



***See.
Discern.
Act.***

LAUDATO SI'
INVESTING REFLECTION GUIDE

This guide is designed to support those seeking to reflect on *Laudato Si'* and its implications for how we steward financial resources. As People of Faith who are called upon to serve the common good, we must ask what guidance the tenets of our faith offer as we work to build a livable future in the face of the ecological crisis. Catholic Social Teaching can help us discern how to respond to the moral and ethical problems of our time justly, with due concern for the poorest and future generations.

Pope Francis, through his Encyclical "*Laudato Si': On Care for our Common Home*" and many public interventions on matters of ecology, has provided new insights into a Catholic response in line with science and moral teaching. This reflection draws upon *Laudato Si'* as an invitation to shift the field of capital stewardship to build an economy rooted in the spirit of an integral ecology (an approach that recognizes the interconnectedness and interrelatedness of all created reality, and that simultaneously hears the cry of the earth and the cry of the poor). It also offers exercises for those seeking to be protagonists on this journey. Lastly, it is meant to offer the possibility of a hopeful, unifying vision and call to recognize and act on our collective responsibility as faith investors to each other and to the environment.



See

SEE—

“ I will point to the intimate relationship between the poor and the fragility of the planet, the conviction that everything in the world is connected, the critique of new paradigms and forms of power derived from technology, the call to seek other ways of understanding the economy and progress, the value proper to each creature, the human meaning of ecology, the need for forthright and honest debate, the serious responsibility of international and local policy, the throwaway culture and the proposal of a new lifestyle. ”

(Laudato Si' 16)



As People of Faith and stewards of financial (and other meaningful) resources, we are invited to develop an economics that responds to the needs of our time. Understanding those needs requires seeing the “whole picture,” a broader vision of reality, or seeing through the lens of an integral ecology. Very often, our dominant approach to finance and investments lacks attention to the big picture.

We are caught up in short-term performance benchmarks, often created through a narrow lens. We also need an integral perspective that acknowledges the ways our human and planetary well-being are bound up with our economic paradigm, which in turn is intertwined with our finance and investing practices. In *Laudato Si'*, Pope Francis offers a “helicopter view,” which seeks to step back and reflect the loving gaze of the Creator. It takes a long time horizon and considers past and future generations; it considers the “whole” picture. From this vantage point, what comes into sharp focus is the wholeness of everything, what ecologists call the “web of life,” and the common good.

At the heart of *Laudato Si'* is the question of the future of God’s creation and the human family. It concerns us all. Pope Francis highlights the essential truths that all human persons are part of one family, that we are an integral part of this earth that we call home, and that it needs to be protected, cared for and appreciated. The earth also needs to be shared by all, recognising that the earth cannot truly be owned by anyone: its riches belong to all (Leviticus 25:23).

This concept of an *integral ecology*, beautifully described in *Laudato Si'*, invites us to see the deep relationships and interconnections between the economic, social, environmental and financial factors that contribute

to the difficult realities confronting us today. We are invited to see how our world is facing an ecological crisis, unprecedented in its scale, complexity, and urgency. We are also invited to see the spiritual roots of those challenges, and to answer a call to conversion as we hear the intertwined cry of the earth and the cry of the poor.

In light of these signs of the times and the invitation of *Laudato Si'*, what does it mean to be a faithful capital steward? As stewards of capital, we shape financial markets, which in turn influence our economic system and the culture it upholds. By drawing our attention to the theory and wisdom animating our finance and investment activities, we can begin to see more clearly the role we play in either perpetuating or healing the structural problems of the global economy as described so vividly in *Laudato Si'*. We may see the ways that many conventional approaches lead to extractive financial practices, where we are taking more than we give from the environment, communities and other stakeholders, often doing harm in the process. We may see the ways we are participating in (and upholding) an economy that is increasingly disconnected from reality—from the everyday lives of our communities, our workplaces, our families. As investors, we have a duty to both manage resources prudently in ways that further our missions, as well as a moral duty to align our investment practices with the tenets of faith and CST in order to shape a more just economy.

EXERCISE

Reflection Questionnaire to help you get started on your Laudato Si' Investing Journey

- Do you know what you are invested in?
- Have you done an audit or analysis of your investment portfolio to understand the ways that investments may be contributing to harms of the environment, communities and the poor etc.?
- Have you thought about what you need to responsibly sustain yourself/your community and activities, and what you might steward in excess of that?

