

Sustainable Finance and Catholic church



Italian Episcopal Conference's guidelines principles and theirs implementation in the investment portfolio



NUMMUS.INFO

MONITORING YOUR ASSETS

Who is Nummus

Nummus.Info Spa provides Advising, Account Aggregation and ethical/sustainable analysis services. It is absolutely unique in terms of independence, confidentiality, quality and personalization of the service: in fact, the collaborators boast a strong experience and professionalism.

Nummus.Info makes use of MSCI ESG Research, a leader in ESG research and a member of the European Commission's Technical Expert Group.



Partners

The corporate structure promoting the project is made up of Institutional Investors characterized by professionalism and "patience" :

- Foundation Santi Francesco d'Assisi e Caterina da Siena CEI, Rome - 42,79%
- Istituto Atesino di Sviluppo (ISA) S.p.A., Trento - 35,65%
- Lambriana Foundation for charitable and religious activities - Dioceses of Milan, Milan - 10,78%
- Società Cattolica di Assicurazione, Verona - 10,78%



Share Capital : 580.000€



Supporting Institutional Investors

Nummus.Info' clients are :

- Ecclesiastical entities
- Pension funds
- Other social security funds
- Foundations
- Financial Intermediaries

Nummus is an evolving research center for ethical and sustainable finance. It collaborates with international partners in numerous projects.



Signatory of:

