



ESG Can Be Problematic for Christians



Richard Todd
CEO, Principal & Co-Founder

Sarah Newman
Principal

June 4, 2024

Presenting Today



Richard Todd
CEO, Principal & Co-Founder
38+ years of investment experience



Sarah Newman
Principal
20+ years of nonprofit experience

+ *Innovest is more than an investment firm. We are thoughtful stewards responsible for our clients, professionals, and community.*



AWARD-WINNING FIRM

- Denver Business Journal*, Small Business of the Year in the category of businesses employing 100 or fewer full-time employees, 2024
- Pensions & Investments* ranked Innovest as a Best Place to Work, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2014
- ColoradoBiz Magazine* named Innovest a Colorado Company to Watch, 2023
- Denver Business Journal* selected Wendy Dominguez as a finalist for Outstanding Woman in Business in the finance category, 2019, 2017, 2016
- ColoradoBiz Magazine*, Top Company Award in the financial services category, 2018
- Denver Business Journal*, listed Wendy Dominguez in Who's Who in Impact Investing, 2018, 2017
- ColoradoBiz Magazine* selected Richard Todd as a finalist for CEO of the Year, 2017
- Forbes* named Innovest #3 in nation among the Fastest Growing RIAs, 2016
- Financial Advisor*, #14 RIA Ranking, 2016
- Forbes* named Innovest #23 in nation among the Fastest Growing RIAs, 2015

The Innovest Profile

Our Mission

We are more than an investment firm. We are thoughtful stewards responsible for our clients, professionals, and community.

- Christian values aligned portfolios and retirement plan experts
- Consultants average 20+ years of experience
- Clients served by partners
- 60 employees and 20 partners
- Advise on nearly \$46 billion in client assets
- Founded 27+ years ago
- Members of Christian Employers Alliance

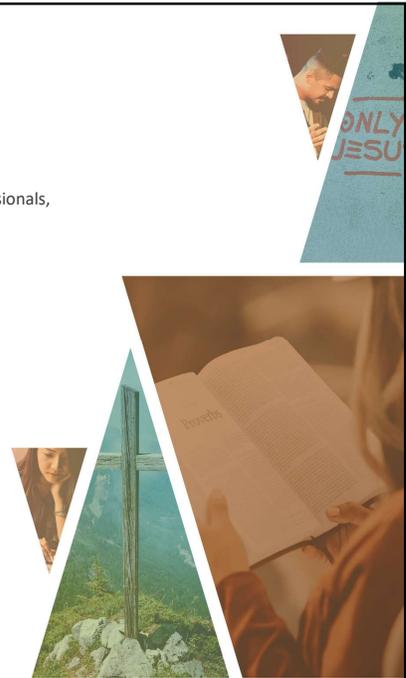
Invested in Your Mission

True to our Christian values, we specialize in helping Christian organizations meet their investment goals and objectives.

- ✓ Independent ✓ Fee-only ✓ Co-fiduciaries ✓ Aligned Christian Values

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Focus of Environmental, Social, and Governance

ESG refers to the environmental, social, and governance factors affecting people, institutions, and the environment.



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ESG Scoring



Key Takeaways

- Rating platforms are only 60% correlated
- Are accused of being political
- Christian values can be conflicted

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ESG Conflicts for Christians

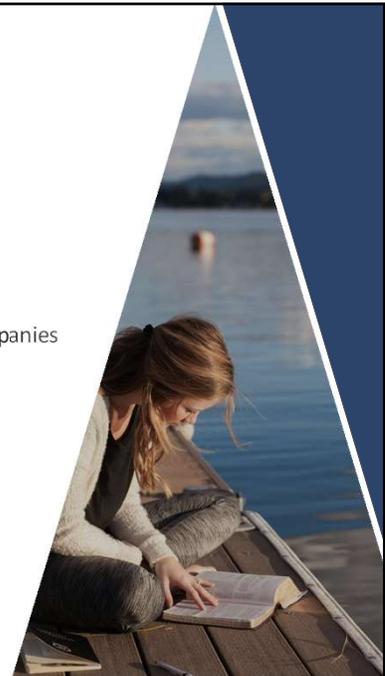
I. Overview of ESG in Christian Portfolios