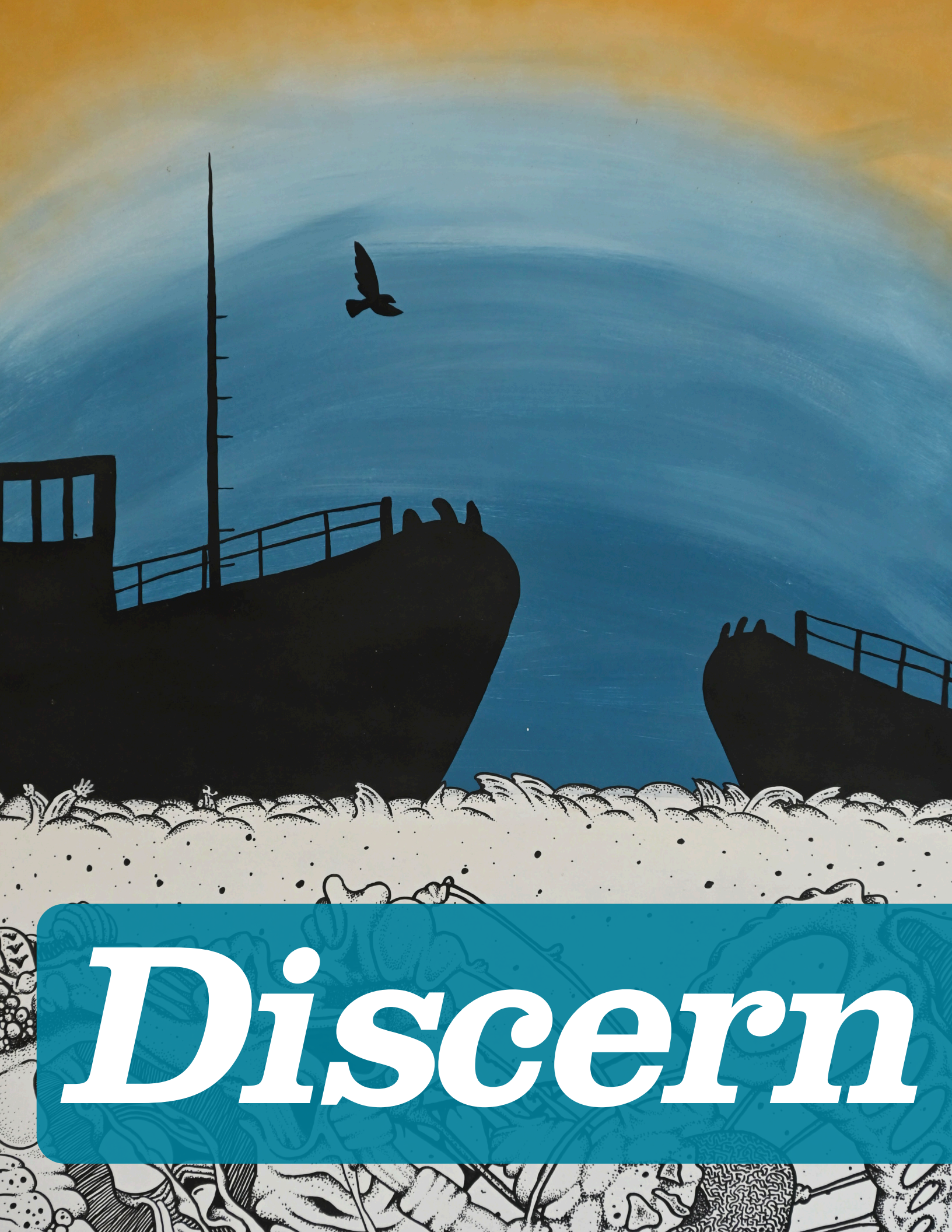
For your corpus/sustaining pool of resources:

- Do you know who manages it—day to day banking, pensions, and endowments? How much are they paid relative to lower paid employees? Are they participating in any lobbying or other activities that might detract from efforts to safeguard the environment and communities?
- Do you know how they invest it (who the ultimate beneficiaries are)?
- Have you engaged with them in managing it/investing it according to your beliefs?
- Have you reflected on how you spend it, and how the maintenance of your buildings and carrying of work is done in an environmentally and socially sustainable way?

