

ETHICAL CONSISTENCY IN INVESTMENTS

Reflection on Mensuram Bonam and the impacts of mining



To begin our conversation

Since its inception, the “Churches and Mining” network has listened to and supported communities affected by extractive companies, unmasked the manipulations and deceptions of mining companies, and encouraged the development of an ecological spirituality. The network shares successful experiences, develops and provides educational material for communities, and dialogues with Christian church leaders at the continental and global levels. (<https://iglesiasymineria.org/>). In the Catholic sphere, Iglesias y Minería (IyM) has worked together with social pastoralists, dioceses, local conferences of religious and the Latin American organizations of religious (CLAR) and bishops (CELAM). Also with some international organizations and with the Vatican’s Dicastery for the Development of Integral Human Service (https://www.vatican.va/roman_curia/sviluppo-umano-integrale/index_po.htm). It is a long and persistent work of support, denunciation, social advocacy and eco-spirituality, which the network carries out in the light of faith in Jesus Christ, in association with other ecclesial and socio-environmental groups.

“Churches and Mining” expresses its gratitude to all the partners who are part of the Network. It rejoices with the laity, the communities of consecrated men and women and the particular churches that join us in the defense of the communities affected by mining, the care of the environment, the support of grassroots organization and the cultivation of an ecological spirituality. This is the most important contribution. But it is not the only one possible.

One of the joint initiatives that brings together the Churches and Mining Network (IyM), CELAM, CLAR, CEBITEPAL (Biblical-Theological Center for Latin America and the Caribbean), Misereor (German Cooperation Agency) and DKA (Katholische Jungschar Cooperation Agency, Austria) is the Mining Divestment Campaign, currently underway. (<https://cimi.org.br/wp-content/uploads/2020/05/Campana%CC%83aDesinversionESP.pdf>) e visite o site <https://divestinmining.org/>

What does this divestment campaign have to do with religious institutes of sisters, brothers and priests? How can dioceses get involved? We know that many Christian institutions have significant financial obligations. They need money to pay payroll and taxes, to maintain and update their assets in terms of furniture and real estate, to settle legal disputes, to support social and pastoral works, and to train and support their members and leaders. To ensure the continuity of their mission, these institutions need to generate and manage resources, and to have a financial reserve to guarantee this. A number of Catholic institutions invest in real estate assets, which they make profitable in the form of rent. Others undertake agricultural, craft or commercial production initiatives.

Many religious institutions invest in financial assets. These are highly liquid. That

is, they can be redeemed immediately or within a certain period of time. There are various financial assets, such as the “Caderneta de Poupança” (in Brazil), bank deposits, company shares, fixed and variable income, Exchange Traded Funds (ETF), etc. There are also the so-called “tangible assets”, such as gold or rural and urban real estate. There are short-, medium- and long-term investments. High-yield investments fluctuate, present greater risk and are subject to financial crises. Conservative investments are safer and have lower returns. Typically, Catholic institutions invest in a financial institution that presents them with an “investment portfolio”, a fund composed of different investments from various companies, managed by a bank or similar management company.

How many complex Catholic institutions have a financial investment policy (investment code of ethics)? Are they consistent with the Gospel and the charisms of religious institutes? What criteria do they adopt for investments?

On November 10, 2022, the Vatican Academy of Social Sciences published a guidance document for investors in the financial market, entitled “Good Measures” (Latin: *Mensuram Bonam* – Acronym: MB). For the first time, a global Church body includes mining among ethically critical activities and advises against investing in it, due to the environmental and human impacts it causes.