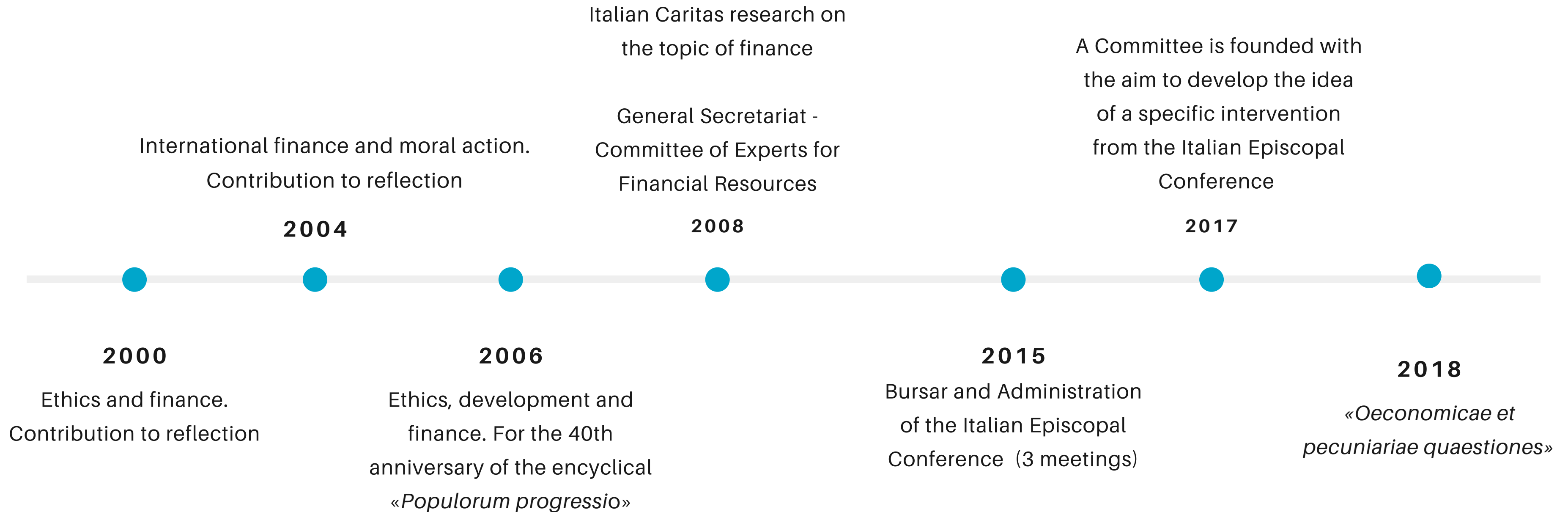




The guidelines principles of the Italian Episcopal Conference

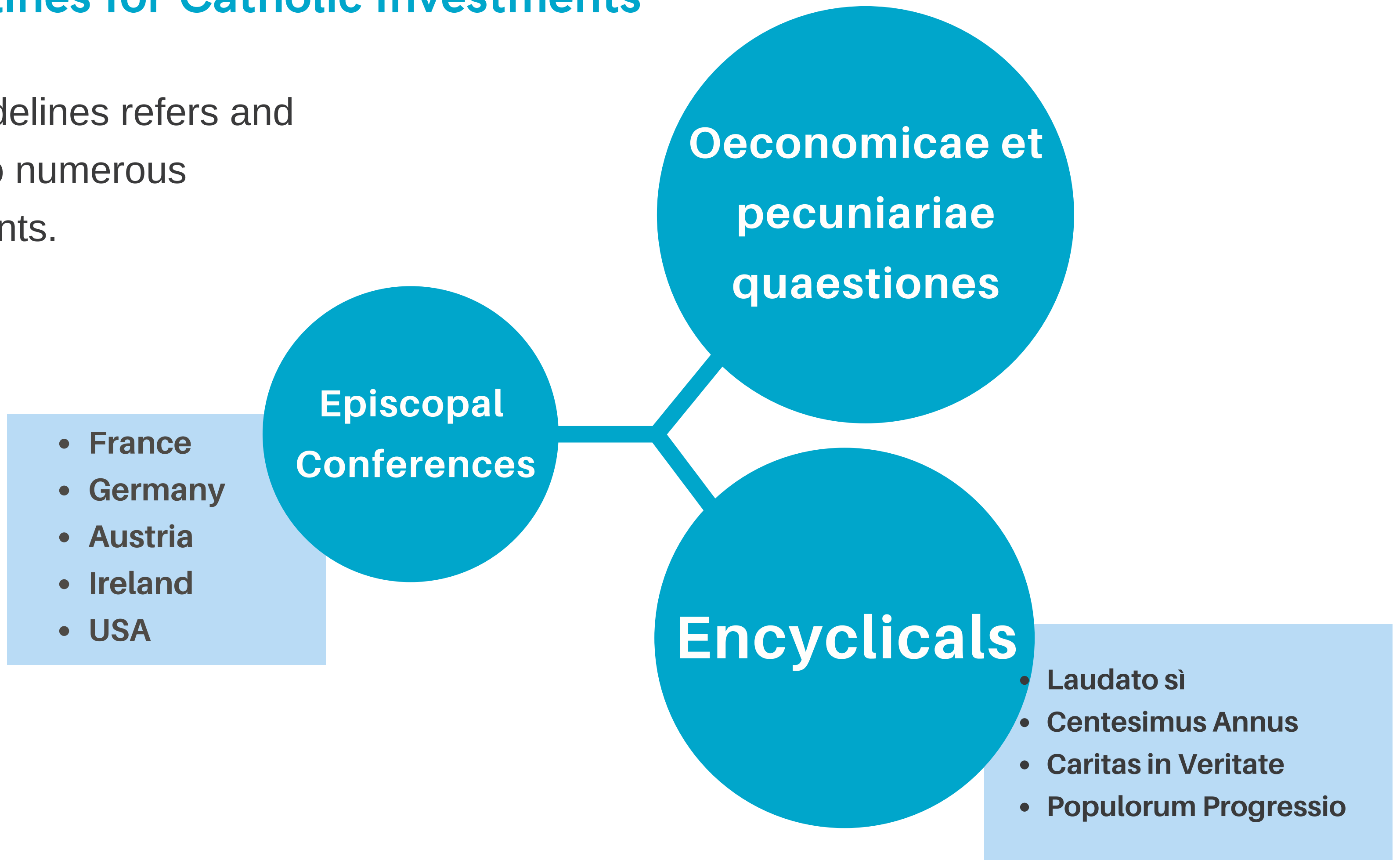
Guidelines for Catholic Investments

The document arises from the need to give continuity to Church's reflection on the financial resources management



Guidelines for Catholic Investments

The guidelines refers and draws to numerous documents.



Guidelines for Catholic Investments

The guidelines are direct to :

**Bursars of
Dioceses**

**Directors of
Diocesan
Institutes**

**Bursars of
Parishes**

**Religious
Foundations**

**Foundations
of Charity**

Congregations

**Religious
associations**

**Other religious
entities**

**To all those
identify with
the
principles
described in
the
Guidelines**

Guidelines for Catholic Investments

The document begins by arguing that there is **Ethics in finance**. Finance being a human activity, has its own Ethics, like all human activities.

The Ethics-Finance binomial can be approached from three perspectives:

- Clear distinction between Ethics and Finance
- Etical Finance
- Ethics in Finance



Guidelines for Catholic Investments

For the Church, in addition to the requirements of environmental, social and governance sustainability, is added a fourth fundamental attention: **ethics**

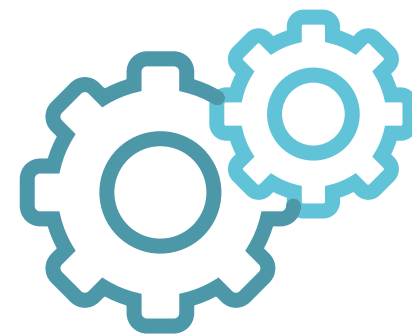
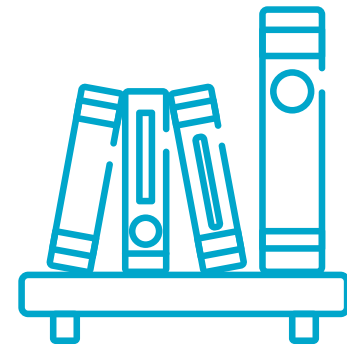
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Guidelines for Catholic Investments

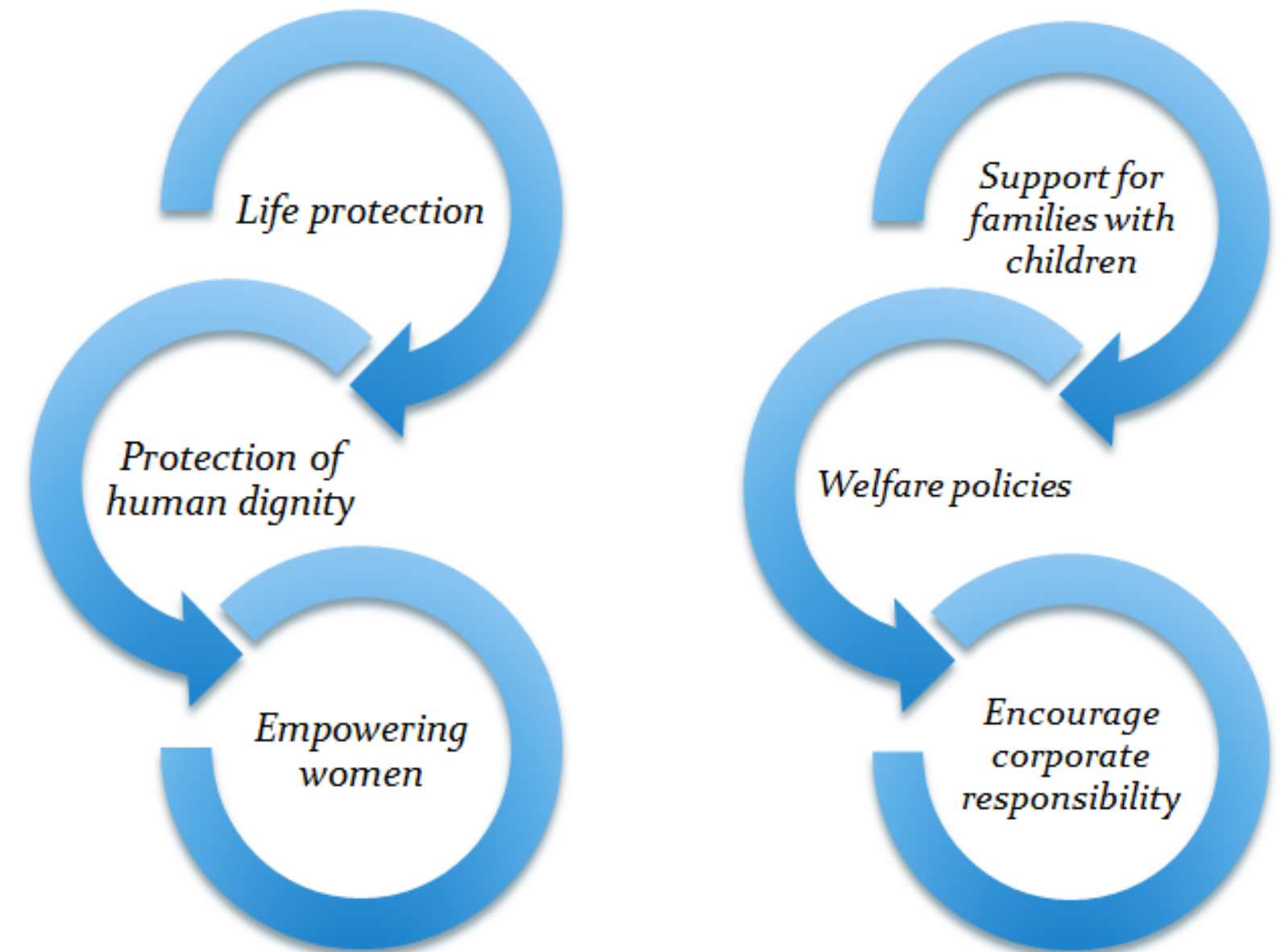
In the document of the Guidelines there are often references to «ecology, fairness, sustainability, ethics».