For your mission as a catalytic investor:

- Have you identified specific needs in your community/country/globally which you feel called to address?
- Have you gone on a learning journey to understand where the capital gaps are in those areas?
- Do you understand all the ways you can use all of your capital instruments (from grants through equity, fixed income mutual funds and other investments) to contribute to your mission, as opposed to just using grants?
- Are you familiar with strategies to build investment portfolios that embody CST criteria?
- Where do you feel called to lead as a Laudato Si' investor over the next 7 years?

Source: Faith Invest and Francesco Collaborative



Discern

DISCERN—

“It is good for humanity and the world when we believers better recognize the ecological commitments which stem from our convictions.”

(Laudato Si' 64)



When we truly *see differently*, our convictions shift and we are compelled to respond. A consistent ethic of life will impact everything, including our investment portfolios and practices. Just as authentic human development “has a moral character” (Laudato Si’ 5), so investing has moral consequences; finance is not neutral. As Pope Francis reminds us, “Decisions which may seem purely instrumental are in reality decisions about the kind of society we want to build” (Laudato Si’ 107).

Laudato Si’ makes the point that our economic decisions are moral and ethical acts. In other words, every economic activity is relational. Even where the other is “invisible,” whether through distance or institutional processes, there is a responsibility to avoid harm to the other. As Catholics, moreover, there is an even higher calling: to heal broken relationships and wherever possible, to build new economic relationships based on mutuality and communion. This call to deep communion extends beyond the impacts on other humans, to embrace the whole of creation. Within the *Laudato Si’* framework, we cannot isolate economic activity and its motives from our shared well-being. Investors seeking to embody the invitation and ethic of *Laudato Si’* have a unique role to play in embracing or pioneering approaches and strategies that build investment portfolios that both reflect our faith tenets as well as positively contribute to a more just integral ecology.

We offer two guideposts here for that journey:

1 Five Laudato Si’ Principles to Ground your Approach

2 Strategy and Governance—To whom and what are you accountable, and how does that shape your approach?

Laudato Si' is rich with guiding principles. We have distilled some here as a starting point and encourage you to continue reflecting on how they align with or enhance your own unique charism and mission a,s well as ongoing efforts to take actions rooted in Laudato Si'.

1

Listening to the “Cry of the Earth, Cry of the Poor”

“...we have to realize that a true ecological approach always becomes a social approach; it must integrate questions of justice in debates on the environment, so as to hear both the cry of the earth and the cry of the poor” (Laudato Si' 49).

This principle invites us to be in “right relationship” with our brothers and sisters and with all of creation. How do our resources flow in ways that leave communities, workers, environmental and other important stakeholders better off than they were before the investment? As investors, *Laudato Si'* invites us to listen, relate and collaborate with grassroots movements and communities. This process—our social education from relating deeply and expansively, particularly at the margins—enables us to more clearly see the tasks before us to build a livable future.

2

Encounter and Accompaniment

“We need a conversation that includes everyone, since the environmental challenge we are undergoing, and its human roots, concern and affect us all” (Laudato Si' 14).

Laudato Si' invites us to recognize the uneven power dynamics that can ensue when we steward capital, and to redress them by engaging communities in the design, governance and ownership of economic activities. We are called to step into co-creation with communities and social movements, especially those closest to the crises we face, so that their insights and participation in decision-making lead the way in how our resources flow. Doing so will have implications for how we structure our investments and portfolios. We are more likely to engage communities directly in the design, governance and ownership of investment transactions, and fairly balance risk and return across multiple stakeholders on our investments (*Source: Real Impact by Morgan Simon*).

3

Integral Ecology

“Teach us to discover the worth of each thing, to be filled with awe and contemplation, to recognize that we are profoundly united with every creature as we journey towards your infinite light” (Laudato Si’, concluding prayer).

Adopting an integral ecology worldview calls us into a profound re-evaluation of our investment activities. *Laudato Si’* invites us into a conversion—to stop that which causes harm and build the new, and participate in a Just Transition toward an ecologically just future. This has implications for how we move our money. It may manifest in a standard of simplicity that invites us to define different return objectives for our portfolios, seeking not to blindly maximize financial returns but to exercise prudence while considering how our investment portfolios impact the broader human and environmental ecology. We are also invited to consider a different time horizon, shifting from the short-termism that characterizes conventional finance to a long term perspective, perhaps making patient capital and other types of investments with flexible terms that benefit stakeholders.

