment managers.

THE ISSUE

The SHCJ's goals at the outset of the process were to enhance its IP&G and essential governance elements to integrate faith values more fully, consistent with existing liquidity, risk, return, and expense parameters and expectations, and to consider establishing an ongoing process for faith values integration and timely ethical decision making.

FaithInvest's Director of Faith-Consistent Investing Programmes, Mathew Jensen, CFA, said a critical area of focus would be on what FaithInvest describes as the Front Door. This is language at the beginning of an IP&G statement that articulates the values of the faith organisation, and the investment activities to be used in expressing those values.

'We strongly encourage well-documented 'front door' language – how will key beliefs, teachings, and values manifest themselves in our investments? Strong, clear language around this is of vital importance, because it's the anchor for everything else that follows.'

Mathew Jensen, CFA
Director of Faith-Consistent Investing Programmes, FaithInvest

THE PROCESS

After a period of fact-finding and discernment on the part of SHCJ beginning in the summer of 2022, including participation in a large FaithInvest convening in London, FaithInvest conducted an initial investment policy analysis to establish a baseline of faith alignment and then developed a project plan to accomplish the goals established by SHCJ, shown below.

Document:

- Identify and develop an understanding of the ethos and foundational faith values of the SHCJ.
- Ensure documentation of current and expected liquidity, return, risk and expense (LRRE) parameters and expectations.
- Inventory all current values, practices, methods and mandates.
- Draft initial statements of purpose and intention and 'priority' values for integration.
- Begin documenting pragmatic considerations around LRRE parameters, resources and asset size and their potential implications for values integration.

Discuss:

- Familiarise key stakeholders with the project's body of work, intentions and dynamics/tradeoffs using documented LRRE, Key Values, Current Practices and 'Pragmatic Considerations' drafts.
- Initially explore practical implementation options and considerations with existing service providers, or if in-scope, potential services providers.
- Consider and develop recommendations for enhancements or additions to the governance process to support the ongoing implementation of the enhanced IP&G.
- Refine key documents.

Draft:

- Use refined key documents and refer to examples and sample language from the FaithInvest IP&G database and/or model IP&Gs, to draft an enhanced IP&G.
- Consider a phased process with near-term IP&G enhancements, and future 'wish list' enhancements.
- Develop related presentation materials for decision-making by the investment committee and the charity trustees.

Decide:

- Assist the Trustees/Staff in their final review and decision-making process, required re-drafting, for final acceptance.

In November of 2022, stakeholders at the SHCJ confirmed that they wished to proceed with the project of developing an enhanced faith-consistent investing policy with the support of FaithInvest, and at that time formally put together a team to focus on the project.

In addition to FaithInvest representatives, the team included several key stakeholders at SHCJ, including the Province Bursar and Finance Director, four Sisters from the Province Investment Committee, one of whom was the Province leader, and another a member of the Society Leadership Team in Rome who is also a trustee of the charity.

Portfolio Review Services (PRS), an investment consultant for SHCJ, and the assigned managers to the portfolio, were also involved in the process.

Foundational principles

FaithInvest dedicated time to thoroughly examine the SHCJ's foundational principles and ethos, Constitutional Documents and Mission Statements, and commitments in recent years, such as its emphasis on environmental stewardship. This process was vital for understanding the Society's history, its unique identity, values, and mission.

Early in the project, engaging with the SHCJ to reflect on and discuss the core values relevant to enhancing the Investment Policy was crucial. FaithInvest encouraged the SHCJ team to envision that its foundress, Venerable Cornelia Connelly, was revising the SHCJ Investment Policy and Guidelines, and to consider what values she would incorporate into these documents. This guidance process was crucial in fostering a close connection with the SHCJ from the project's early stages.

The project was then conducted over the course of several months. It included regular and ongoing sessions of the core team, presentations to the trustees, and convenings among the various stakeholders. This ongoing dialogue was essential in working through the complex and challenging issues involved in expressing faith values in investments.



