Inside the Inspire Impact Score™

Inspire Investing Whitepaper

Calculation & Analysis of Inspire's Approach to Biblically Responsible Investing

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Calculation and Analysis of Inspire's Approach to Biblically Responsible Investing

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Abstract

Faith-based investors have largely been underserved by secular Wall Street firms, evidenced by the nearly universal tilt toward progressive, liberal values across the rapidly expanding Environmental, Social, and Governance (ESG) investing landscape. There is a poignant need in the financial industry for a robust, biblically responsible alternative to the growing field of ESG screening data. Moreover, biblically responsible investing data must adhere to stringent quality standards in terms of objectivity, verifiability, consistency, precision, accuracy, and applicability. This paper details the rules-based, scientific methodology of the Inspire Impact Score, which provides reliable, quantitative investment data for faith-based investors to align their portfolios in support of their biblical convictions and investment objectives.

Introduction

THE INSPIRE IMPACT SCORE is a biblically responsible investing scoring system that analyzes environmental, social, and governance issues from a biblical perspective and distills that analysis into an easy-to-understand numerical score that ranges from -100 to +100. The Inspire Impact Score reflects a rules-based, scientifically rigorous methodology of faith-based analysis which creates a level of consistency and reliability of results necessary for making well-informed, quantitatively sound, biblically responsible investment decisions. Previous methods of analyzing faith-based investing data were often too subjective and lacking in verifiably objective foundational data. Such a haphazard approach to data analysis did not lend itself well to the construction of investment portfolios that could stand up to the demanding due-diligence standards of serious investors and hindered the institutional adoption of faith-based, biblically responsible investing for many decades. By introducing best-practice disciplines of data science into the collection, organization, and analysis of faith-based screening data, combined with an objective, rules-based calculation method, the Inspire Impact Score has brought the necessary rigor and reliability required by institutional investors and discerning retail investors to the faith-based investing industry and cleared the path for wide-spread adoption throughout retail and institutional investing markets.

To catalyze the adoption rate of faith-based, biblically responsible investing, it is important for investors and analysts to understand the inner workings of the Inspire Impact Score methodology. Important questions must be precisely answered regarding what data is included in the Inspire Impact Score, how that data is extrapolated into a numerical score, how varying degrees of issue severity are considered (or not considered) in the score, how the methodology solves for a useful dispersion of scores across the full range of possible outcomes, how differing breadth of issue exposures of issue exposures affect the final score, and many other considerations.

To catalyze the adoption rate of faith-based, biblically responsible investing, it is important for investors and analysts to understand the inner workings of the Inspire Impact Score methodology.

This whitepaper seeks to thoughtfully and methodically detail each of these critical aspects of the Inspire Impact Score and communicate how each nuanced feature of the calculation is relevant to building quality, biblically responsible investing portfolios to the glory of God.

Overview

Inspire Impact Scoring Methodology

THE INSPIRE IMPACT SCORE is used by investment professionals, institutions, and individual investors around the world to measure the biblical values alignment of their portfolios, influencing investment decisions on many billions of dollars of investment assets. With tens of thousands of users accessing Inspire Impact Score data on inspireinsight.com, the Inspire Impact Score is perhaps the most widely followed, faith-based investment scoring system in the world.

An Inspire Impact Score below zero reflects a violation of biblical values and those securities are generally excluded from faith-based, biblically responsible investing portfolios. Lower negative scores represent greater breadth and/or severity of involvement in morally problematic issues. Inspire Impact Scores of zero or higher represent the absence of negative violations, with higher positive scores representing superiority among industry peer groups in terms of alignment with biblical values than lower positive scores.

Therefore, the Inspire Impact Score allows an investor to quickly ascertain not just a binary "good or bad" analysis of a company or fund in relation to biblically responsible investing criterion, but also the degree of "goodness" or "badness" of that company or fund. This enables more nuance and precision in the security selection process for faith-based investors who may be interested in choosing only the highest biblically aligned investments, for example limiting their selections to Inspire Impact Scores of 50 or higher. Or perhaps investors who desire to engage in shareholder activism may set a lower tolerance level of -15 to identify companies that have limited exposure to negative issues and as such may represent higher opportunities to "flip positive" through proactive shareholder engagement. Still other investors may choose to invest in any company or fund with a score of zero or higher to simply avoid exposure to negative issues.

This enables more nuance and precision in the security selection process for faith-based investors who may be interested in choosing only the highest biblically aligned investments...

There are no perfect people, and since people are involved in every business, there are no perfect companies. The Inspire Impact Score is not meant to "anoint" a company as "holy" or "Christian," but rather seeks to provide a simple method to compare the relative alignment of companies with a broad set of commonly used biblical, faith-based investment screening issues.

The calculation of the Inspire Impact Score follows a consistent, rules-based pathway designed to deliver precise, quantitative measurement of material issues from a biblical perspective, distilled into a simple to understand numerical score that ranges from -100 to +100. The Inspire Impact Score can be applied to individual companies as well as groups of companies, such as in a mutual fund, ETF (exchange traded fund), or a diversified portfolio. There are unique calculation considerations when applying a score to a group of companies, which this whitepaper will cover further on. However, it is helpful to first understand the calculation methodology for individual companies. Following is a detailed outline of the Inspire Impact Score calculation pathway for individual company stocks and bonds.