4

Stewardship

“Instead, our ‘dominion’ over the universe should be understood more properly in the sense of responsible stewardship” (Laudato Si’ 116).

Good stewardship, in the light of *Laudato Si’*, is about our journey away from hoarding power and control to a way of moving our resources that acknowledges our deep interdependence and care for one another and our common home. *Laudato Si’* boldly invites us to shift our language and perspective from ownership to stewardship, from dominion to cooperation and co-creation with God. In embracing our roles as stewards, we are more ready to shift economic agency and control to those on the peripheries, those who are closest to entrenched inequalities. We build relationships of accountability with community and grassroots stakeholders, enabling us to co-create a more beautiful future together.

5

Creativity and Moral Imagination

“A fragile world, entrusted by God to human care, challenges us to devise intelligent ways of directing, developing, and limiting our power” (Laudato Si’ 78).

Laudato Si’ calls out the dangers of neglecting to monitor the environmental and human impacts of our decisions (Laudato Si’ 95). The urgency of the ecological crisis calls for our moral imagination, taking bold actions to bring new visions for the future into existence. We are invited to make the path by walking, endeavoring through our participation to open up more and better opportunities to align our investments with CST and faith tenets. New solutions will require creativity and ingenuity as we attempt to optimize our portfolios across the areas of risk (understood holistically to include the risks of our ecological crisis), return (also understood holistically across various metrics and for multiple beneficiaries), and other dimensions of *Laudato Si’*, especially an integral ecology and its call for accountability to the earth and the poor.

6

Strategy and Governance

Pope Francis reminds us that we are *“...always capable of going out of ourselves towards the other. Unless we do this, other creatures will not be recognized for their true worth... Disinterested concern for others, and the rejection of every form of self-centeredness and self-absorption, are essential if we truly wish to care for our brothers and sisters and for the natural environment” (Laudato Si’ 208).*

When “assessing the impact of our every action and personal decision on the world around us” (Laudato Si’ 208), the CST principles of subsidiarity and participation have something to contribute “on the ground.” The principle of subsidiarity reminds us that decision-making power should reside with those most affected by the problems we seek to address. Similarly, the principle of participation prompts us to take a critical look around the decision-making table: Who has a seat? Who does not? Does everyone with a seat feel heard and valued for their contributions? When making decisions—especially decisions about investing in communities and programs intended to improve the lives of the poor—those most affected should always have a central voice. As Pope Francis writes, “We need a conversation that includes everyone, since the environmental challenge we are undergoing, and its human roots, concern and affect us all” (Laudato Si’ 14).

This invites us to evaluate our investment practices and policies in light of the questions: “how and to whom am I listening” and “who decides?” Interrogating how you make decisions at each of these points can help move you toward authentic participation by intentionally and meaningfully bringing in stakeholders from the community(ies) you serve.

EXERCISE

Where are you practicing the principle of participation?

Developing your theory of change —the types of investments you want to make

How are you involving outside stakeholders in thesis development?

Example: appoint community members to investment committee, create an advisory panel of stakeholders who have lived experience on the ground

Identifying the types of investments you would like to make

How are you broadening your networks to find new deal flow?

Example: be proactive with relationship building, go to the places investors don't go, take cold calls/emails as able

Analyzing and determining the investments you will make

How are you involving community(ies) in reviewing and making decisions on investments?

Examples: add community representatives to your investment committee (Buen Vivir fund), form separate community advisory board that conducts diligence and recommends investments (Olamina Fund)

Doing this well requires being proactive and intentional about involving people from all parts of a community, social movement or other group, not just those who may be more able to participate. It also means constantly challenging our assumptions around what true representation looks like. What matters most is a meaningful role that comes with a vote or some other form of power.

Source: this exercise was adapted from content found in Letting Go: How Philanthropists and Impact Investors Can Do the Most Good by Giving Up Control



Act

ACT—

A call to spiritual conversion.