Let us focus on some of the document’s themes. We address this reflection above all to the particular churches (dioceses, archdioceses and prelatures) and to religious institutes of consecrated life made up of priests, sisters and brothers. The subtitle of the document is already inspiring: “FAITH-BASED MEASURES FOR CATHOLIC INVESTORS: A STARTING POINT AND A CALL TO ACTION”. (English and Spanish versions available (<https://www.fpablovi.org/documentacion-inversiones-eticas/1656-mensuram-bonam-medidas-coherentes-con-la-fe-para-inversores-catolicos>))

I. Good measures for financial applications

The document “*Mensuram bonam*” (Good measures) is structured as follows: presentation, introduction, two chapters and conclusion. The introduction states that it is addressed to both individuals and Christian institutions (MB 7). It is an intense call to action, for investments based, coherent and inspired by faith in Christ, according to the orientations of the Social Doctrine of the Church (MB 2).

Chapter I presents the religious and ethical principles for Catholic investors. It says that faith-based investments are a way of practicing the following of Jesus today (MB 10). The document gathers contributions from various bishops’ conferences and ecclesial bodies (MB 11-12), which are detailed in the bibliography. It presents

some biblical-theological criteria, which it calls “pillars of faith”, such as: God’s self-revelation as the basis of commitment for the common good (MB 15); fidelity to God’s covenant in Jesus Christ (MB 16); participation in the love and wonder of the Trinity (MB 17); acceptance of grace through the exercise of discernment (MB 18); formation through the Word of God, prayerful reading of the Bible (MB 20); perseverance in the light of the Holy Spirit (MB 20). Then, “listening to the Word of God, with heart, mind and imagination, personal integrity grows to be in harmony with God’s blessings and loving values (MB 20).

Mensuram Bonam then highlights the criteria of the Social Doctrine of the Church (SDC). In a nutshell, the DSI is inspired by the following principles: the dignity of the person, human rights, the common good, solidarity, subsidiarity and participation, and the universal destination of the goods of the earth (MB 22–23). Other current principles are added: social justice, care for the common home, inclusion of the most vulnerable and integral ecology.

The Social Doctrine of the Church has three particular resonances for investors (MB 24):

- Escape from “fiduciary absolutism,” the closed logic of financial engineering focused on short-term gains, which rejects all ethical responsibility. Positively: welcome the call to change one’s outlook and assume ethical responsibilities in investments.
- Use faith-based measures to encourage groups in society and the economy that are committed to change on the basis of (social and environmental) ethics. Hence the call to develop and deepen best practices in social and environmental responsibility.
- Orient hopes and measures towards a society that is yet to be born, the signs of which we can already see. From there, we must imagine what is needed and what is possible for integral and future-oriented human development.

To effectively provide individuals and Christian institutions with investment criteria, the document presents a framework in which (1) each principle of the Social Doctrine of the Church is articulated with (2) implications for investment and (3) questions for discernment (MB 25).

II. Practical Orientation

The prophetic imperatives of faith are increasingly aligned with the needs of social justice and sustainability. MB aspires to a new investment culture that combines technical knowledge with the ethical orientation of faith. It is similar to ESG in busi-

ness, but has the distinctive touch of Christian faith and morals (MB 30). ESG is a set of standards and best practices that define whether an organization is socially conscious, sustainable and well-managed. The acronym points to its basic criteria: environmental, social and governance

MB aims to share guidelines, to learn together, to invite reflection, to serve as a basis for dialogue and in-depth analysis, oriented towards the shared project of integral human development. The content of MB is a starting point, as it does not pretend to be exhaustive or definitive (31-32).

The path adopted by MB: (1) Steps to start making “Investments Consistent with Faith” (acronym: ICF). (2) Lessons for Catholic institutional investors to advance faith-based practices. The goal: for financial asset managers to not only seek to benefit themselves, but also to care for society and Creation with a view to the Common Good (MB 32)..

2.1 Adopting a faith-based process

Adopting a different investment culture is not easy. It requires learning and un-learning, changing assumptions and expectations, and carefully rethinking each stage of the investment process. Pope Francis has introduced a methodology for reading the Signs of the Times that can be applied to faith-based investing. Its three steps are to contemplate, discern and propose. Contemplation consists of prayerfully immersing oneself in the topic at hand. It does not give us resolutions, but humbly allows truth to emerge and be found. Discernment pays honest attention to paradoxical and contradictory forces. More than rational analysis, discernment involves a willing openness to new alternatives based on “God’s motives, invitation and will.” The intuitions of contemplation and the creative innovations of discernment inspire action, which is a source of learning and testing (MB 33).