- ESG portfolios are not typically Christian

II. The Problems with ESG

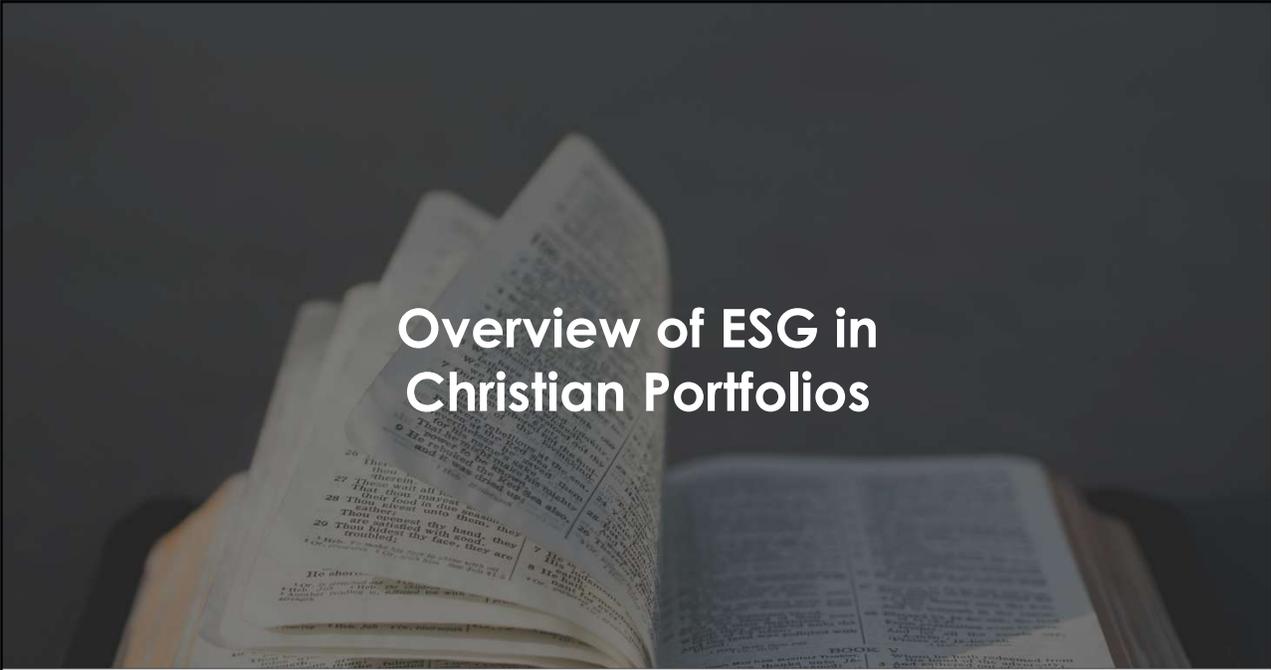
- Investment firms are forcing anti-Christian “social norms” on public companies
- Cancel culture is alive and well
- Most Christian Institutional investments are managed by firms that have anti-Christian values
- Government regulators embrace ESG and DEI
- Proxy voting for Christian portfolios are often ignored and anti-Christian
- Green Energy can ignore human dignity

III. Next Steps



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Overview of ESG in Christian Portfolios

Focus of Christian Portfolio Construction

This is Typically Screened

- Abortion
- Pornography
- Embryonic Stem Cell Research
- Child and Slave Labor
- Tobacco
- Land Mines
- Alcohol
- Cannabis

Considerations

- ✓ Human Flourishing
- ✓ Shareholder Engagement

ESG Portfolios Are Not Christian

Screens	% of ESG Managers that Screen on Issue	% of Christian Managers that Screen on Issue
Abortion	0%	94%
Embryonic Stem Cell Research	0%	75%
Pornography	10%	100%
Alcohol	40%	47%
Tobacco	45%	63%
Child Labor	0%	11%

*Innovest research

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The Problems with ESG

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Investment Firms are Forcing Anti-Christian “Social Norms” on Public Companies

Larry Fink | CEO of BlackRock

“Behaviors are going to have to change. This is one thing we are asking companies. You have to force behaviors. At BlackRock, we are forcing behaviors.”

