

Faith-Based Investing Guidelines

The history of aligning faith and finance predates what we broadly call impact investing today. Faith-based groups have long led the way in using the power of capital to bring about change. This perspective shares brief overviews — and updates — of various faith-based investing guidelines and is by no means all-inclusive.

The U.S. Conference of Catholic Bishops (USCCB)

The USCCB Guidelines offer a summary of strategies the Catholic church uses to invest its assets based on Catholic principles. In November 2021, bishops approved new guidelines governing financial investments of the USCCB that include wider limits on where money can be invested and advance a policy of engagement on corporate practices that impact human dignity.¹ These guidelines were last updated in November 2003.

Some of the significant changes in the update of the text include incorporating the teachings of Pope Benedict XVI and Pope Francis; extending all five sections of policies, with significant updates to areas concerning the common good and the environment; and adding new areas such as media, telecommunications, and impact investing. The updated investment guidance, in addition to its emphasis on shareholder engagement, includes expansions on environmental issues. The investing guidelines, which offer a Catholic perspective on ethical and socially responsible investing, build on the Conference's historical work proclaiming the Gospel in the midst of a complex economic world.²

The new USCCB guidelines are grouped into five broad categories:³

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| 1 Protecting Human Life | 4 Pursuing Economic Justice |
| 2 Protecting Human Dignity | 5 Saving Our Global Home |
| 3 Enhancing the Common Good | |

The newest guidelines seem to have aligned themselves more closely with ESG investing due to a greater emphasis on language promoting corporate engagement and community impact and proactively seeking out investments that promote the “common good.”⁴ To read the full guidelines, click [here](#).

In carrying out its investment strategies, the USCCB will review the Guidelines' relevance every three years and provide updates as needed. During this process, the USCCB may request that its investment advisors report on how they implement the Guidelines.⁵

Judaism

Judaism teaches that people have a responsibility to help create a better world. The Torah offers guidance on aligning capital with Jewish values through a number of commandments and mitzvot, the Hebrew word for good deeds. Investors can apply Jewish values to create portfolios that will benefit others and lead to a better future. A 2019 Morgan Stanley report on faith-based investing explores how Jewish values can guide impact investors. Here is a closer look at three of them.⁶

Tzedakah: Charity

Tzedakah is related to the Hebrew word for justice, tzedek. The close linguistic connection between the two terms reflects the Jewish belief that the purpose of charity is to create a more just world. Although tzedakah may at first seem more relevant to grantmaking, classical Jewish theology's conception of the ideal form of charity is applicable to impact investing. Some Jews have a practice of dedicating a set percentage of their income to tzedakah. Impact investors may embrace a similar idea by allocating a portion of their portfolios to impact investments.

As expressed by the Jewish philosopher Maimonides, this view of charity comprises eight levels of tzedakah, with the highest level being empowering the recipients to become self-sufficient.

Tikkun Olam: Repairing the World

Tikkun olam is the belief that the world is not perfect, but that people have the responsibility to improve it. Investors who are committed to tikkun olam may focus on themes with the goal of repairing the natural world, including conserving natural resources, developing renewable energy, or mitigating climate change.

G'milut Chasadim: Acts of Kindness

G'milut chasadim is the Jewish mandate to care for people who need help, such as providing medical care to those who are sick or offering food to hungry people. Investors can practice g'milut chasadim in their portfolios by investing in funds or projects helping underserved people and communities.