Section One

Negative Inspire Impact Score Calculation

The first round of analysis in the Inspire Impact Score process is to ascertain a company's involvement with a list of fourteen (14) negative issue categories. If a company has exposure to any of these categories, it will always receive a negative Inspire Impact Score; alternatively, only companies with no exposure to negative issue categories are eligible for positive Inspire Impact Scores. We will thus begin with the calculation method for negative Inspire Impact Scores, followed by the calculation method for positive Inspire Impact Scores.

Each negative issue category has been selected based on evangelical, biblically conservative, theological understandings. It should be noted that the Inspire Impact Score is not suggesting that all the negative issues listed are inherently sinful or immoral, but rather seeks to identify broadly agreed upon areas of concern. For example, alcohol is not inherently sinful or immoral; however, the alcohol industry is known for predatory advertising and sales practices, and alcohol products are addictive and become sinful for those who misuse them. Therefore, investment in alcohol production and distribution is a widely agreed upon area of concern and is, therefore, a negative issue for Inspire Impact Score purposes.

Notable omissions in the negative issue category list include military weapons, civilian weapons, and barrier-type contraceptives (hormonal contraceptives are registered in the Abortifacient category), which are exclusionary issues under the United States Council of Catholic Bishops (USCCB) investment guidelines. In practice, Inspire's asset management division avoids investments in military weapons, civilian weapons, and barrier-type contraceptives in order to serve investors who have issues of conscience surrounding those issues and Inspire makes those data points available via their inspireinsight.com screening technology. However, Inspire's position is that those issues should not warrant a negative Inspire Impact Score on their own merits and thus are not present in the negative issues list for Inspire Impact Score calculations.

Following is a list of all negative issues considered in the Inspire Impact Score methodology. For complete definitions of each issue, please reference Appendix A.

Bioethics	Social	Addiction
Abortifacients	Exploitation	Alcohol
Abortion Activism	LGBT Activism	Gambling
Abortion Services	State Owned Enterprise	Pornography
Embryonic Stem Cell Research		Tobacco
In Vitro Fertilization (IVF)		Cannabis: THC Retail
		Cannabis: Cultivation

(A) Recording Negative Issue Breadth

Second, the number of negative issue categories that a company has involvement in is recorded (breadth). It is important that the specific category and sub-categories are made note of, as some categories are given larger weights in the final Inspire Impact Score (see discussion of "Issue Severity" below).

(B) Lookback Period

Negative violation data is considered with a lookback period covering the previous full calendar year, as well as any incremental data for the current calendar year. Any single instance of negative issue involvement during the lookback period will produce a negative Inspire Impact Score. Data older than the previous full calendar year is not considered in Inspire Impact Score calculation.

The rationale for a full calendar year lookback is to allow adequate time for our team to provide up-to-date research in each of the various categories. It also enables improved engagement efforts with corporations, allowing us to reward a company which responds positively to our requests to honor biblical values with a more immediate improvement in their Inspire Impact Score, rather than being penalized by older violations before the one year lookback period.

The Severity Factor is a unique aspect of the Inspire Impact Score which serves the critical function of acknowledging that some issues are more severe than others...

To the untrained observer, real-world examples of faith-based investing data services producing widely contradictory outputs imply inconsistency and unreliability, and have contributed to a distrust of faith-based investing data in some instances. However, upon more thoughtful investigation, an investor can easily observe the reasonable, logical, procedural differences that create these variances in analysis. Also note that contradictory scoring outputs are also commonplace among secular ESG data providers and are not unique to the faith-based investing data world. Different data providers employ different frameworks, and different frameworks produce different results. Understanding lookback periods, as well as other nuanced processes, is critical for investors to understand potential inconsistencies between faith-based investing data sets.

(C) Violation Severity Calculation

Once the breadth of a company's negative issue involvement within the specified lookback period is recorded, the next step is to identify the severity of each issue. To accomplish this, the Inspire Impact Score methodology applies a Severity Factor to each issue category which either increases, decreases, or keeps neutral the weight of that issue relative to all other issues in the overall calculation of the final Inspire Impact Score.

The Severity Factor is a unique aspect of the Inspire Impact Score which serves the critical function of acknowledging that some issues are more severe than others, and as such should weigh more heavily on the score of a company. For example, the manufacture and distribution of abortifacient drugs is inherently sinful and directly facilitates the murder of an unborn child, while

Figure 1: Negative Screening Input Parameters

the manufacture and distribution of alcohol (though problematic for aforementioned reasons) is not inherently sinful and does not necessarily cause harm in all instances. Therefore, a company whose only violation is Abortifacients should have a more negative score than a company whose only violation is Alcohol. Multiplying these issue categories by a Severity Factor (5 for Abortifacients and 0.5 for Alcohol) results in providing faith-based investors a clear differentiation between the relative severity of the issues inherent in a given company and allows for more precise analysis and portfolio construction as a result.