“Markets like actually totalitarian government where you have an understanding of what’s out there... and democracies are very messy, as we know in the United States – you have opinions changing back and forth.”

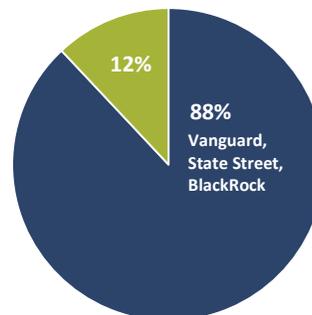
Investment Firms are Forcing Anti-Christian “Social Norms” on Public Companies

3,000 firms have an ESG commitment

ESG Often Favors

- Diversity based on race and gender identity
- Abortion, abortion travel benefits
- Partner benefits
- Support to pro-abortion and LGBTQ organizations
- Transgender Issues
- Promotion of delaying family life

Domestic Public Company Control



Cancel Culture is Alive and Well

- **De-Banking Customers**
 - JP Morgan, Bank of America, Stripe, BNY Mellon, CitiGroup, among others
- **De-Platforming Customers**
 - Facebook, Google, Apple, Salesforce, YouTube, Verizon
- **Ministries that have been Canceled**
 - ADF canceled by Salesforce
 - Bank of America is cancelling the State of Kansas

Source: <https://firstliberty.org/news/businesses-that-could-cancel-you/>

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Kroger Food and Staples Retailing
RISK LEVEL: High Risk
SUMMARY: Kroger fired two Christian employees who requested not to wear the gay pride logo on the work aprons. Kroger's workplace policies do not include protection against viewpoint discrimination. Kroger has also utilized its environmental, social, and governance and used funds to advance its social and environmental goals.

Morgan Stanley (E-Trade)
RISK LEVEL: High Risk
SUMMARY: Morgan Stanley, an investment bank and wealth management firm, will not fund some oil and gas projects or certain businesses dealing with firearms or ammunition. In July 2022, West Virginia placed Morgan Stanley's energy companies' account on a temporary hold.

Hilton Worldwide Consumer Services
RISK LEVEL: High Risk
SUMMARY: Hilton fired an employee for not working Sunday shifts due to religious purposes in 2016; the Equal Employment Opportunity Commission (EEOC) later prosecuted the case successfully. Hilton also vets its suppliers according to their LGBTQ policies. The company does not protect employees from viewpoint discrimination and has signed open letters supporting the Equality Act.

The Carlyle Group
RISK LEVEL: High Risk
SUMMARY: The Carlyle Group scored a 100 on the 2023 Corporate Equality Index (CEI) from the Human Rights Campaign (HRC), a political stakeholder group. By complying with the HRC's controversial demands, The Carlyle Group (Carlyle Group) increases the risk of dividing employees, alienating customers and harming shareholders. It also uses sex and gender identity criteria in employee recruitment, vendor selection, marketing, and philanthropic support. Carlyle Group forces employees to undergo multiple ideological trainings and uses its reputation, corporate funds, and political influence to support controversial sex and gender ideologies, organizations, and legislation. Carlyle Group provides a benefits package for...

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Christian Institutional Investments Are Often Managed by Firms That Have Anti-Christian Values

Innovest's Qualitative Due Diligence Questionnaire on Manager Values

Please fill out the following questions.

1. Describe your culture.
2. Do you have a faith statement?
3. Describe your firm philosophy on charitable donations. Please share a list of organizations receiving donations.
4. Does your benefit plan pay for abortions and abortion transportation across state lines?
5. Do you have a philosophy and statement on religious freedom?
6. In the last five years, has your company sponsored organizations or events that may be in conflict with the Church or Christian values?
7. Does your organization manage money for organizations that may be in conflict with the Church or Christian values?

Christian Values Alignment Assessment
2024 Portfolio Alignment Score: 9.76

Christian Values Alignment Assessment
2024 Portfolio Alignment Score: 9.76

Christian Values Alignment Assessment
2024 Portfolio Alignment Score: 9.76

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Government Regulators Embrace ESG & DEI

- Employee training
- Board Diversity: recognizing transgender women as women
- “Climate related risk management”
- Weaponizing government
- Redefinition of Title IX



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Proxy Voting for Christian Portfolios Is Misunderstood and Often Ignored

Shareholders in a company should have a voice.