The investment choices must correspond to all four typologies: this is the perspective of Integral Ecology proposed by Pope Francesco in "Laudato si".



Guidelines for Catholic Investments

The ethical principles of the Catholic Church are placed side by side with the 17 objectives of the United Nations.



Guidelines for Catholic Investments

What differentiates the CEI Guidelines from the others:

Principles of inclusion

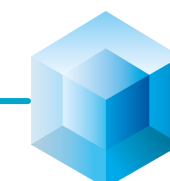
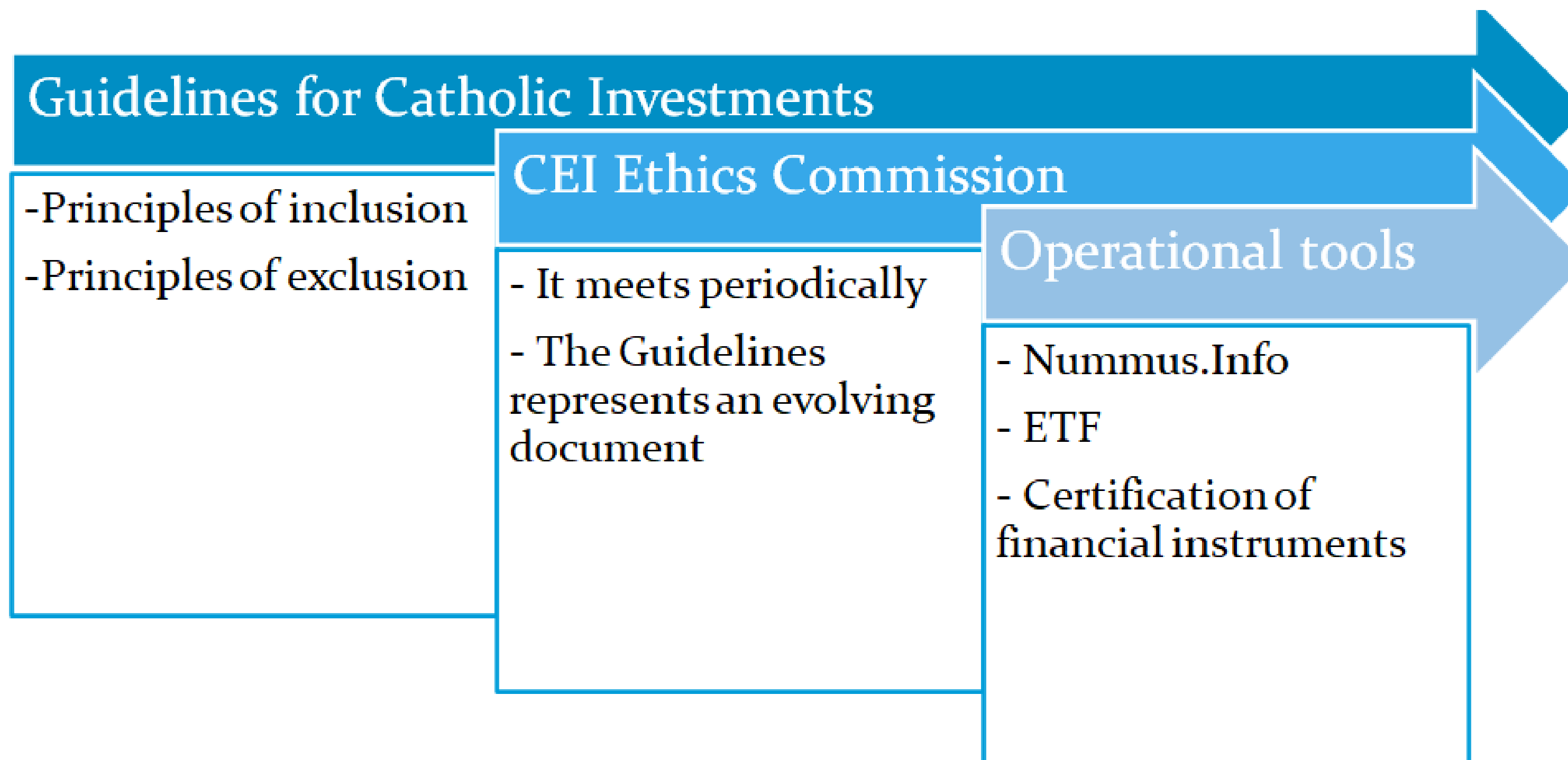
- Social
- Ecological
- Fairness

Principles of exclusions

- Sustainability of investments
- Life protection
- Support for economic justice
- Care of environment and animals

Guidelines for Catholic Investments

What differentiates the CEI Guidelines from the others:



Based on the Guidelines,
Nummus.Info has created
a reference index:

**MSCI World Select
Catholic Principles ESG
Universal and
Environment Index**

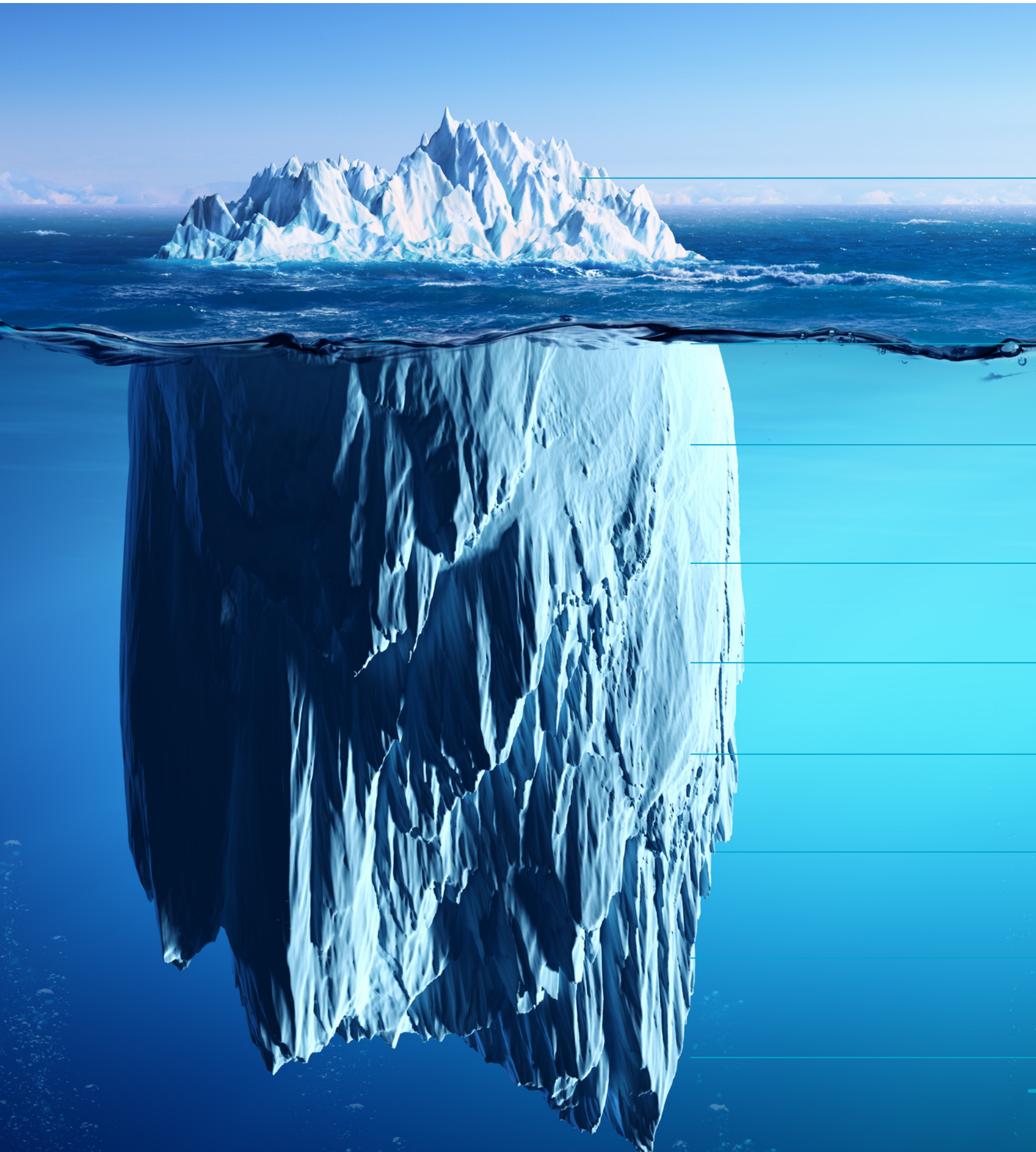




Portfolios Certification Project for Ecclesiastical and Religious Entities



Ethical analysis - Portfolio certification



Ethical Analysis Result

Transparency of the Portfolio

Ethical Filter Application

In-depth study of borderline cases

Continuous dialogue with managers

Support Analysis with managers

Support to the ecclesiastical entities

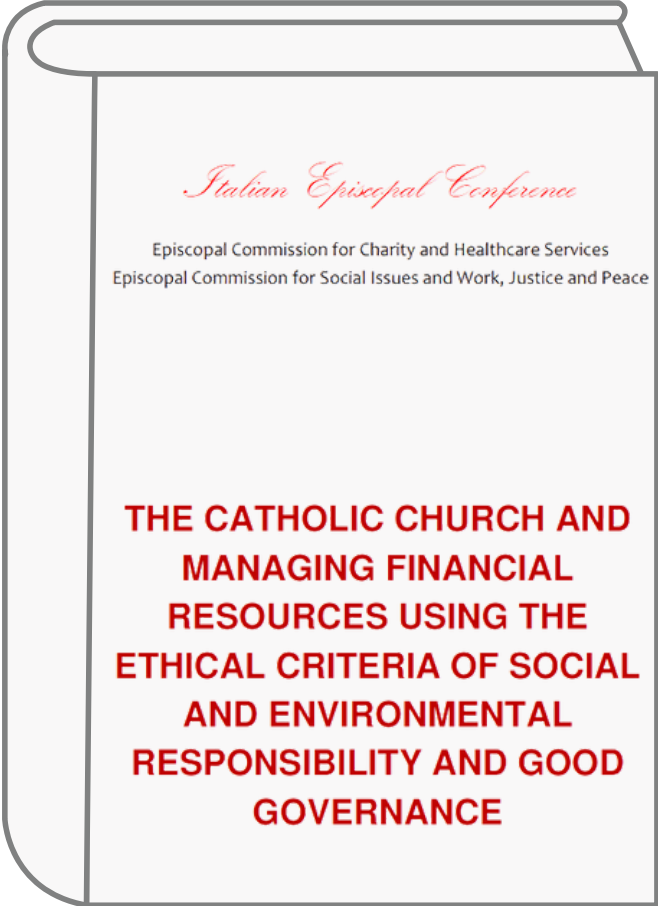
MSCI  ESG Research database

Verification tools



Ethical analysis - Portfolio certification

Transcoding of Guidelines into operational investment projections



Method	Factor Description
Best-in-class	Overall ESG Rating represents the evaluation rating of the intangible value
Exclusion	Companies related to the abortion drug industry and the practice of abortion
Exclusion	Companies that conduct research or develop specific stem cell products
Exclusion	Companies whose annual revenues derives, actually or as a result of an estimate
Exclusion	Companies whose annual revenues derives from the production of chemical /
Exclusion	Companies whose annual revenues derives from the production of uranium w
Exclusion	Companies whose annual revenues derives from the production of cluster we
Exclusion	Companies whose annual revenues derives from the production of anti-perso
Exclusion	Financial Institutions Engaged in Incorrect Financing Practices
Exclusion	Companies with serious disputes relating to the diversity of a company's work
Exclusion	Companies with serious disputes related to the impact of a company on the c
Exclusion	Companies with serious disputes related to relations with employees and with



Ethical analysis - Portfolio certification

Implementation of the ethical filter in sustainable research database through operational projections for investments - need to identify individual factors in the research database.

Method	Factor Description
Best-in-class	Overall ESG Rating represents the evaluation rating of the intangible value
Exclusion	Companies related to the abortion drug industry and the practice of abortion
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Categories
▲ Abortion and Contraceptives
Abortifacients
Abortion Providers
Contraceptives
▶ Adult Entertainment
▶ Alcohol
▶ Defense and Weapons
▶ ESG Controversies and Global Norms
▶ ESG Ratings
▶ Gambling
▶ Government Ratings
▶ Issuer Data
▶ Lending Practices
▶ Nuclear Power
▶ Other
▶ Stem Cell
▶ Tobacco



Ethical analysis - Portfolio certification

It is necessary to make the portfolio transparent using a look-through approach in order to break down every investments that have an underlying asset, such as ETFs, Funds and UCITS in general.