The following is the detail of Severity Factors applied to each negative issue category in the calculation of Inspire Impact Scores. It is understood that there is a degree of subjectivity in the assignment of severity factors, and it is not the intention of the Inspire Impact Score to imply, for example, that Abortifacient manufacturing (severity factor of 5) is precisely ten times more sinful than Alcohol (severity factor of 0.5). The purpose of the severity factor is simply to produce a generally appropriate range of relative scores, allowing investors to quickly ascertain how one company might relate in terms of biblical values relative to other companies in the broader market.

Issue	Severity Factor
Abortifacients	5
Abortion Activism	3
Abortion Services	5
Alcohol	0.5
Cannabis (Cultivation/Processing)	1
Cannabis (Retail THC)	1
Embryonic Stem Cell Research	5
Exploitation	5
Gambling	0.5
In Vitro Fertilization	2.5
LGBT Activism	3
Pornography	5
State Owned Enterprise	1
Tobacco	0.5

(D) Calculation of Raw Inspire Impact Score

With the recording of negative issue category exposure breadth within the specified lookback period, and with Severity Factors appropriately applied to those negative issue categories, it is now possible to combine that data into a preliminary, raw Inspire Impact Score.

The two main inputs of breadth and severity can be defined as follows:

(i) **Breadth**: The greater the number of negative issue categories a company is involved with, the deeper the negative Inspire Impact Score will be for the company.

(ii) **Severity:** Certain issues are assigned a greater magnitude of severity, and therefore a greater weighting in the Inspire Impact Score calculation, than other issues. Involvement with more severe issues will result in a deeper negative Inspire Impact Score than involvement with less severe issues. Severity magnitude is determined by the explicit sinfulness of the issue (i.e.: abortifacients are inherently sinful, versus alcohol which is not inherently sinful but is nonetheless a problematic industry).

(E) Scaling Function

Once breadth and severity factors have been applied in the calculation, the next and final step in the determination of a negative Inspire Impact Score is to apply a scaling function to achieve optimal dispersion of scores across the full range of negative one (-1) through negative one hundred (-100).

The scaling function begins with calculating the natural logarithm of each company's raw score, which is the actual range of all raw Inspire Impact Scores. In order to arrive at an appropriate and helpful dispersion of relative Inspire Impact Scores, it is then necessary to identify the lowest and the highest raw negative scores in the current database of all negative Inspire Impact Scores.

For instance, perhaps the lowest raw Inspire Impact Score among the thousands of companies being scored is determined to be negative ninety-three (-93) and the highest negative score is determined to be negative seven (-7). The Inspire Impact Score will then utilize the worst logarithm score of -93 and highest (least bad) logarithm score of -7 to scale all remaining negative scores between -1 and -100.

Applying a scaling function to raw scores is important to create a logical, intuitive spectrum of Inspire Impact Scores that accurately communicate not just an absolute value, but the relative value of scores within the broader universe of all Inspire Impact Scores. Ultimately, it is not the precise absolute value that is important, but rather the precise relative value that is critical for helpful applications to faith-based investing decisions.

Without scaling, it is possible and likely that negative Inspire Impact Scores would be clumped in a few narrow ranges throughout the spectrum, making it problematic for investors to accurately ascertain relative alignment or misalignment with biblical values when comparing multiple securities against each other. With scaling applied, Inspire Impact Scores are more effectively dispersed across the spectrum, reducing "lumpiness" of scores and creating more even dispersion between absolute values. Scaling enables investors to intuitively discern the value of an Inspire Impact Score of a certain security in relation to the broader universe of all Inspire Impact Scores and thus make more precise, biblically responsible investing decisions.

(F) Inspire Impact Score Formula For Negative Scores

With a thorough understanding of the above data inputs and factors, the formula for calculating Inspire Impact Scores with negative issue involvement (negative scores) is defined as follows:

C	Negative issue category violation (1 if the company has at least one violation in the category, or 0 if no violations)
S	Severity of given category
R	Raw negative score
L	Logarithm score
l_n	Natural Logarithm
L_{max}	Worst logarithm score among all companies with violations
L_{min}	Least bad logarithm score among all companies with violations
I	Negative Impact Score