Institutional Shareholder Services (ISS) votes 60% of all shareholder proxies.

- Their “Christian faith-based proxy voting guidelines” are anti-Christian.
- ISS ignores:
 - Embryonic Stem Cell Research
 - Euthanasia
 - Gender Modification and Puberty Delay
 - Board Diversity: recognizing transgender women as women



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Green Energy Can Ignore Human Dignity

Child and Slave Labor

- **The Congo holds more reserves of cobalt than the rest of the planet combined**
 - China controls most of the Congo’s mining and refining
 - 70% of cobalt from Democratic Republic of Congo has some touch with child labor, “Organization for the economic cooperation and development”*
 - Very high rate of birth defects, cancer and contaminations
- **80% of Congolese are Christian**
 - These practices are a disgrace to our brothers and sisters in Christ



*Information from Cobalt Red, Siddharth Kara, New York Times Best Seller, 2023

Expect Christian Values Portfolios to Perform Well!

Direct Indexing should have little performance variability.

Index Fund	2023	2022	2021
First Trust S&P 500 Catholic Composite	26.11 (53)	-18.86 (45)	29.16 (13)
S&P 500 Index	26.29 (52)	-18.11 (41)	28.71 (17)

Expect Christian Values Portfolios to Perform Well!

Comparing Christian and ESG Portfolios

- Two longest track record funds

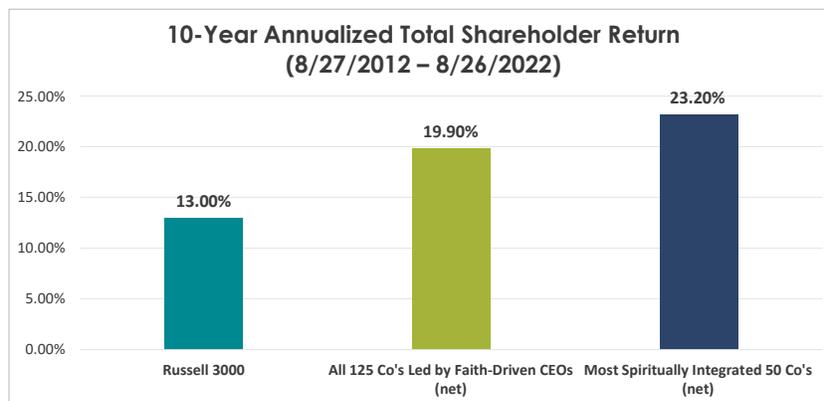
Index Fund	1-year	5-years	10-years	15-years
Aberdeen U.S. Sustainable Leaders	10.42 (39)	12.69 (57)	11.07 (43)	13.76 (58)
SSGA Russell 3000 Catholic Index	10.55 (37)	14.13 (34)	12.06 (20)	15.22 (22)
Russell 3000 Index	10.02 (48)	14.34 (28)	12.33 (13)	15.44 (14)

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Expect Christian Values Portfolios to Perform Well!

Human flourishing approach has performed well in a back test.



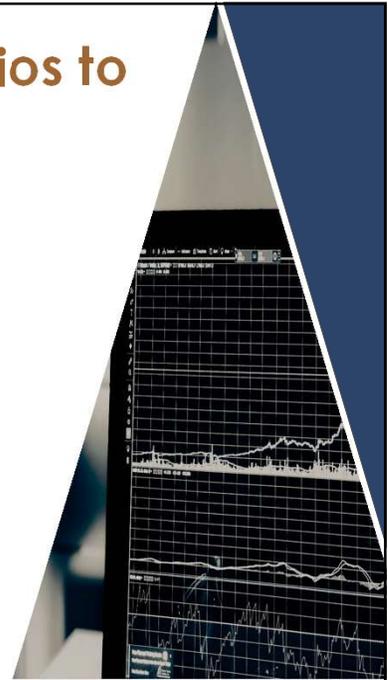
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Expect Christian Values Portfolios to Perform Well!