Islam

Islamic finance is derived from principles rooted in the rulings of Sharia law. The key principles of Islamic finance include prohibition of interest, profit and loss sharing, and prohibition of gharar (excessive uncertainty, deception, and risk). At its core, Islamic finance is centered around mutual well-being for banks and clients. The most notable difference between Islamic finance and Western finance is that interest or riba is forbidden. Rather, banks sustain themselves by sharing in the risk of their financial services with clients, operating on a profit-loss basis.⁷

Sharia Compliance or Halal Investing

Halal investment refers to the investment of money in accordance with Islamic finance principles. Sharia finance law is centered on the concepts of social justice, ethics, and using finances to help build communities. For any Muslim considering halal investment strategies, the focus should be partnerships that are mutually financially beneficial. Sharia law lays down principles and regulations Muslim investors must comply with if they want to invest in halal products. According to Sharia rules, compliance with Islamic finance principles leads to a more ethical and just society. This goes against the western notion that making money is the ultimate aim for investors. Whilst Islamic finance does not prohibit making money, it does place emphasis on ethics and justice, so that a balance is achieved between religion, family, life, intellect, and property.⁸

"Halal" is an Arabic word that means lawful or permitted. While halal often refers to food, it can also describe which investments are allowed within the Islamic faith.⁹

Methodist

The United Methodist Church strongly urges its member institutions to invest in a sustainable and socially responsible manner, which is an investment discipline that integrates ESG factors to achieve suitable financial returns and positive societal and environmental impact. Investing sustainably demands that United Methodist investors consider the moral and ethical dimensions, as specified in the Social Principles, of the policies and practices of the institutions in which they invest. They must also be cognizant of their fiduciary obligations as stipulated in the Book of Discipline.¹⁰

The United Methodist Church's investment community is encouraged to use widely practiced sustainable and socially responsible investment strategies to fulfill its investment policy goals. These include:

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| 1 Avoidance ("Screening" or "Ethical Exclusions") | 3 Positive Impact Investments |
| 2 Advocacy ("Engagement" or "Active Ownership") | 4 Strategic Partnerships |
| | 5 Divestment |

To read The United Methodist Church's complete **Socially Responsible Investment Policy Goals**, click [here](#).

Episcopalian

The Episcopal Church has made socially responsible investments at least since the 1960s – and it continues to do so, following a trinity of avoidance, affirmative action, and advocacy.¹¹

- **Avoidance:** Not investing in companies whose activities are contrary to its social and moral values.
- **Affirmative Investing:** Investing in institutions that can provide financial resources to underserved communities.
- **Advocacy:** Voting proxies and activism that focus on constructively influencing corporate behavior.

"Investing as Doing Theology," a newly published [Blue Book](#) report for the church's 2022 General Convention chronicled findings of an organic movement of faith-based investing that is growing within The Episcopal Church, according to a task force that identified and examined the practices of 15 investors. The 80-page report – a supplement to the principal report of the Task Force on Theology of Money – details investment practices of seven parishes and seven dioceses, as well as Episcopal Relief & Development.¹² Brendan O'Sullivan-Hale, canon for administration and evangelism for the Episcopal Diocese of Indianapolis, said that "Investing as Doing Theology" is most compelling in providing a snapshot of a nascent but broad movement across The Episcopal Church to use the church's financial resources as instruments of mission."¹³

The Task Force on Theology of Money identified the 15 institutions after it received a mandate from General Convention in 2018 to examine how church organizations invest in faith, using three elements of responsible investing: applying ethical guidelines in investment selection and management; shareholder activism; and investing for responsible social and environmental outcomes as well as financial return.¹⁴

Presbyterian

The Presbyterian Church (U.S.A.) believes that church investment is more than a practical question. It is also "an instrument of mission and includes theological, social, and economic considerations" (183rd General Assembly, UPCUSA, 1971).¹⁵

Mission Responsibility Through Investment (MRTI), was created in recognition of the church's unique opportunity to advance its mission faithfully and creatively through the financial resources entrusted it. MRTI implements the General Assembly's policies on socially responsible investing (also called faith-based investing) by engaging corporations in which the church owns stock.¹⁶

The General Assembly's investment policy identifies specific concerns that **MRTI** is to promote pursuit of peace; racial, social and economic justice; environmental responsibility; and securing women's rights.