$$R = (C1 * S1) + (C2 * S2) + \dots + (C14 * S14)$$

$$L = l_n(R)$$

$$I = (L - L_{min}) * -99 / (L_{max} - L_{min}) - 1$$

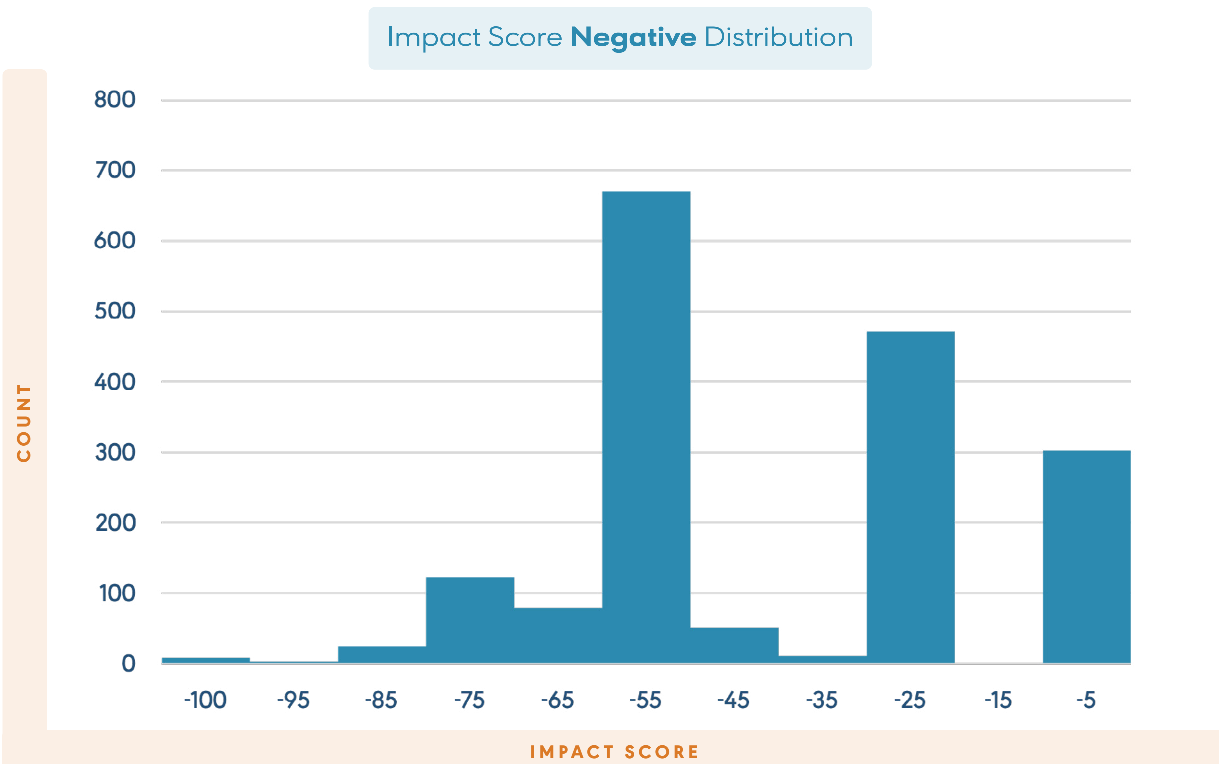

Figure 3: Negative Impact Scoring Distribution

(Companies featured include common stock, preferred assets, and ADRs from inspireinsight.com as of 3/31/2024)

Section Two

Positive Inspire Impact Score Calculation

Positive Inspire Impact Scores are calculated in a similar way to negative Inspire Impact Scores, albeit with some important differences. The first step in calculating positive Inspire Impact Scores is ascertaining a company's involvement with a list of issue categories. The Inspire Impact Score utilizes twenty-five (25) broadly accepted "materiality categories" defined by the Sustainability Accounting Standards Board (SASB).

These materiality categories are as follows:

- Air Quality
- Business Ethics
- Business Resilience
- Critical Risk Management
- Customer Privacy
- Customer Welfare
- Data Security
- Employee Welfare
- Energy Management
- Environmental Risk Mitigation
- Ethical Labor Practices
- Ethical Sales Practices
- Ethical Supply Chain Management
- Fair Competition
- GHG Emissions
- Hiring Ethics
- Human Rights
- Low Ecological Impact
- Materials Efficiency
- Product Safety
- Product Sustainability
- Regulatory Adherence
- Systemic Risk Management
- Waste & Hazmat Management
- Water Conservation

It is important to note that although these general categories are employed by many secular ESG investment managers from a more liberal, progressive viewpoint that is at odds with biblically conservative morality and ethics on many points, **the Inspire Impact Score applies these materiality categories through a biblical worldview in line with historical Christian orthodoxy.**

(A) Best In Class Rating

As the materiality of various issue categories differs between industries, it is prudent to score companies relative to their industry peers for each category considered. For example, oil and gas companies should be compared to other oil and gas companies' environmental track records as it would be unfair to compare them to a bank's relatively minor environmental impact. The Inspire Impact Score uses data compiled along the materiality categories to rank companies on a scale of zero through one hundred (0-100) against their industry peers in each category, and awards positive points for companies with above average, "best in class" scores above fifty (50). The higher above average a company ranks in a category, the higher the Inspire Impact Score will be for that company. No positive points are awarded for category scores equal to or less than fifty (< 50).

(B) Combining Materiality Category Scores

With best in class scores calculated at the individual materiality category level, the next step in the calculation process for positive Inspire Impact Scores is to combine those individual scores and divide by the total number of categories to arrive at a score representing a company's average overall ranking relative to their industry peer groups. This figure is then adjusted using a multiplier based on the number of data points available for the company. This multiplier ranges from 1/3 for companies with a single data point to 1 for companies with data in all 26 categories. Once all positive scores have been adjusted, the Box Cox scaling function is applied and the resulting distribution is scaled from 1 to 100.