There is then an institutional process of redefinition of investments. This includes:

- Formulating a financial investment policy statement. This leads to rethinking the investor’s priorities, risk tolerance, return objectives and time horizon. It serves as a proactive balance sheet that identifies ethical and financial assets or objectives, and liabilities and risks.
- In adopting this policy as a guide, risk parameters are reviewed to take due account of both financial conditions and ethical expectations. The risk framework is the centerpiece of prudent financial portfolios.

- Identify values for faith-consistent results. Investment standards should prioritize ethical considerations, which impact choices and outcomes

By adopting faith-consistent objectives, the investment reasoning system is reshaped. Performance questions and criteria impact strategies and become a filter for investment choices.

- In this way, faith-consistent criteria enable investors to make more accurate decisions about asset types, securities, properties, issues and other fund options.
- Monitoring and evaluating progress leads investors to do their jobs well, gives security to the institution and, at the same time, aligns with the vision and values of the faith.

Financial investment consistent with faith is a trajectory, rather than an income or a guarantee of fixed results. Therefore, investing institutions can choose the most suitable path, according to their identity and context (MB 34).

2.2 Possible and necessary ethics

Any Catholic institution that uses financial resources to fulfill its mission faces a dual responsibility: to manage resources prudently and provide financial support for its mission; to align its investment and management practices with the principles of faith and the social vision of the Church (MB 35)..

In terms of investments, there are possible ethical options, such as direct management of listed securities, equity or fixed-income investment funds. The number of socially responsible investment funds is growing. However, these investment portfolios are not available in all countries (MB 38).

It can sometimes be difficult to determine whether an investment is socially responsible. Information is not available or is incomplete. But that cannot stop us from looking for ethical investments. Some say that “ethical investments can jeopardize profitability”. Well, recent experience shows that socially and environmentally sustainable investments can offer equal or superior ultimate returns over the long term (and even if this is not always the case, ethical criteria must take precedence over profitability. It is a question of consistency with our faith) (MB 39-41).

Investment policy is complex and cannot be left to a single person in the organization. It must be consistent with the management and governance of the institute

of consecrated life or the diocese. It is advisable to have an advisory team of investment specialists who have the Church's current socio-environmental principles at heart and in mind. This can act as a consultative body for several institutions together, such as a bishops' conference or a conference of religious at the national or international level (cf. MB 41).

The investment of financial assets (or wealth) must take into account the potential immediate and long-term impacts, direct or collateral, on people, communities, the climate and the earth, our common home (MB 41).

Choosing which organizations to invest in is not a neutral task. It has to do with our charisms, our spirituality and our mission. It can add to them or be contradictory to what we believe and proclaim. In this sense, the document "Mensuram Bonam" (MB) proposes positive criteria to guide our decisions. For this, we suggest reading this extensive section in the text itself (See MB 42).

There are also possible exclusion criteria, i.e. indicators of productive or financial organizations that should not be invested in because they do not meet social, environmental and human requirements. Let us briefly look at these indicators, starting with the one that has the greatest impact on the "Churches and mining" articulation. Although provisional and incomplete, they express a growing consensus from different regions of the planet and are essential for us in Latin America.

(a) Ensure environmental protection: it is not recommended to invest in companies that, in their production projects or in the financing of others, cause an increase in climate change; produce negative operating externalities (such as the release of pollutants and effluents into the environment); deny the availability of food to the most vulnerable; use transgenics and invest in genetic engineering; use chemicals that are hazardous to human communities and the environment; carry out mining and extraction of mineral raw materials; prevent or hinder access to drinking water..

(b) Recognize global impact and sustainability: it is not recommended to invest in companies that, in their production projects or in the financing of others, commit violations of environmental legislation; are involved in corruption; discriminate against people because of their sex, culture or race; violate human rights and especially those of indigenous peoples; support totalitarian regimes; have unfair business practices.