Other Considerations

- End point sensitivity
- Some alternative investments work well, others do not

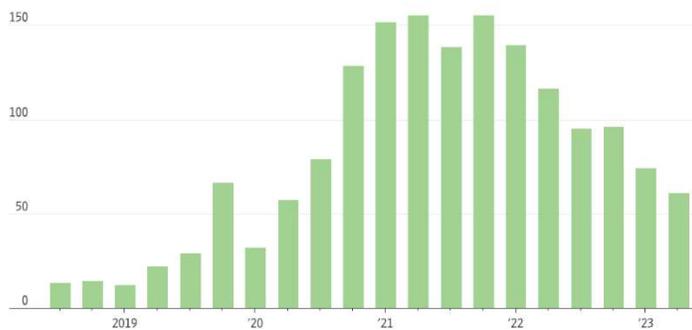


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Corporate Engagement is Working, But More Work Remains

Number of S&P 500 Companies Citing 'ESG' on Earnings Calls



Source: FactSet

Source: <https://www.wsj.com/business/the-latest-dirty-word-in-corporate-america-esg-9c776033>



- Banks have backed down
- State Financial Officers Foundation (SFOF) is making progress
 - Tennessee is suing BlackRock
 - Many states have anti-ESG laws

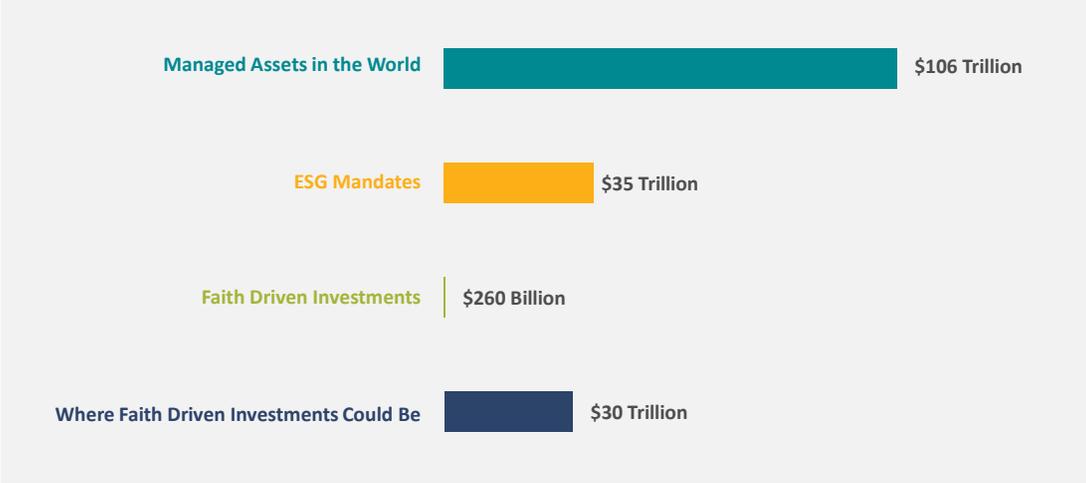
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What Can You Do?

What Can You Do?



What Can You Do?

Stewardship (Fiduciary) Assessment

- Review policies
 - Investment
 - Spending
 - Proxy Voting
- Performance Evaluation
 - Portfolio
 - Managers
- Christian Portfolio Construction Evaluation
 - Violations
- Values Alignment Assessment
- Fee Benchmarking
- Asset Allocation Analysis

INNOVEST

Unlocking Stewardship Excellence for Christian Portfolios

Are you a Christian ministry or foundation seeking to maximize your impact and ensure responsible stewardship of your portfolio? Innovest is here to help you navigate the complexities of stewardship and achieve excellence in managing your retirement plan and portfolio investments.

Christian Stewardship Assessment

Do not conform yourselves to the age but be transformed by the renewal of your mind, that you may discern what is the will of God, what is good and pleasing and perfect. (Romans 12:2)

Our expert assessment ensures alignment with Christian values while optimizing all facets of your portfolio. Let us help you enhance your organization's impact and ensure responsible stewardship of your resources.

Who is Innovest?

<p>Retirement Plans</p> <ul style="list-style-type: none"> • 150+ retirement plan clients • 275+ plans under advisement • Experts in compliance and recordkeeping • 3X recordkeeper RFP/RFI in last 5 years 	<p>Nonprofit & Private Wealth Portfolios</p> <ul style="list-style-type: none"> • 250+ fiduciary clients • Forward-looking, custom portfolio design • 25-person research team • Thoughtful and thorough due diligence
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Guided by Christian values, faith is foundational at Innovest.