47 UCITS

Del	Asset ID ▲	Asset Name
Total	47	
	FR0010315770	LYXOR MSCI WORLD UCITS ETF - DIST
	FR0010754143	AmundiETF Gov BD EuroMTS Brd InvGra10-15 UCITS
	FR0010754168	Amundi ETFGovt BdEuroMTS Brd IG 3-5 UCITS ETF DR
	FR0010754176	Amundi ETFGovt BdEuroMTS Brd IG 5-7 UCITS ETF DR C
	FR0010754184	Amundi ETFGovt BdEuroMTS Brd IG 7-10 UCITS ETF DRC
	FR0011550185	BNP Paribas Easy S&P 500 UCITS ETF EUR C
	FR0013041530	BNP Paribas Easy S&P 500 UCITS ETF EUR H
	IE00B14X4Q57	iShares Govt Bond 1-3yr UCITS ETF EUR (Dist)
	IE00B1FZS681	iShares Govt Bond 3-5yr UCITS ETF EUR (Dist)
	IE00B1FZS806	iShares Govt Bond 7-10yr UCITS ETF EUR (Dist)
	IE00B1FZS913	iShares Govt Bond 15-30yr UCITS ETF EUR (Dist)

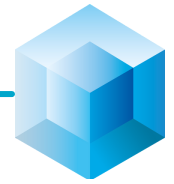
5085 single securities

Asset ID ▲	Asset Name
5085	
05HNVD	MEXICO (UNITED MEXICAN STATES) (GOVERNMENT) 3.625% 202
05HP20	PHILIPPINES, REPUBLIC OF THE (GOVERNMENT) 5% 20370113
05HT5A	INDONESIA, REPUBLIC OF (GOVERNMENT) 5.25% 20420117
05HTR9	SOUTH AFRICA, REPUBLIC OF (GOVERNMENT) 4.665% 20240117
05HWQ6	JAPAN (GOVERNMENT OF) 1% 20211220
05I5N0	BELGIUM, KINGDOM OF (GOVERNMENT) 4.25% 20220928
05I7D4	TURKEY, REPUBLIC OF (GOVERNMENT) 6.25% 20220926
05IAT9	AUSTRIA, REPUBLIC OF (GOVERNMENT) 3.8% 20620126
05IB9H	AUSTRIA, REPUBLIC OF (GOVERNMENT) 3.4% 20221122
05IFNX	JAPAN (GOVERNMENT OF) 1.8% 20311220
05IJJA	FRANCE (GOVERNMENT) 3% 20220425
05IMAG	FINLAND, REPUBLIC OF (GOVERNMENT) 2.75% 20280704



Ethical analysis - Portfolio certification

The portfolio consisting of individual securities is analyzed using "MSCI ESG Research" platform dedicated to sustainable research.



Ethical analysis - Portfolio certification

The results deriving from the previous step are subjected to a second “tailor made” filter created by Nummus.Info to extrapolate those securities that have particular characteristics which the first filter is not able to catch.



Ethical analysis - Portfolio certification

From the set of companies resulting in breach from the two previous filters, those that are uncertain about some results must be further investigated. It is therefore necessary to consult specific documents made available by the sustainable research provider with information that is retrieved from other sources.

Stem Cell Research Indicators	
INDICATORS	
Fetal Tissue	No
Use of Fetal Cell Lines	Yes
Enabling Technology	No
Adult Stem Cells	Yes
Embryonic Stem Cell Research	No
Ownership by a Stem Cell Company	No
Ownership of a Stem Cell Company	No

Eli Lilly and Co. (Lilly) conducts research using fetal cell lines and adult stem cells from sources including bone marrow, fat, skin, tumors, and umbilical cord blood. According to its stem cell research position statement, the company states that it uses stem cell from human sources with consent from the sample donor as well as in compliance with applicable laws.

According to the National Institutes of Health website, in a study that was published in April 2018, Eli Lilly conducted a study on fatty acid receptors using the HEK293 cell line for the transfection of cells used in the study.

Sources: Accessed on 21 Mar 2019: Eli Lilly and Company Website; National Center for Biotechnology Information Website; 19 Feb 2019: Eli Lilly and Company Annual Report 2018; accessed on 2017

HEK293 Protocols: Cell Culture, Transfection, Protein Production

HEK 293 cells are popular for their ease of growth and transfection (HEK293 Transfection Kit), making them a common cell culture in cancer research. In addition, high transfection efficiency of HEK293 cells produces exogenous proteins or viruses for pharmaceutical and biomedical research purposes. HEK-293 cells are useful for many transfection experiments, particularly the propagation of adenoviral-based and retroviral-based vectors.

Origins of the HEK293 Cell Line

HEK293 is a cell line derived from human embryonic kidney cells grown in tissue culture. They are also known, more informally, as HEK cells. This particular line was initiated by the transformation and culturing of normal HEK cells with



Ethical analysis - Portfolio certification

It's very important to be able and to identify the most critical cases

VALE S.A.

ESG RATING

CCC

Vale's rating is unchanged at 'CCC'. Stakeholders remain alert on dam stability across much of Vale since the Corrego do Feijao dam collapse in January 2019 killed at least 270 people. The incident has had major financial implications, direct costs of over USD 5 billion and led to management turnover. Its former CEO along with other executives face homicide charges. Its tainted reputation has strengthened opposition across several of its mines that are resisting operations due to perceived... [Show more](#)

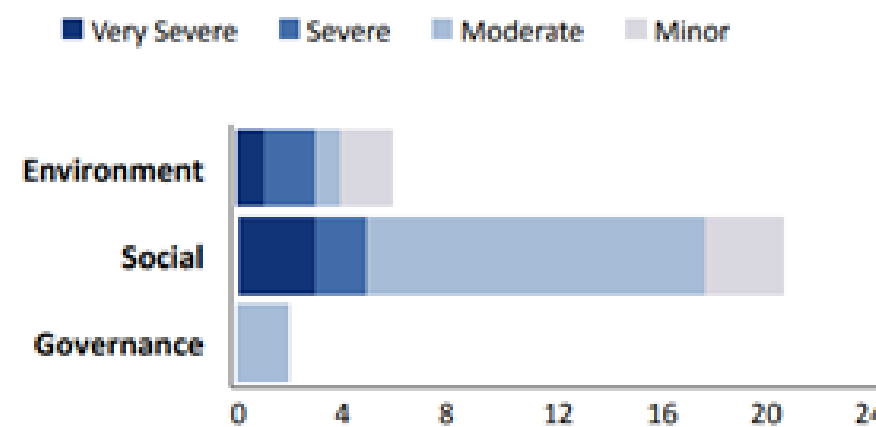


Significant Controversies by Indicator

	Flag	Score	Global Compact Status
Environment	R	0	
Biodiversity & Land Use	Y	2	Pass
Toxic Emissions & Waste	R	0	Fail
Social	R	0	
Customers	G	10	
No controversies were uncovered.			
Human Rights & Community	R	0	
Impact on Local Communities	R	0	Fail
Labor Rights & Supply Chain	R	0	
Health & Safety	R	0	Pass