(c) Avoid destructive behavior: it is not recommended to invest in companies that, in their production projects or in the financing of others, support the consumption of addictive substances; invest in dehumanizing games and toys and

promote pornography.

(d) Defend the intrinsic dignity of human life: it is not recommended to invest in companies that, in their production projects or in the financing of others, support abortion, favor the manufacture of armaments and nuclear weapons; defend the death penalty, produce contraceptives, research with embryonic stem cells, mistreat animals and carry out experiments on them (MB 42).

The document suggests the following steps to change the investment horizon or culture: integrate the principles of the Social Doctrine of the Church throughout the investment decision-making process; actively and positively commit to implementing an investment policy consistent with the Christian faith; be proactive; innovate, learn and share lessons (MB 44).

III. Conclusion of Mesuram Bonam

The wisdom of faith leads us to dream and to create new possibilities, beyond those presented to us today by the market. In this way, we live the tension between the “already” and the “not yet” of the coming of the Kingdom of God, trusting in God and taking risks (MB 47-48).

Investors are invited to prayerfully discern as they analyze options and make decisions. It is also important to rest from work and exercise serenity, as markets are always frenetic and can consume our attention (MB 48).

“It is important that we all, especially investors, live in this nexus of relationships: acting, dialoguing and meeting periodically to monitor, review and propose adjustments to the shared project (...) of integral development in all its forms” (MB 51).

IV. Reflections and suggestions of the Network “Churches and Mining” in the light of Mensuram Bonam

- Mining is an economic activity that in Latin America and the Caribbean has a dark face and devastating practices. Even mining companies that operate legally leave behind a trail of destruction. Affected communities and scientific research point to the negative consequences of extractive activities, such as water contamination; soil and air pollution; suppression of the rainwater infiltration layer that dries up water sources; degradation of the “cradles of life” (biomes); reduction of biodiversity (of microorganisms, plants and animals); deforestation leading to an increase in the emission of gases responsible for climate change; various types of respiratory and gastrointestinal diseases in

communities, and a higher incidence of cancer in affected communities, etc.

- Mining companies claim to be sustainable, but mitigation (damage reduction) and compensation measures are insufficient to compensate for the damage caused. These and other negative impacts on nature and human beings, especially the poorest, are justified in the name of “progress”, which in reality is not the case. For example, the countries with the highest concentration of gold mining, such as Peru, are not the richest or those with the highest human development index (HDI). In our continent there are large mining projects in iron, gold, copper, bauxite (for aluminum production), lithium (for batteries), manganese (for steel), niobium (ultra-resistant metal) and oil. And the concentration of income and the negative impacts on nature are only increasing.
- Christian faith and charity call us to care for our Common Home, God’s gift to all. The Lord Jesus calls, today and always, to practice fraternity as the greatest commandment. And mining, as it is carried out in our continent, shows clear signs of what the Pan-Amazonian Synod calls “ecological sin”, which is also social.

Investing ethically in the financial market is no easy task. There is a serious structural problem. Global capitalism is increasingly marked by “financialization”. In other words, those who have money to invest in the financial market earn more than those who work in the production of goods and services. Economist Ladislau Dowbor calls it “the domination of unproductive capital” (Dowbor, 2019, p.9–34). Several of our countries have a high interest rate, which favors “rentiers” and financial institutions, which effectively produce nothing. Dowbor says that we must differentiate between “productive investment” and “financial investment”.

Pope Francis has spoken out on several occasions about the evils of the financialization of the world economy, that is, the preponderance of wealth accumulation through financial channels rather than through directly productive activities such as agriculture, industry and commerce. In the apostolic exhortation “The Joy of the Gospel” (*Evangelii Gaudium*), he denounces financial speculation and the absolute power of the market, and calls on governments and economic leaders to carry out financial reform (EG 56–58,202,204).

