



# Catholic Trust for England and Wales (CaTEW)

## Statement of Investment Policy and Principles

### **Introduction**

CaTEW is the charitable and legal entity which holds the assets and property of the Catholic Bishops' Conference in England and Wales (CBCEW). These resources are held by CaTEW to enable the CBCEW Secretariat to procure those activities and programmes of work which the Bishops wish to commission or support collegially. CaTEW, in line with the Church's teachings, looks to ensure the moral and spiritual wellbeing of the individual, and to help discern the common good, being what is best for all in society. It follows therefore that holdings of investments must be done in line with the charity's ethos, values and spirituality.

### **Investment Committee**

The trustees delegate the responsibility for the day-to-day management of investments to an Investment Committee. This committee comprises a minimum of three trustees, the Head of Finance, and at least two Catholic independent investment experts. Meetings are held at regular intervals and at least twice a year with each investment manager. Valuations and details of performance are provided by them on a quarterly basis. The Committee will undertake an annual review of this Statement.

### **Aims, objectives and risk**

The investment objective is to maintain and enhance the real value of the trust's assets and to generate a reasonable level of income. The trust is prepared to accept that there could be significant volatility for assets designated for long term investment. This could be as much as a third of the total value of portfolios from peak to trough, reflecting general market conditions, though each investment manager will have a defined risk and benchmark metric laid out in an appendix to this policy. A major part of the management of risk is through diversification by including investment in domestic and international equities, bonds, alternatives, including infrastructure, listed private equity, leasing and precious metals. Investment managers are required to keep the charity updated on the volatility of their portfolio and to report on other widely accepted risk measures.

### **Selection and monitoring of Investment Managers**

The Trustees expect its investment managers to be signatories to the UN Principles for Responsible Investment and to have a dedicated charity team within their firm. The use of more than one firm is intended to provide a reduction in risk and to gain expertise in different sectors of the market. Managers are required to report against agreed performance benchmarks as well as peer group returns such as ARC as well as relative volatility. The target return on a five year rolling basis is CPI+3%. Managers will be expected to follow ESG principles either by use of an external provider or by internal processes.

### **Catholic Principles**

The Charity's ethical investment policy is based on Catholic teaching and reflects a number of Papal encyclicals including *Laudato Si'* and more recently *Fratelli Tutti* both from Pope Francis. More recently in November 2022 *Mensuram Bonum* set out in detail guidelines for aligning Catholic

investment principles with Catholic Social Teaching. Essentially this means respect for life, respect for the dignity of the person, Catholic teaching on war and peace, economic justice and protecting the environment. Increasingly there is scrutiny of corporate responsibility in all these areas including ESG screening.

Direct investment in companies that currently partake in the following activities should be avoided:

- Abortion Services
- ‘Intended Use’ Abortifacient Production
- Embryonic Stem Cell Research; Foetal Tissue Research; Use of Foetal Cell Lines; Human Embryonic Stem Cell Cloning and Enabling Technology
- Fossil fuels, especially companies which deal in tar sands, coal tar and thermal coal.

Direct investment in companies that generate more than 3% of revenue from the following activities should be avoided:

- Contraceptives Production
- High-Interest Rate Lending
- Adult Entertainment
- Non-Conventional Weapon Manufacturers
- Gambling and gambling-related activities

Direct investments in companies that generate more than 10% of revenue from the following activities should be avoided:

- Conventional weapons, including weapon systems, components and support systems and services.
- Production, distribution or retailing of tobacco.

The trustees require the investment manager, under their obligations as a signatory to the United Nations for Responsible Investment, to consider the following areas and avoid investing in companies that fall short of relevant industry best practice:

- Human rights
- Gender and Racial discrimination

In addition to the negative screening set out above the trustees are also dedicated to positive screening to invest in and support those companies that are operating in line with the charity’s objectives. Trustees would consider investing in companies that show a positive commitment and sufficient prior progress in “greening” their particular industry or business to promote such work.

They also recognise that with the rapid change of pace in many areas it is important to keep this policy under constant review.

Version 4

Approved by the CaTEW Board  
5<sup>th</sup> March 2024