The Committee on **MRTI** of the Presbyterian Church U.S.A. updated guidelines in [June 2021](#) and again in [January 2022](#).

Unitarian Universalist Association

The mission of the Unitarian Universalist Association (UUA) is to equip congregations for health and vitality, to support and train lay and professional leaders, and to advance Unitarian Universalist (UU) values in the world. The UUA is the central organization for the UU religious movement in the U.S. The UUA's 1000+ member congregations are committed to Seven Principles that include the worth of each person, the need for justice and compassion, and the right to choose one's own beliefs.¹⁷

The UUA has been strongly committed to SRI for over 40 years. Its commitment springs from its faith and from its deep conviction in the dignity of all human beings. The UUA is constantly engaged in

SRI activity from shareholder resolutions to community investing to affordable housing and other justice initiatives. In 2014, the Business Resolution on Fossil Fuel Divestment was passed. The resolution called on the UUA to redirect capital invested in fossil fuel stocks to climate change solutions. It also called on the UUA to ramp up its shareholder advocacy with fossil fuel companies.¹⁸

The UUA actively seeks to pursue justice through its investing actions. This includes voting its proxies, filing shareholder resolutions, engaging directly with corporations, and making investments with positive social impacts.¹⁹

About CCM: Community Capital Management, LLC (CCM) is an investment adviser registered with the Securities and Exchange Commission. CCM was founded in 1998 and manages over \$4 billion in assets. The firm believes a fully integrated portfolio — one that includes environmental, social, and governance (ESG) factors — seeks to deliver strong financial performance while simultaneously having positive long-term economic and sustainable outcomes. CCM's strategies utilize an innovative approach to fixed income and equity investing by combining the positive outcomes of impact and ESG investing with rigorous financial analysis, an inherent focus on risk management, and transparent research. For more information, please visit: www.ccminvests.com.

¹ <https://catholicreview.org/bishops-approve-new-socially-responsible-investment-guidelines/>

² Ibid

³ [https://www.usccb.org/resources/Socially%20Responsible%20Investment%20Guidelines%202021%20\(003\).pdf](https://www.usccb.org/resources/Socially%20Responsible%20Investment%20Guidelines%202021%20(003).pdf)

⁴ <https://www.feg.com/insights/feg-update-on-new-usccb-socially-responsible-investment-guidelines>

⁵ [https://www.usccb.org/resources/Socially%20Responsible%20Investment%20Guidelines%202021%20\(003\).pdf](https://www.usccb.org/resources/Socially%20Responsible%20Investment%20Guidelines%202021%20(003).pdf)

⁶ <https://www.theimpactivate.com/3-jewish-values-for-impact-investors/>; <http://image.msmail.morganstanley.com/lib/fe9413737562077971/m/1/f8391ea7-45fd-4c79-bcad-07ec719fc1ed.pdf>

⁷ <https://www.centerforfinancialinclusion.org/bridging-islamic-finance-and-impact-investing>

⁸ <https://www.qardus.com/news/halal-investment-a-beginners-guide>

⁹ <https://www.nerdwallet.com/article/investing/halal-investing>

¹⁰ <https://www.umc.org/en/content/book-of-resolutions-investment-ethics>

¹¹ <https://www.episcopalchurch.org/finance-office/socially-responsible-investing/>

¹² <https://www.episcopalnewsservice.org/pressreleases/investing-as-doing-theology-offers-compelling-snapshot-of-episcopal-institutions/>

¹³ Ibid

¹⁴ <https://www.episcopalnewsservice.org/pressreleases/investing-as-doing-theology-offers-compelling-snapshot-of-episcopal-institutions/>

¹⁵ <https://www.presbyterianmission.org/ministries/mrti/>

¹⁶ Ibid

¹⁷ <https://www.uua.org/about>

¹⁸ <https://www.uua.org/finance/investment/sri/sri-news>

¹⁹ <https://www.uua.org/about>

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