Stained glass window, Epiphany, Mayfield School, Sussex UK

CASE STUDY

THE OUTCOME

The project was successfully concluded in October 2023 with the SHCJ Trustees approving multiple recommended changes to the IP&G, including:

- More **specific language on the values** they sought to reflect in the portfolio, and additional and adjusted investment guidelines. For example, *'The Trustees expect the investment managers to apply Environmental, Social and Governance (ESG) criteria when selecting investments paying particular attention to our guiding principles of human dignity and care of creation. Managers should try to avoid any investments in contravention of these and to highlight areas of potential sensitivity. Particular concern will be attached to issues related to the protection of human life and human rights, as well as discrimination against or exploitation of any sectors of society and the company's overall environmental impact.'*
- New language requiring enhanced **values-based reporting by asset managers**, for example, specific details at the holdings level are required, while also reporting on the ESG coverage of the total portfolio.

Governance updates:

- Alignment with Net Zero Asset Managers Commitment (NZAM) 'net zero' goals; *'Overall the Trustees wish to see the CIO's investments aligned with the (NZAM) goals, to achieve a net zero target by 2050, and a 50% reduction in carbon emissions by 2030. The Trustees wish to see year on year progress towards this objective, and expect the managers to report on progress within the portfolios at least annually.'*

The creation of a 'wish list' for the future:

- Proxy voting guidelines for the Trust to share with asset managers.
- Continued exploration of impact investing.

As a result of this work, the SHCJ's FaithInvest FCI alignment score increased from 5.0 to 6.9 (out of 10), with the potential for further improvement based on SHCJ FCI initiatives currently in progress.

'We were much more manager-led before engaging with FaithInvest. Our work together has given us greater capacity and understanding for dealing with managers.'

Sister Carmel Murtagh
European Province, SHCJ

CASE STUDY

'ACTIONS NOT WORDS'

Cornelia Connelly's motto for her community was 'Actions Not Words' – a phrase that captures her understanding that living the Gospel is the best way of preaching it. In seeking to align their investment policy with their guiding values, SHCJ Sisters aim to live out that motto in their financial decisions. Key principles that the Sisters wanted to reflect in their investment policy include:

Protection of human life & human rights

Working in practical solidarity with marginalised people

Justice, peace & the integrity of creation

The dignity of every human being

Advocating for those affected by unjust social structures or lack of access to education, services and care

Care for our common home



SHCJ Sisters around the world: Clockwise, from top left: SHCJ Sisters in Accra, Ghana; Rosemont, United States; Calabar, Nigeria; and Sr Kathleen King, European Province.

CASE STUDY

SHCJ: WHAT WE LEARNED

Here are some of the comments we received from key stakeholders at the SHCJ:

- “Becoming proficient in the language of investing is key, especially in the area of impact and values-based investing where terminology is often inconsistent or imprecise. Investment managers sometimes have different ways of sourcing data, and sometimes even different ways of scoring the same assets. Establishing clear definitions around such terminology therefore supports better interactions with the investment managers, and among all the stakeholders.”
- “There is a ‘quality over quantity’ factor in how investment managers report back on various matters, especially with shareholder engagement issues, as there can be a temptation to overload with data while actually falling short in terms of the clarity and succinctness of the information.”
- “It is important to not be constantly led by the (investment) managers. Development of our new policy has given us greater confidence for engaging with investment managers. I think we were much more manager-led before engaging with FaithInvest. Our work with them has given us greater capacity and understanding for dealing with managers.”
- “Having the ‘front door’ language written down means that going forward, whoever becomes a trustee of the society and comes upon the investment policy, whichever investment managers are being used, it's there, set down in stone, and that drives the rest of the policy.”
- “Our Trustees have gained an even greater awareness as to how our investments can promote the charity's objects and the Society's mission.”

FaithInvest's Mathew Jensen adds:

'We pay tribute to the SHCJ for its diligent and thoughtful focus during this process. This work is not a hasty quick fix. Aligning an organisation's faith values and investment policies takes time, care and, above all, a vision of how its finances can forward its mission.'



Cornelia Connelly
Founder,
Society of the
Holy Child Jesus



Stained glass, Chapel, Mayfield School, Sussex UK



FaithInvest is an international, not-for-profit network for religious groups and faith-based institutional investors. Our aim is to grow the scale and impact of faith-consistent, values-driven investing worldwide for the benefit of people and planet. We work with all faith groups to help them align their investments with their values.

FaithInvest
 c/o Stone King LLP
 Boundary House
 91-93 Charterhouse St
 London, EC1M 6HR

Contact:
info@faithinvest.org

More information:
Faithinvest.org

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