Given the above data inputs and factors, the formula for calculating positive Inspire Impact Scores is defined as follows:

MC	Materiality category score
BC	Best In Class score
D	Number of categories with data
R	Raw positive score
A	Adjusted score
SA	Set of all positive adjusted scores
N	Normalized score
Nmax	Maximum normalized score among all companies with at least one Best In Class rating
Nmin	Minimum normalized score among all companies with at least one Best In Class rating
I	Positive Impact Score

$$BC = \max\,(2 * (MC - 50), 0)$$

$$R = \mathrm{sum}\,(BC) \,/\, D$$

$$A = R * (11.5 + D) \,/\, 37.5$$

$$N = \mathrm{BoxCox}\,(SA, A)$$

$$I = (N - Nmin) * 99 \,/\, (Nmax - Nmin) + 1$$

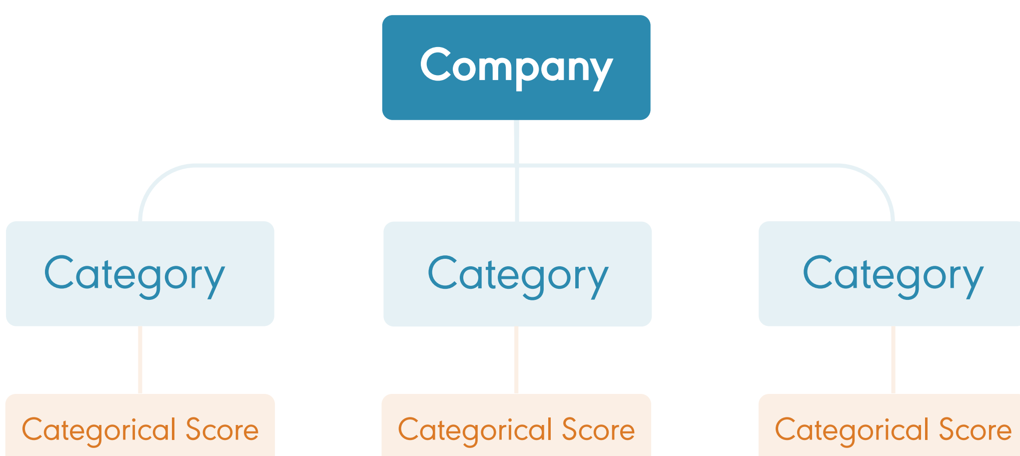

Figure 5: Positive Impact Score Categorical Structure

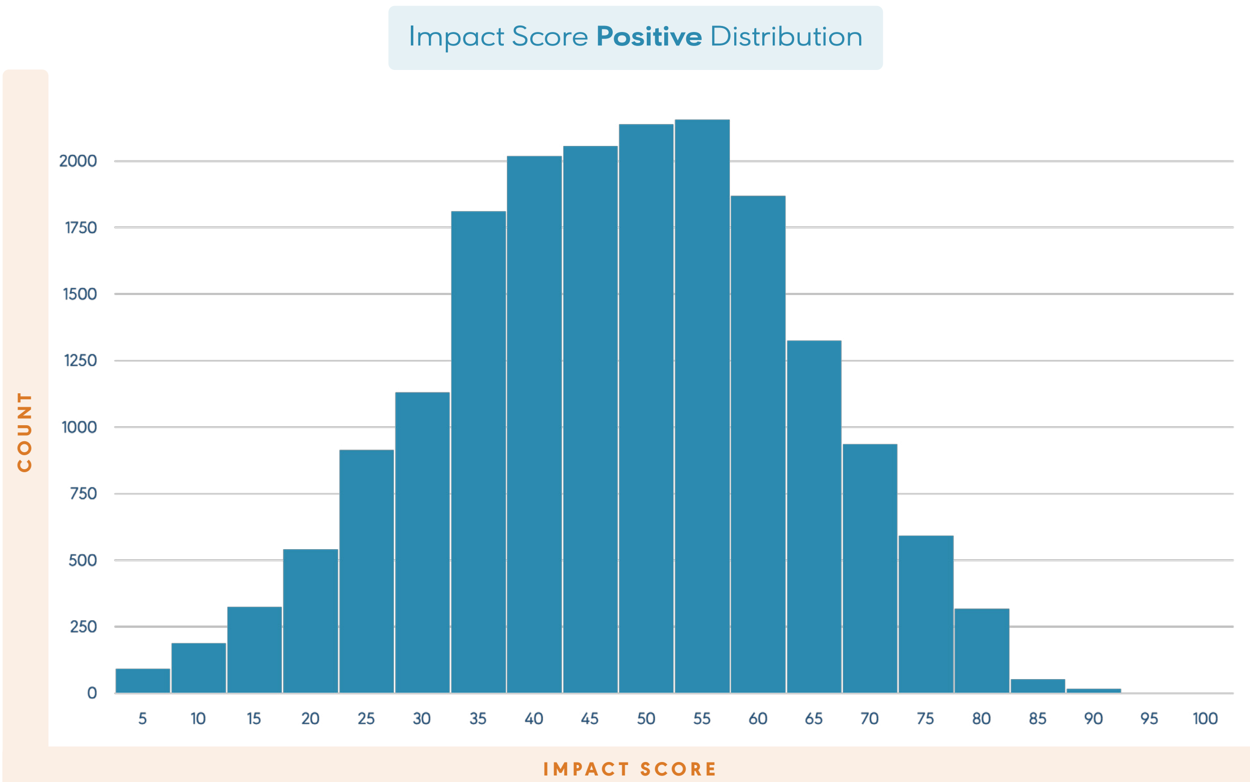

Figure 6: Positive Impact Scoring Distribution

(Companies featured include common stock, preferred assets, and ADRs from inspireinsight.com as of 3/31/2024)