In *Laudato Si'*, Francis denounces that “economic powers continue to justify the current world system, in which speculation and the search for financial returns predominate, tending to ignore the whole context and the effects on human dignity and the environment (LS 56). In this way, “finance suffocates the real economy” (LS 109). It may be necessary to develop a new economy attentive to ethical principles and a new regulation of speculative financial activity and virtual wealth (LS 189). Inspired by Francis and Clare of Assisi, the Pope proposes an economy of cooperation, solidarity and care for our common home, oriented towards good

(con)living.

- In fact, the financial market, as it is configured today in global capitalism, is ambiguous and inequitable. How can we make financial investments that are less harmful to the real economy, do not condone mining and other forms of exploitation, stimulate the generation of employment and income, and favor the social division of goods? One of the real alternatives is to invest in what are known as “sustainable” funds. Some religious institutes and private churches already practice this.

Here we encounter a difficulty: financial market information is not transparent and depends on the political and economic configuration of each country. If a Catholic institution invests in a mixed fund of several companies, it is not easy to identify which ones they are, if they establish fair labor relations and are ecologically sustainable. The information must be sought and verified. For this, it is necessary that several institutions work together, with the support of experts in financial economics, as proposed by Mensuram Bonam..

- There is another difficulty, of an internal nature. Sometimes, dioceses and religious institutes entrust one person or a small group with the choice and implementation of financial investments, and act on their own. If they are naïve or unprofessional, they tend to make mistakes, causing losses. From the ethical point of view, it is necessary to have a Christian vision in order to make conscious choices that do not seek only profit. The ecclesial institution must choose well, train, supervise and evaluate the work of the economic and financial team. This team must also be in tune with the Church’s choices in favor of socio–environmental justice (Laudato Si) and the promotion of fraternity and social friendship (Fratelli Tutti).
- Another problem to be solved concerns the lack of transparency and the fear of providing information on the part of ecclesiastical organizations. Caution and prudence must be exercised when disclosing financial data. However, this “excess of secrecy” can serve to justify amateurism, dishonesty or excessive attachment to money. As the reality of the financial market is complex and has many pitfalls, we must increasingly collaborate to exchange information and share our mistakes and successes. When a group of provinces, religious institutes or dioceses carry out a common discernment process to choose a sustainable investment, the risks are lower and the socio–environmental and financial gains greater. This procedure is reinforced several times in Mensuram Bonam.
- The Churches and Mining network has already gained several signatories to the Divestment Campaign and some religious congregations are already analyzing their investment portfolio to withdraw from funds that support mining. Other congregations are experimenting with investments in activities that truly benefit people and Mother Earth, such as family farming cooperatives.

Numerous religious communities have signed the Manifesto for Samaritan Economies, which contains a series of proposals in this direction (<https://www.vidanuevadigital.com/2021/11/03/organizaciones-eclesiales-invitan-a-firmar-el-manifiesto-por-una-economia-samaritana/>). In parallel, the lyM network is conducting a comparative study on the ethical investment codes of some congregations, to help others to draw inspiration from them. Several studies have been published on the impacts of mining and the relationship with the banks and funds that finance it.

We invite you, your community, your institute of consecrated life and diocese to get to know and put into practice the “good measures” proposed in this document of the Vatican Academy of Social Sciences. The lyM network has a step-by-step guide to help you do this (write to iglesiasymineria@gmail.com). At the same time, we consider it important to expand our action at the national and regional level. We have the support of CLAR (Latin American Conference of Religious) and CELAM (Latin American Episcopal Conference). Mensuram Bonam recommends that the set of investments in the light of faith, with defined ethical criteria, be shared with other institutions and even companies that adopt sustainable procedures. Only in this way, by forming a network of investors committed to the continuity of life in its integrity, can our choices have a real, albeit small, impact on the market.

This is the task before all those at the head of complex Catholic organizations and their works (bishops, provincials, superiors general and their councils): divest from mining companies and others that also damage the environment and dehumanize the poor. And in return, invest in sustainable funds and effectively allocate resources to their mission.

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