The current failure of the economy to adequately hear and address the cry of the earth and the cry of the poor is a clarion call for capital stewards to build a different economy that supports a livable future. It is in this charge to understand our role as agents of a new economy that we are called to spiritual conversion. Throughout *Laudato Si'*, Pope Francis emphasizes again and again that the ecological crisis has spiritual roots. In a spirit of global solidarity, he quotes Patriarch Bartholomew I of the Greek Orthodox Church, who draws our attention to the “ethical and spiritual roots of environmental problems, which require that we look for solutions not only in technology, but in a change in humanity; otherwise we would be dealing merely with symptoms” (*Laudato Si'* 9). Bartholomew identifies the ecological crisis as a crisis of spirituality, of human beings and of human “being.” He calls us to shift our attitudes: from consumption to sacrifice, from greed to generosity, from wastefulness to a spirit of sharing (*ibid*). He challenges us to adopt “a way of loving, of moving gradually away from what I want to what God’s world needs” (*ibid*).

This theme of conversion resounds throughout the entirety of *Laudato Si'*: “Many things need to change course,” Pope Francis writes, “but it is we human beings above all who need to change. We lack an awareness of our common origin, of our mutual belonging, and of a future to be shared with everyone... A great cultural, spiritual and educational challenge stands before us, and it will demand that we set out on a long path of renewal” (*Laudato Si'* 202).

When we begin to think about our own journeys of conversion in our lives and institutions, we quickly find that it is not easy. We cannot apply a “one-size-fits-all” tool or regiment to our lives (and investment portfolios) and expect a profound “turning of heart.” Conversion requires something deeper. Here, the theological concept of *metanoia*¹ can be a helpful reference point. *Metanoia* is a turning of heart, a way of doing things differently after a particular encounter, experience, or realization. This kind

1. Theologian Treadwell Walden describes the meaning of *metanoia* by its etymology “*Meta* is a preposition which, when compounded with *Nous*, means after. *Metanoia* is the After-Mind: perception, thought, feeling, disposition, will, afterwards. The mind has entered upon a new stage, something beyond...”

of “turning around” can be quite painful. It can ask us to let go of our go-to approaches, habits, and “ways of doing things.” It can ask us to assume a new way of looking, a new way of understanding. It can ask us “to become painfully aware, to dare to turn what is happening to the world into our own personal suffering, and thus to discover what each of us can do about it” (*Laudato Si'* 19).

Taking up the call to conversion and embracing *metanoia* entails deepening our encounters, particularly with those on the peripheries, and investing our resources in ways that redress the power imbalances that exist between us and contribute to structural inequities. How might we do that as capital stewards? As you begin or deepen your *Laudato Si'* Journey, begin by asking yourself: to whom and what am I accountable? How does that accountability influence my approach to investing?

As *Laudato Si'* makes clear, a preferential option for the poor—a tenet of CST—is inseparable from any solution to the ecological crisis (*Laudato Si'* 6). Again and again, Pope Francis points “to the intimate relationship between the poor and the fragility of the planet” (*ibid.*). The question “What about the poor?” is relevant for all of our work, especially in the realm of finance. How do we make decisions with the poor in mind? How can we learn from those on the margins in our communities? These questions hinge on the necessity of *encounter* and the Christian responsibility of *accompaniment*. Where do we encounter the poor in our lives? Where do we meet them, sit with them, listen to them? It is this kind of encounter that moves us from seeing “the poor” to seeing our brothers and sisters.

This kind of encounter converts; it arouses us to repair damage and suffering. As Christians, we are called to move beyond encounter and into action, especially in light of the “immensity and urgency of the challenge we face” (*Laudato Si'* 15). We are called to invest in the poor and in creative (even painful) solutions to the ecological crisis.

EXERCISE Map Your Strategies

As Laudato Si' Investors, we are building a movement toward an integral ecology.