Section Three

Composite Scoring

Inspire Impact Scores can also be assigned to groups of individual securities, such as mutual funds, exchange traded funds (ETFs), and portfolios. For simplicity's sake, we will use the term Composite in this paper to reference such groupings of individual securities.

Calculating a useful and accurate score for a Composite involves several steps and is not as straightforward as it may appear on the surface. Many common mathematical averaging techniques do not produce favorable outputs for Composite Inspire Impact Scores. Following is a discussion of three possible averaging techniques and an explanation of the problems they would cause if used in calculating Composite Inspire Impact Scores, concluding with an analysis and description of the preferred calculation method.

(A) Simple Average of All Constituents

Taking the simple average of the Inspire Impact Scores of all underlying holdings within a Composite may seem like a plausible method to employ. However, problems arise in the output as this method would "cloak" serious violations potentially existent within a Composite and thus mislead investors. Consider the results that a simple average of all constituents would have on Composite A and Composite B:

Composite A	Composite B
99 holdings with positive Inspire Impact Scores	50 holdings with positive Inspire Impact Scores
1 holding with negative Inspire Impact Score	50 holdings with negative Inspire Impact Scores

Taking the simple average of all constituents of Composite A would return a positive Inspire Impact Score, giving the impression to investors that the Composite does not have any concerning violations that they should be aware of. Likewise, taking the simple average of all constituents in Composite B could also potentially return a positive Inspire Impact Score, again cloaking issues of concern within the Composite and failing to alert faith-based investors to look deeper before investing.

(B) Weighted Average of All Constituents

Similar to the simple average approach discussed above, applying a weighted average of the Inspire Impact Scores of all Composite holdings is problematic. Depending on the allocation percentages of each of individual holdings, there remains a high likelihood that issues of concern would be hidden from investors by signaling a positive Inspire Impact Score when in actuality there are problem areas in the Composite that faith-based investors would want to be alerted to and may prefer to exclude from their portfolio.

The only difference between the simple average and weighted average of all constituents is that the determining factor responsible for the cloaking problem is the proportion between the number of positive and negative holdings (for simple average) versus proportions of overall allocation percentage in the Composite between positive and negative holdings (for weighted average).

(C) Simple Average of Only Negative or Positive Constituents

To remedy the cloaking problem inherent in taking a simple or weighted average of the Inspire Impact Scores of all underlying holdings within a Composite, the Simple Average of Only Negative or Only Positive Constituents approach runs separate averaging calculations for the negative constituents and positive constituents.

When there are negative constituents present within a composite, this method calculates the simple average of only the negative Inspire Impact Scores present in the Composite and ignores the positive Inspire Impact Scores.

This method effectively cures the cloaking problem by always returning a negative Inspire Impact Score when there are negative issue category exposures in a Composite, effectively alerting faith-based investors to areas of concern that they should be aware of when seeking to align their investments with their biblical values. The problem arises with this method when there are only a small number of negative holdings representing a small percentage of the overall asset allocation of a Composite. Consider Composite C below:

Composite C
99% allocation to positive Inspire Impact Scores
1% holdings with -75 Inspire Impact Score

Given that there is exposure to areas of concern to faith-based investors, Composite C should receive a negative Inspire Impact Score; however, given that the negative issue exposure is only 1% of the overall allocation, the Inspire Impact Score should be minimally negative, such as a score of negative one (-1). But using the Simple Average of Only Negative or Only Positive Constituents approach would give this Composite an Inspire Impact Score of negative seventy-five (-75), which would give investors the wrong impression of the overall makeup of this Composite in relation to biblical values.

This method also is problematic for positive Inspire Impact Scores, as it diminishes the value of a high percentage of allocation to higher Inspire Impact Scoring holdings and gives less positive Inspire Impact Score holdings undue levels of influence on the overall Inspire Impact Score.

(D) Preferred Method: Weighted Average of Only Negative or Positive Constituents

It is possible to cure both the cloaking problem and lopsided influence problems of each of the above methods by utilizing a Weighted Average of Only Negative or Positive Constituents calculation. In this approach, if there are holdings with negative Inspire Impact Scores present in a Composite then a calculation of the weighted average of all negative Inspire Impact Scores relative to the percentage of overall asset allocation is employed and any positive Inspire Impact Scores in the Composite are ignored. When there are no negative Inspire Impact Scores present in a Composite, then a calculation of the weighted average of all positive Inspire Impact Scores relative to the percentage of overall asset allocation is employed.

