

Socially Responsible Investment Guidelines

From the U.S. Conference of Catholic Bishops

Protecting Human Life



“The fundamental human right, the presupposition of every other right, is the right to life itself. This is true of life from the moment of conception until its natural end.”

Promoting Human Dignity



“Society as a whole, acting through public and private institutions, has the moral responsibility to enhance human dignity and protect human rights.”

Enhancing the Common Good



“The obligation to ‘love our neighbor’ has an individual dimension, but it also requires a broader social commitment to the common good.”

Pursuing Economic Justice



“[A]ll economic institutions must support the bonds of community and solidarity that are essential to the dignity of persons. Wherever our economic arrangements fail to conform to the demands of human dignity lived in community, they must be questioned and transformed.”






Saving our Global Common Home



“The book of nature is one and indivisible: it takes in not only the environment but also life, sexuality, marriage, the family, social relations: in a word, integral human development. Our duties towards the environment are linked to our duties towards the human person...”

Catholic Values Quantitative Portfolio

Constructed to seek alignment with the U.S. Conference of Catholic Bishops Investment Guidelines

Protecting Human Life 	Promoting Human Dignity 	Enhancing the Common Good 	Pursuing Economic Justice 	Saving our Global Common Home 
<ul style="list-style-type: none">⊗ Abortion Euthanasia, and Assisted Suicide⊗ Embryonic Stem Cell and Fetal Tissue Research <ul style="list-style-type: none">✔ Access to Drugs, Vaccines	<ul style="list-style-type: none">⊗ Human Rights, Human Trafficking⊗ Discrimination⊗ Pornography and Commercial Sexual Exploitation⊗ Contraceptives	<ul style="list-style-type: none">⊗ Reducing Arms Productions⊗ Addictive Materials or Harmful Habitual Behaviors	<ul style="list-style-type: none">⊗ Labor Standards⊗ Predatory Lending <ul style="list-style-type: none">✔ Encouraging Social, Environmental, and Financial Responsibility✔ Affordable Housing/Banking✔ Impact Investing	<ul style="list-style-type: none">⊗ Environmental Impact (Controversies) <ul style="list-style-type: none">✔ Environmental Impact (Solutions)✔ Biodiversity, Water and Natural Resources

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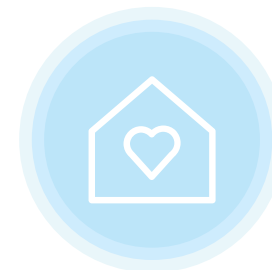
Protecting Human Life



Promoting Human Dignity



Enhancing the Common Good



Pursuing Economic Justice



Saving our Global Common Home

- ✘ Abortion Euthanasia, and Assisted Suicide
- ✘ Embryonic Stem Cell and Fetal Tissue Research

- ✔ Access to Drugs, Vaccines

	Portfolio	Benchmark
Abortion Production, Operations	0	7
Embryonic Stem Cell and Fetal Tissue Technology Development, Use	0	21

Access to Drugs, Vaccines

The Catholic Values QP has **~78%** more exposure compared to the benchmark to companies that manufacture medicines, equipment or technologies that address major or neglected diseases.

Benchmark: CRSP US Large Cap TR USD
Source: Morningstar Sustainalytics

Portfolio Coverage: 76% Benchmark Coverage: 70%
Data as of 4/19/24

Exposure is defined as the weighted average of portfolio company revenues tied to sustainable solutions. See **Appendix – Sustainalytics Definitions** for more information.

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Saving our Global Common Home

- ✘ Human Rights, Human Trafficking
- ✘ Discrimination
- ✘ Pornography and Commercial Sexual Exploitation
- ✘ Contraceptives

	Portfolio	Benchmark
Human Rights Violations (Controversies)	0	1
Discriminatory Behavior (Controversies)	0	15
Adult Entertainment Production, Distribution	0	0
Contraceptives Production	0	7

Benchmark: CRSP US Large Cap TR USD
Source: Morningstar Sustainalytics

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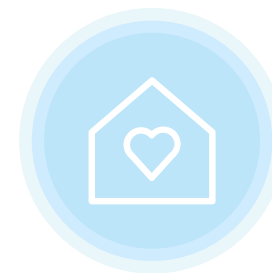
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Saving our Global Common Home

- ✘ Reducing Arms Productions
- ✘ Addictive Materials or Harmful Habitual Behaviors

	Portfolio	Benchmark
Controversial Weapons, Small Arms Production, Distribution	0	10
Gambling Operations, Tobacco, Recreational Cannabis Production	0	5

Benchmark: CRSP US Large Cap TR USD
Source: Morningstar Sustainalytics

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	Portfolio	Benchmark
Labor Rights Violations (Controversies)	0	0
Predatory Lending (Controversies)	0	0
ESG Risk Score	19	21

- ✗ Labor Standards
- ✗ Predatory Lending

- ✓ Encouraging Social, Environmental, and Financial Responsibility
- ✓ Affordable Housing/Banking
- ✓ Impact Investing

Affordable Housing

The Catholic Values QP has **~1042%** more exposure compared to the benchmark to companies developing or managing affordable housing.