Vale S.A. faced significant criticism and liabilities related to the collapse of Feijão mine tailings Dam in Minas Gerais, Brazil, which resulted in at least 60 fatalities and more than 200 people missing in January 2019, including members of the nearby communities and workers from Vale. Tailings spilled from the breached dam buried Vale's administrative office and cafeteria, killing several of the company's employees. A threat of a second dam collapse also resulted in the evacuation of local residents.

of Controversy Cases by ESG Pillar (29 in total)



Ethical analysis - Portfolio certification

It's very important to be able to identify the most virtuous cases

SAP SE

ESG RATING

AAA

ESG Ratings

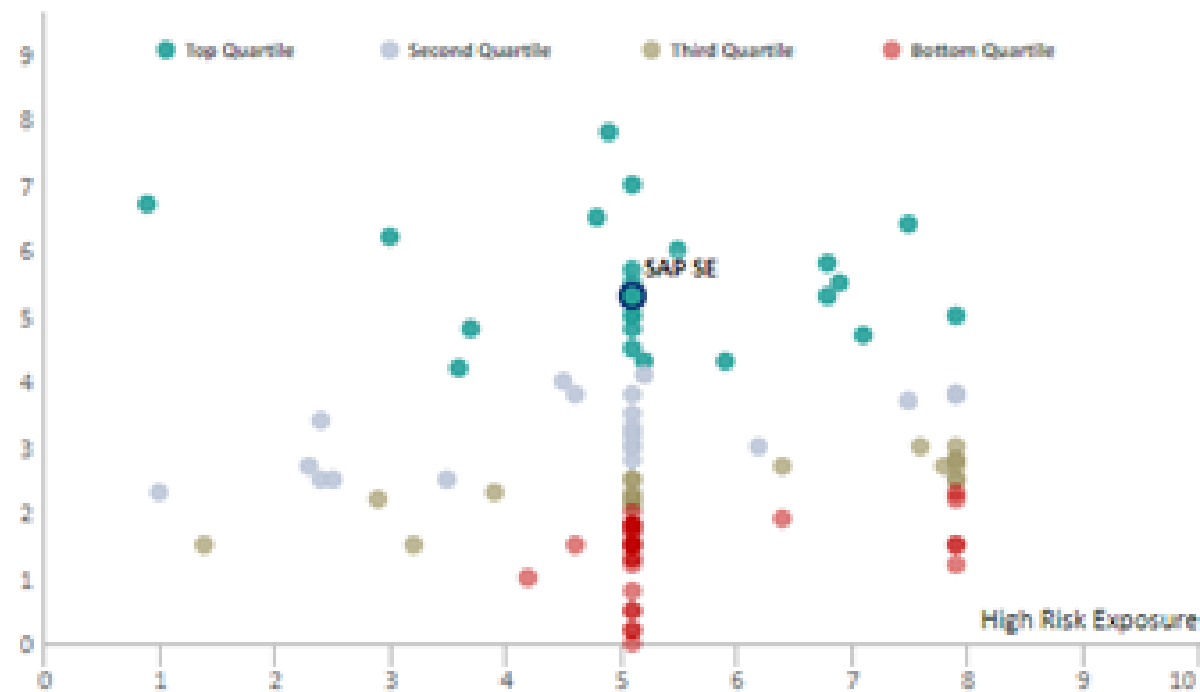
SAP's rating is unchanged at 'AAA'. SAP is considered a best-in-class performer on talent management, with employee engagement appearing to be one of its key priorities alongside profitability, growth and customer loyalty. Its turnover rate of around 10.7% in 2019 was lower than industry average. However, the company's commitment to 'no significant layoffs' during the COVID-19 crisis may not be sufficient to ease job security concerns across its diverse global workforce. SAP's suite of... [Show more](#)



Significant Controversies by Indicator

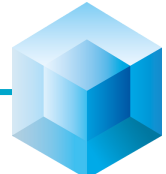
	Flag	Score	Global Compact Status
Environment	G	10	
No controversies were uncovered.			
Social	G	10	
Customers	G	10	
No controversies were uncovered.			
Human Rights & Community	G	10	
No controversies were uncovered.			
Labor Rights & Supply Chain	G	10	
No controversies were uncovered.			

Strong Risk Management



Ethical analysis - Portfolio certification

There is a continuous dialogue with asset managers regarding breach portfolio securities. Each month Nummus.Info communicates portfolio compliance level with the Guidelines and gives to asset managers the tools to monitor the portfolio.



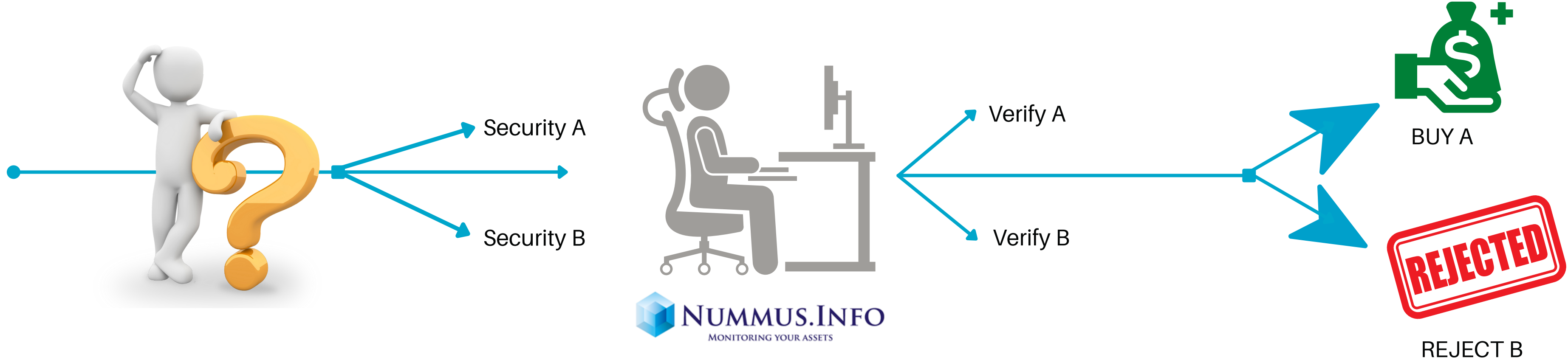
Ethical analysis - Portfolio certification

The asset manager can interact with Nummus.Info even before making the investment. He has the opportunity to ask information, for example if a security or a financial instrument is "eligible", that means that is aligned with Catholic principles.