This methodology produces the ideal results of: 1) Alerting investors to any areas of potential concern within a Composite, no matter how small in number or allocation; 2) Properly communicating to investors the overall exposure of problematic holdings within a Composite; and, 3) Appropriately rewarding Composites for greater allocations to higher Inspire Impact Score holdings.

Having arrived at the understanding of the most beneficial method of calculating Composite Inspire Impact Scores, the formula is defined as follows:

C_s	Composite Inspire Impact Score
P	Percentage allocation to negative or positive holdings
A	Average of either negative or positive holdings scores

$$C_s=(P\cdot A)$$

Section Four

Performance Considerations

Observations Regarding Performance Correlations

Faith-based investors familiar with biblical texts such as the teaching of Proverbs 16:9 that "Better is a little with righteousness than great gains with injustice," will rightly prioritize morality and integrity of conviction above profit potential. No amount of profit is worth violating conscience or biblical morals. But prudent investment stewards would be remiss not to evaluate the potential effect that certain security selection factors, including faith-based factors such as the Inspire Impact Score, may or may not have on the performance of their portfolios. Ignorance is not a quality of good stewardship, either.

Thankfully, we believe that good returns and good values are not mutually exclusive. The following data indicates that stocks with positive Inspire Impact Scores have generally provided better returns when compared against stocks with negative Inspire Impact Scores. This suggests that faith-based investors who built portfolios using only companies with positive Inspire Impact Scores had a greater chance of improved returns than investors who included companies with negative Inspire Impact Scores in their portfolios.

Thankfully, we believe that good returns and good values are not mutually exclusive.

Past performance is not a guarantee of future results and investing with the Inspire Impact Score is not a guarantee of better or worse performance, but this correlation of improved returns and greater biblical values alignment as measured by the Inspire Impact Score should compel faith-based investors to consider the potential impact on their portfolios. No investment strategy is guaranteed to accomplish its objective. The following data is for informational purposes only and should not be considered investment advice.