Access to Borrowing Access to Education

The Catholic Values QP has **~163%** more exposure compared to the benchmark to companies providing financial services to underbanked communities and low-income borrowers; or to companies that support education and education access.

Portfolio Coverage: 76% Benchmark Coverage: 70%
Data as of 4/19/24

Benchmark: CRSP US Large Cap TR USD
Source: Morningstar Sustainalytics

Exposure is defined as the weighted average of portfolio company revenues tied to sustainable solutions. See **Appendix – Sustainalytics Definitions** for more information.

Catholic Values Quantitative Portfolio

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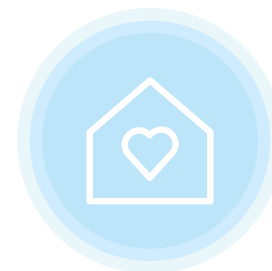
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	Portfolio	Benchmark
Environmental Degradation (<i>Controversies</i>)	0	2

✘ Environmental Impact (Controversies)

Pollution Prevention

The Catholic Values QP has **~486%** more exposure compared to the benchmark to companies providing materials, technologies and/or services that prevent or reduce the generation or impact of waste/pollutants to the soil or air.

Sustainable Agriculture, Resource Efficiency

The Catholic Values QP has **~642%** more exposure compared to the benchmark to companies providing sustainably produced agricultural or forestry products; manufacturing sustainable food; or products and services that support a circular economy by increasing the efficiency of resource use or enable recycling and resource recovery.

✔ Environmental Impact (Solutions)

✔ Biodiversity, Water and Natural Resources

Portfolio Coverage: 76% Benchmark Coverage: 70%
Data as of 4/19/24

Benchmark: CRSP US Large Cap TR USD
Source: Morningstar Sustainalytics

Exposure is defined as the weighted average of portfolio company revenues tied to sustainable solutions. See **Appendix – Sustainalytics Definitions** for more information.

Appendix – Sustainalytics Definitions

ESG Risk Rating

Sustainalytics measures ESG risk as the degree to which the company's economic value may be at risk because of exposure to and management of environmental, social, and governance (ESG) issues. The rating takes a two-dimensional approach. The exposure dimension measures a company's exposure to ESG risks, while the management dimension assesses a company's handling of these ESG risks. It is calculated as the difference between a company's overall ESG Exposure score and its overall Managed Risk score.

- **ESG Exposure:** A measure of the extent to which a company is exposed to material ESG risks. Exposure can be considered as a sensitivity or vulnerability to ESG risks.
- **Managed Risk:** A measure of a company's handling of material ESG issues through policies, programs, quantitative performance, and involvement in controversies, as well as its management of corporate governance.

The result is the ESG risk score, which is a measurement of a company's unmanaged ESG risk, reflected in a 0-100 score. A lower score implies lower ESG risk, while a higher score implies higher ESG risk.

Product Involvement Screens

Sustainalytics tracks companies' involvement in certain products using revenue as a proxy. Where revenue is not relevant (as is the case for Controversial Weapons), the level of involvement is binary – involved or not involved. In these cases, revenues are not considered relevant because the activity giving the involvement status cannot be linked to a specific product/service revenue. When screening for corporate involvement, Sustainalytics uses annual reports, financial disclosure statements and corporate websites for relevant thematic involvement. Research is updated on an annual basis.

Controversies

Sustainalytics controversy research assesses a company's involvement in incidents with negative ESG implications, captured through news screening. Company activities are rated for severity on a scale from one (low) to five (severe) based on the risk and impact of the incident. Controversies often point to operational and reputational risk, especially when systemic, recurrent or exceptional in nature or company responsiveness is inadequate. Sustainalytics evaluates controversies based on an assessment of incidents and events.

- Incidents: A company activity with unintended and/or undesired negative environmental and/or social impacts on stakeholders. Incidents are primarily assessed based on the negative environmental and/or social impact of the company activity as well as the reputational risk that this activity poses to the company.
- Events: A series of isolated or related incidents that pertain to the same ESG issues.