We may find ourselves employing a number of strategies to do that:

We may take “resist” approaches such as exclusionary screening and divestment strategies

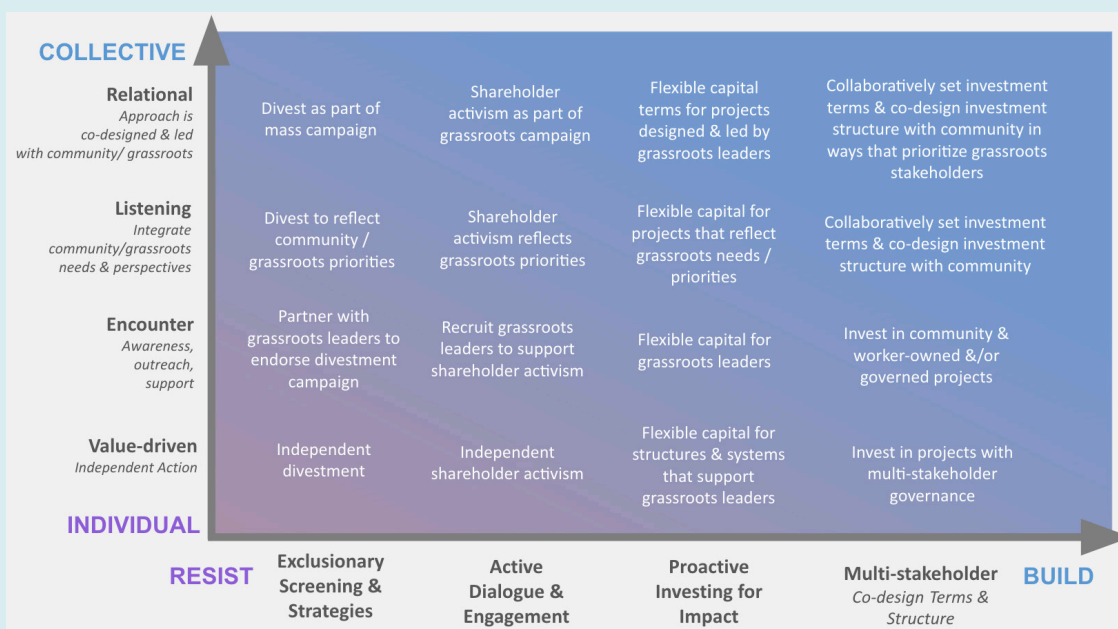
We may engage in “active dialogue and engagement” as a way of exercising responsible ownership

We may embrace “build” approaches such as proactive investments for positive impact

The following graphic maps examples of strategies where we may find ourselves as we journey toward “building a livable future.” As noted in the map, the “how” of our investing is critical in whether we embody an integral ecology approach as we begin with our individual or community values in our strategies, and then journey toward greater accountability, listening and finally deep relational approaches. How might being in “right relationship” with different stakeholders influence your approaches to divestment, shareholder activism and investments?

Where might your current approaches fit on this map? Where are you feeling called to go deeper?

INTEGRAL ECOLOGY



This graphic was inspired by and adapted from the Center for Economic Democracy's Social Movement Investing Movement Alignment Map. See: <https://www.economic-democracy.us/mvpt>

CLOSING REFLECTION

*But blessed are your eyes because they see,
and your ears because they hear.*

Mathew 13:16

Loving Creator, you have called us to see with the eyes of good ancestors. To see the immense gift of this world, its overwhelming beauty, and the gift that we are for each other. It is all freely received and to be stewarded with great care for one another and for those who will follow us.

Allow that which we behold to do its work on us, to convert our hearts so that our *way of being* in this world is of a consistent ethic.

Help us to shed the habitual ways that we encounter each other and each moment. Awaken us so that we may begin to see with new eyes. Give our hearing a quality of deep, authentic listening that brings us into a life of communion with the earth and with one another.

Grow in us a capacity to dream boldly, as well as to sit lovingly with that which is not yet resolved.

Loving God, we know that we are made for relationships of mutual love. It is what we most deeply long for. When we stand in our mutuality, bound by bonds of reciprocity, we are communion for a world yearning to be mended. And our mutuality makes miracles, giving our life a new dimension.

Inspire us to look deeper and unleash our creativity as we endeavor to prepare the future.

We recognize the gift it is to journey together in these efforts and in Your Name, give thanks.

Amen.

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The art in this report comes from Bob Carswell and others of The Industrial Commons (TheIndustrialCommons.org) —a thriving community-based cooperative ecosystem based in Western, North Carolina. In April 2022, Francesco Collaborative organized an investor immersion to The Industrial Commons to build relationships with leaders embodying Laudato Si' in the kind of enterprises development we want to invest in; work that embodies the call to care for people and our common home.

Art on pages 1, 3, 7, and 14 comes from a series of paintings "Give, Teach, Own, Organize" by Bob Carswell commissioned by The Industrial Commons.

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