Asset Manager's Request

Nummus.Info's analysis

Asset Manager's investment

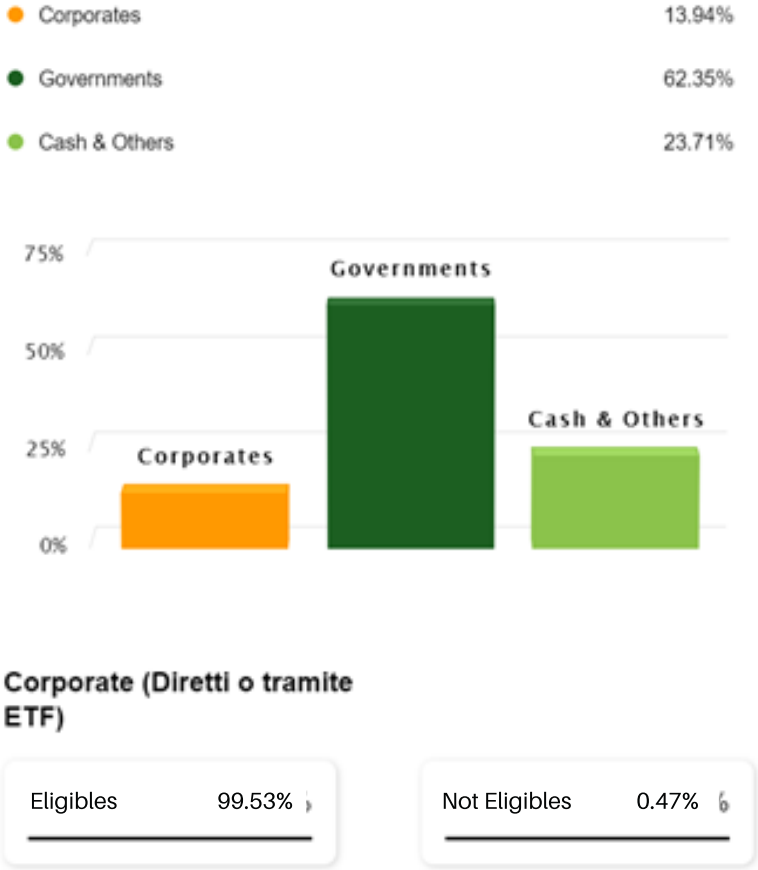


Ethical analysis - Portfolio certification

Asset manager can use Nummus.Info's platform to check the portfolio compliance level that manages for the ecclesiastical entities. He can also ask information about the Investable Universe considered.



Asset Manager



Nummus.Info's platform



Ethical analysis - Portfolio certification

If the asset manager complies with the Guidelines for Catholic Investments made by Italian Episcopal Conference, he is granted the certification in relation to the portfolio analyzed.

The certification analysis is carried out officially every six months. However, the portfolio monitoring is a continuous process.



Certification of compliance with the investment guidelines of the Italian Episcopal Conference:

“The Catholic Church and the management of financial resources with ethical criteria of social, environmental and governance responsibility”

The Guidelines: the Italian Episcopal Conference has appropriately completed an in-depth study and comparison process that a group of experts, from different but concurrent disciplines (from theology to the legal context, from pastoral care to missionary university and finance areas), has carried out starting from 2017 at the General Secretariat of the CEI on the theme of “ethically and socially responsible investments”. The result of this journey is the approval by the Episcopal Commissions (Episcopal Commission for Charity and Healthcare Services; Episcopal

Ethical analysis - Portfolio certification

Nummus.Info supports ecclesiastical and religious entities using necessary information and activities to establish a dialogue with asset managers and to report in detail the investments in the portfolio.

Not Eligibles - 0.47%




Eligibles - 99.53%

- Abortion - Any Tie
- Adult Entertainment - Maximum Percentage of Revenue
- Alcohol Licensor
- Alcohol Producer
- Animal Welfare - Non-medical testing
- Weapons - Bio/chem Maximum Percentage of Revenue
- Cluster Munitions - Manufacturer
- Weapons - Depleted Uranium Manufacturer
- Landmines - Manufacturer
- Weapons - Maximum Percentage of Revenue
- Weapons - Nuclear Maximum Percentage of Revenue
- Environment - Controversy Score
- Governance - Controversy Score
- Human Rights - Controversy Score
- Labor Rights - Controversy Score
- Labor Rights - Discrimination & Workforce Diversity Score
- Generation Thermal Coal - Maximum Percentage of Revenue
- Gambling - Any Tie
- Gambling - Maximum Percentage of Revenue
- Civil liberties
- Control of corruption
- Democracy
- Legality of Death Penalty
- ESG Rating
- Lending Practices - CRA Rating
- Stem Cell Research - Embryonic
- Stem Cell Research - Enabling Technology
- Stem Cell Research - Fetal Tissue
- Stem Cell Research - Use of Fetal Cell Lines
- Thermal Coal - Mining and trade
- Tobacco Licensor
- Tobacco Producer

Ethical analysis - Portfolio certification

Nummus.Info supports ecclesiastical and religious entities using necessary information and activities to establish a dialogue with asset managers and to report in detail the investments in the portfolio.

REPORT / PART I CORPORATES / ABORTION - ANY TIE Print 

FACTOR DESCRIPTION

Companies with an industry tie to abortion or abortifacients, including Abortion Provider, Own/Operate Acute Care Facilities, Ownership of an Abortion Company, Ownership by an Abortion Company, Abortifacient Manufacturer, Ownership of an Abortifacient Company, and Ownership by an Abortifacient Company categories.