Appendix – Sustainalytics Definitions

Sustainable Solution Tilts

These metrics indicate the portfolio's exposure to companies engaged in the following Sustainable Solutions: Climate Solutions, Resource Protection, Community, and Diversity. For each Sustainable Solution, QRG calculates a Sustainable Solutions Score based on data provided by Sustainalytics, who tracks and measures a company's sustainable solutions activity using revenues as proxy (with exception to Diversity). The Sustainable Solutions Score is the weighted sum of company revenue percentages generated across several areas, which are mapped to each Sustainable Solution.

The **Access to Drugs, Vaccines** metric is calculated as the weighted sum of company revenue percentages generated from the manufacturing of medicines, equipment and/or technologies that address major and/or neglected diseases as defined by the World Health Organization (WHO).

The **Affordable Housing Construction, Development** metric is calculated as the weighted sum of company revenue from the development and/or management of affordable housing

The **Access to Borrowing, Microfinance, Education Technology, Development** metric is calculated as the weighted sum of company revenue percentages generated from the following areas:

- **Education: Includes** revenue from the development and/or management of affordable housing.
- **Financial Inclusion:** Includes revenue from providing microloans to low-income borrowers, or providing financial services tailored to meet the needs of underbanked communities.

The **Pollution Prevention Technology, Hazardous Waste Management** metric is calculated as the weighted sum of company revenue percentages generated from materials, technologies and/or services that prevent or reduce the generation at source and/or the impact of waste/pollutants to soil or air.

The **Sustainable Agriculture, Food, Forestry & Resource Efficiency: Recycling, Water, Waste** metric is calculated as the weighted sum of company revenue percentages generated from the following areas:

- **Sustainable Agriculture, Food & Forestry:** Includes revenue from products, equipment and/or services that support sustainable agriculture; manufacturing and selling of sustainable food products; and providing forestry products that are produced in a sustainable manner.

Appendix – Sustainalytics Definitions

- **Water Infrastructure & Adaption:** Includes revenue from products, equipment and/or services that support sustainable agriculture; manufacturing and selling of sustainable food products; and providing forestry products that are produced in a sustainable manner.
- **Recycling:** Includes revenue from products and services that support a circular economy by increasing the efficiency of resource use or enable recycling and resource recovery.

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For more information about how QRG incorporates the ESG data provided by Sustainalytics, please read the Catholic Values QP Methodology Document, which is available upon request by emailing sustainable@envestnet.com.

Disclosures

Coverage Ratio: Coverage represents the percentage of portfolio assets that report sustainability data on which the presented metric is based. A lower coverage indicates that the portfolio may not fully represent the metric being displayed. Portfolio and benchmark metrics are calculated using an asset-weighted average of company-level data from ESG data providers for each covered security. Cash and currency are excluded, as well as short positions, derivatives, synthetic holdings, and any fixed income and equity securities issued by companies that do not have sustainability data. As a result, this information is subject to change.

All portfolio-level metrics reported are representative of a model portfolio for this strategy. An investor's actual portfolio may differ.

CRSP US Large Cap Index includes U.S. companies that comprise the top 85% of investable market capitalization.

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The Catholic Values QP is constructed on a best-efforts basis to be consistent with Catholic moral principles as outlined in the Socially Responsible Investment Guidelines of the United States Conference of Catholic Bishops ("USCCB"). There is no guarantee that QRG's interpretation of the guidelines will align with Catholic moral principles, or that the screens and scoring methodologies used by QRG will fully align with all USCCB guidelines for socially responsible investment. The portfolio's approach to Catholic values investing may result in investments that fail to be consistent with an individual's own interpretation of such values.

An investment in these portfolios is subject to market risk and an investor may experience loss of principal. By incorporating impact or environment, social, and governance ("ESG") characteristics into the investment process, the portfolios will limit the types and number of certain issuers. As a result, a portfolio's ESG or impact investment strategy may result in the portfolio investing in securities or sectors that underperform the market as a whole or underperform other investment strategies that are not ESG integrated or screened for ESG-related criteria.

The portfolios incorporate ESG and/or impact criteria on a best-efforts basis. QRG utilizes several ESG research and ratings providers for portfolio management and reporting purposes. All ESG and/or impact data are believed to be from reliable sources; however, we make no representation as to its accuracy or completeness. The scores, ratings, and assessments are subjective by nature, and may or may not be accurate, complete, or reflect the beliefs of some investors.

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