<ul style="list-style-type: none"> • Advise on \$46 billion in client assets • 40+ Christian clients • Independent, objective • Co-fiduciary • Employee-owned 	<ul style="list-style-type: none"> • Founded in 1995 • Christian culture • 40 of 40 employees are Christian • Clients in 28 states • Our professionals sit on 300 boards
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Invest with Confidence. Invest in Truth

Faith is a foundational value at Innovest. We specialize in helping faith-based organizations meet their investment goals and objectives and keep their investment portfolio aligned with their values.

For more information, contact Richard Todd at rtodd@innovestcfc.com or Sarah Newman at snewman@innovestcfc.com
www.innovestcfc.com | 800.696.2100

Our Experience

<p>ACE Scholarships</p> <p>AllHealth Network</p> <p>Alpha Omega Alpha Medical Honor Society</p> <p>Archdiocese of Denver</p> <p>Arrupe Jesuit High School</p> <p>Association of periOperative Registered Nurses</p> <p>Augustine Institute</p> <p>Beren Charitable Trust</p> <p>Big Brothers Big Sisters of Colorado</p> <p>BioMarin Pharmaceutical, Inc.</p> <p>Brown and Caldwell</p> <p>Burkitt Foundation</p> <p>Cablelabs</p> <p>Capuchin Religious Support Fund</p> <p>Caruso Family Charities</p> <p>Catholic Benefits Association</p> <p>Catholic Charities of Denver</p> <p>Catholic Foundation of Northern Colorado</p> <p>Central City Opera House</p> <p>Chadron State College Foundation</p> <p>Cherokee Nation Businesses, OK</p> <p>Children's Diabetes Association</p> <p>Christian Care Ministry</p> <p>Colorado Affordable Catholic Housing Corporation</p> <p>Colorado Ballet</p> <p>Colorado Christian University</p>	<p>Colorado Farm Bureau Foundation</p> <p>Colorado Health Foundation</p> <p>Colorado Permanente Medical Group</p> <p>Colorado Retirement Association</p> <p>Colorado State University</p> <p>Colorado Uplift</p> <p>Community Foundation of Northern Colorado</p> <p>Community Reach Center Foundation</p> <p>Continuum of Colorado</p> <p>City and County of Denver, CO</p> <p>Denver Gold Group</p> <p>Denver Health & Hospital Authority</p> <p>Denver Public Schools Foundation</p> <p>Developmental Pathways</p> <p>Dominican Friars of the Eastern Province</p> <p>Energy Outreach Colorado</p> <p>Federation of Chiropractic Licensing Boards</p> <p>Five 18 Family Services</p> <p>Fellowship of Catholic University Students - FOCUS</p> <p>Focus on the Family Foundation</p> <p>City of Fort Collins, CO</p> <p>Geochemical Society</p> <p>Girls Inc. of Metro Denver</p> <p>Hays Medical Center Foundation</p> <p>William and Flora Hewlett Foundation</p> <p>International Assoc. for the Study of Lung Cancer – IASLC</p>	<p>Jefferson Center for Mental Health</p> <p>Junior League of Denver Foundation</p> <p>Kiddo!</p> <p>City of Las Vegas, NV</p> <p>Larimer County, CO</p> <p>Longmont Community Foundation</p> <p>Mather Fund</p> <p>Medical Group Management Association</p> <p>Mercy Housing</p> <p>Metro Water Chicago, IL</p> <p>Mission Management & Trust Co.</p> <p>Gordon and Betty Moore Foundation</p> <p>Museum Store Association</p> <p>National Board of Chiropractic Examiners</p> <p>National Environmental Health Association</p> <p>National Eucharistic Congress</p> <p>The Navigators</p> <p>Notre Dame Federal Credit Union</p> <p>OneChild</p> <p>Paige Foundation</p> <p>Pikes Peak United Way</p> <p>Platte River Whooping Crane Trust</p> <p>Real Life Catholic</p> <p>Regis University</p> <p>Right to Life League</p> <p>Rocky Mountain Public Media</p> <p>San Diego Public Schools, CA</p>	<p>County of San Mateo, CA</p> <p>Sanmina, Inc</p> <p>County of Santa Clara, CA</p> <p>Save Our Youth</p> <p>Shimon ben Joseph Foundation</p> <p>Sidney E. Frank Foundation</p> <p>Sister Servants of the Eternal Word</p> <p>Society of Economic Geologists</p> <p>South Dakota Mines Center for Alumni Relations & Advancement</p> <p>St. Andrews Presbyterian Church</p> <p>Taylor University Endowment</p> <p>Temple Emanuel</p> <p>That Others May Live Foundation</p> <p>Trinity United Methodist Church</p> <p>City of Tucson, AZ</p> <p>University of Colorado</p> <p>University of Mary</p> <p>University of Northern Colorado Foundation</p> <p>Weld Legacy Foundation</p> <p>The Weld Trust</p> <p>WellPower</p> <p>Western Athletic Conference</p> <p>Western Union</p> <p>City of Westminster, CO</p> <p>Women First International Fund</p> <p>YMCA of Metropolitan Denver</p>		