Not eligibles - 0.47%

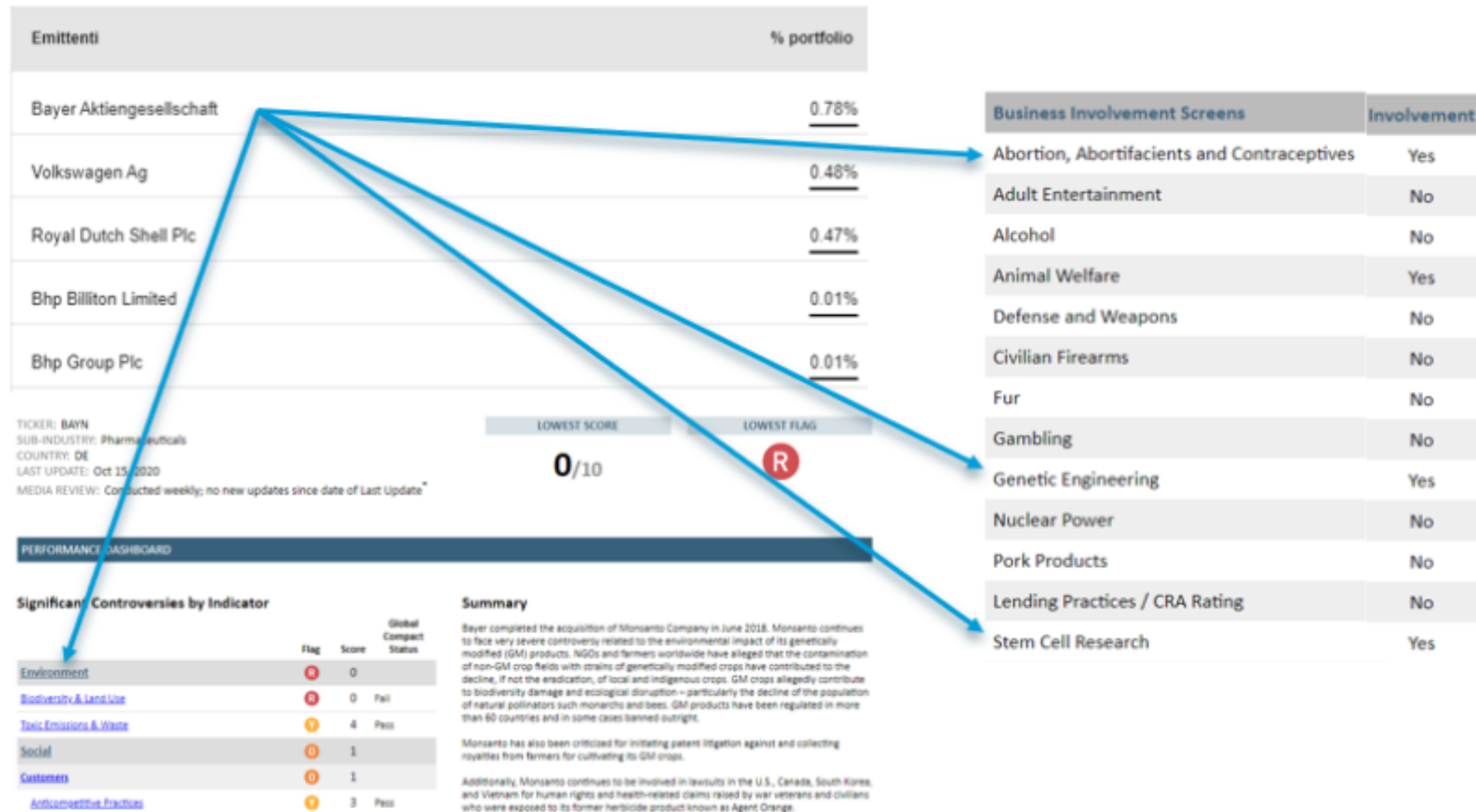


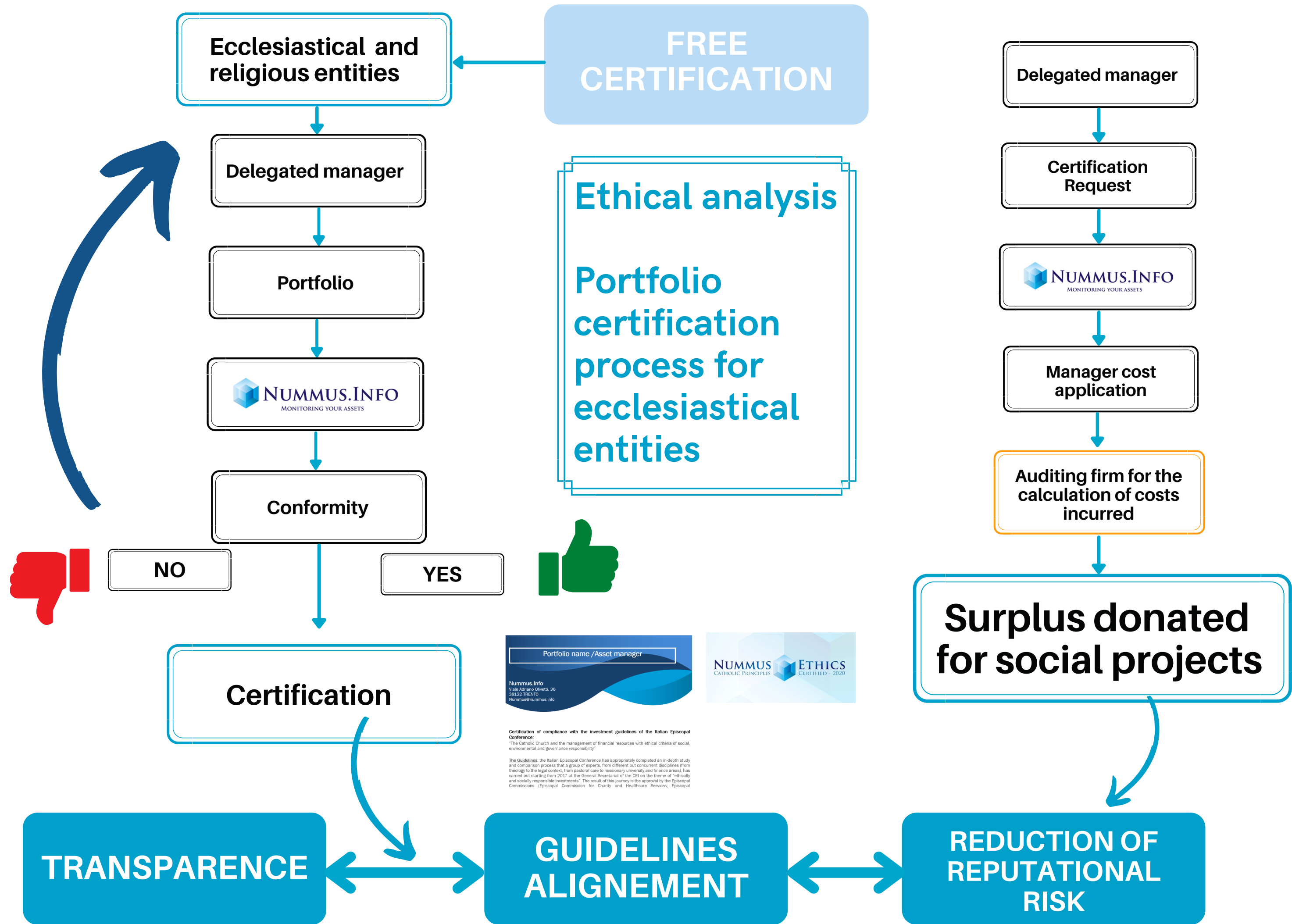
Eligibles - 99.53%

Corporate (Direct or within ETFs)			
Eligibles	99.53%	Not Eligibles	0.47%

Ethical analysis - Portfolio certification

Nummus.Info supports ecclesiastical and religious entities using necessary information and activities to establish a dialogue with asset managers and to report in detail the investments in the portfolio.





*“Begin by doing what is necessary, then what is possible.
And suddenly you will find yourself doing the impossible ”*

- San Francesco D'assisi