We do not use performance-based criteria in determining who to include in this list. It is not known whether the listed clients approved or disapproved of the services provided. This list was created using the following objective criteria: Innovest's faith-based, nonprofit, and largest 20 institutional clients as of May 2024. Clients in copper are faith based.

Questions?



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Sarah Newman
Principal
snewman@innovestinc.com

Richard Todd | CEO, Principal, & Co-Founder

Rich is the CEO, principal and co-founder of Innovest Portfolio Solutions. He has more than 36 years of experience in investment consulting and currently provides consulting services to institutions and families. Innovest has over 300 clients with assets of \$42 billion and nearly 60 employees. Rich has a Business Finance degree from Western Colorado University.

He has been a frequent author on fiduciary, investment, and business issues. He has been a columnist for the Denver Business Journal and has been published in the Christian Chamber of Commerce, Financial Advisor Magazine, Journal of Compensation and Benefits, Compass Catholic, Pensions & Investments, Accounting Today, Christian Leadership Alliance, Chief Executive, Family Office Magazine, Legatus Magazine, and PLANSPONSOR, among others. Additionally, Rich has been a guest lecturer at conferences across the nation.

Rich is on the Board of Trustees at Western Colorado University and formerly served as the President of Legatus of Colorado. He is a member of the Philanthropy Roundtable, the President's Advancement Council, and the Board of Regents for the Augustine Institute. In addition, he was the Past Vice Chairman of Seeds of Hope Charitable Trust and the Past Chairman of Families of Character. Rich was also a member of the Arrupe Jesuit High School Board of Trustees and is currently on the Arrupe corporate work study board. He is on the Board of Katalyst whose mission is to bring Christians into the public square.

Rich and his wife Joanie have been married for nearly 40 years, have two children, Alex and Reagan, and two grandchildren, Sofia Rose and James Todd.

Sarah Newman | Principal

Sarah is a Principal and is responsible for business development in the faith-based and secular nonprofit markets. Sarah has more than 20 years of experience in nonprofit development, marketing, event planning, and business development. Sarah also owned her own small business for 15 years.

Sarah began her nonprofit career at Seeds of Hope, serving low-income families in the inner city of Denver seeking tuition assistance for private education. On an annual basis, Seeds of Hope awarded more than 1,000 students tuition assistance. Following her time at Seeds of Hope, Sarah worked as a Development Director for Bella Health and Wellness granting women in need financial medical assistance. Sarah was also the Social Media Director for Families of Character, a local nonprofit focused on family character development. Prior to joining Innovest, Sarah used her small business to help fundraise and serve as a community advocate for many nonprofits within her local community. Sarah excelled in sales and marketing, climbing to the top of her company.

Still engaged in the community today, Sarah sits on the Arrupe Jesuit High School Jobs Board and is also certified as a BoardSource nonprofit consultant. Sarah holds a master's certification in Public Relations from the University of Colorado and a bachelor of Liberal Arts from West Chester University.

Sarah currently resides in south Denver with her husband of 20 years and four children. Sarah's passions include anything active, spending time with her family and friends, traveling, and meeting new people.

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