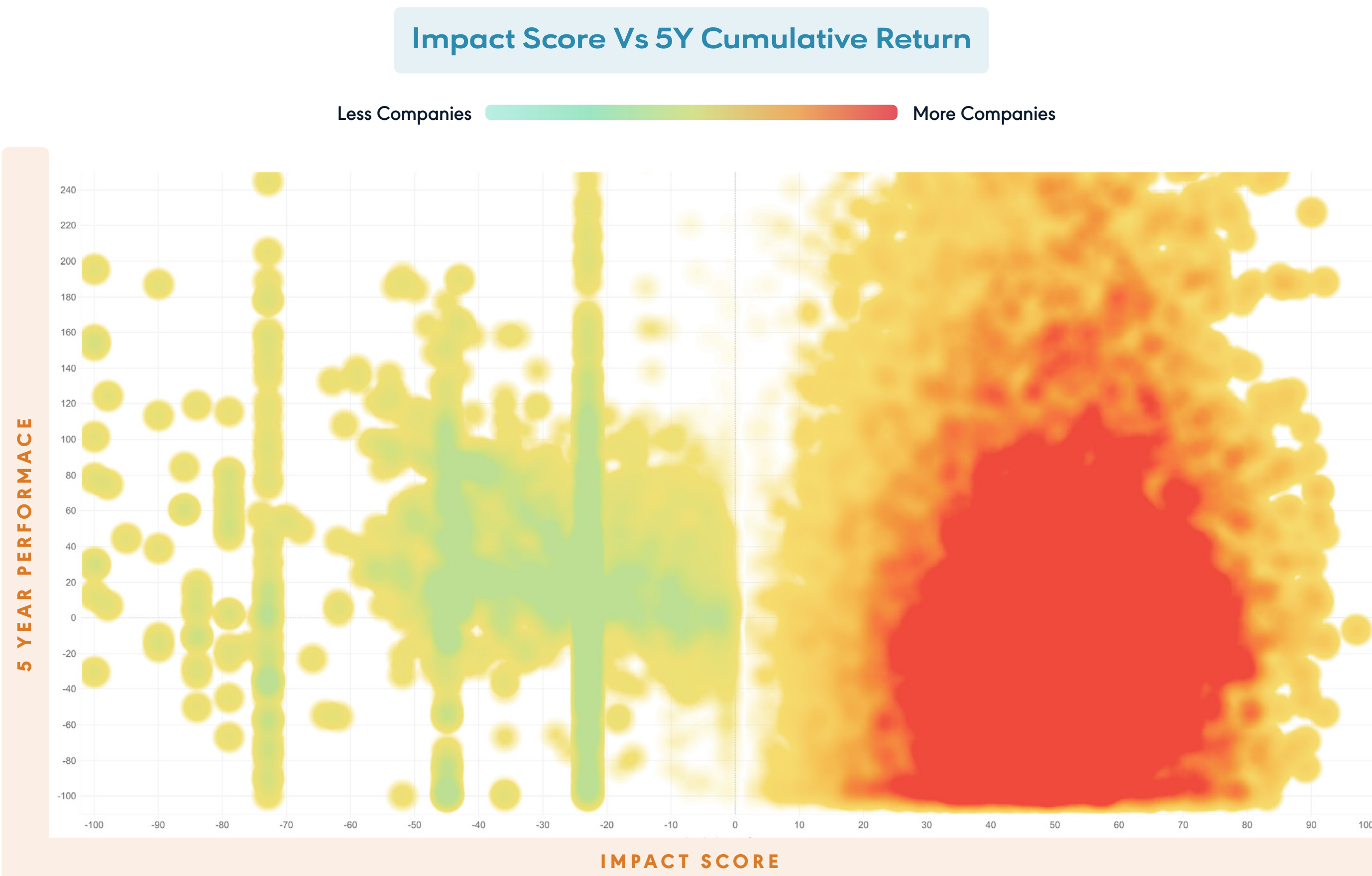

Figure 7: Impact Score Vs 5Y Cumulative Return

Inspire Impact Score Vs 5Y Cumulative Return (Companies featured include common stock and ADRs from inspireinsight.com as of 3/31/24)

Impact Score Vs Return

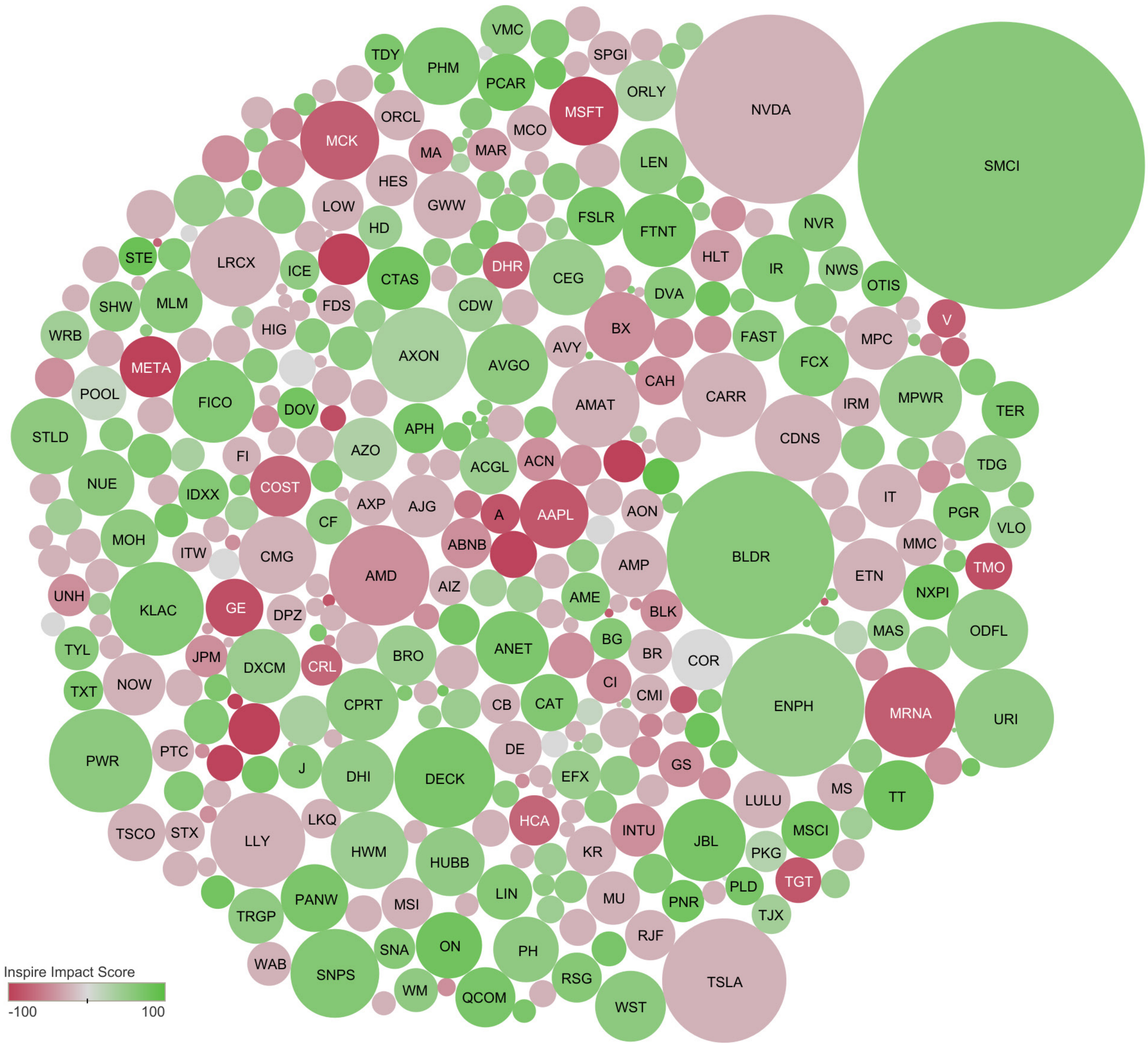

Figure 8: S&P 500 Constituent Impact Scores Vs 5 Year Cumulative Performance

Data from inspireinsight.com as of 3/31/2024

Conclusion

The Inspire Impact Score applies a faith-based, biblically responsible alternative to the secular field of ESG screening data by bringing the necessary rigor and reliability required by institutional investors and discerning retail investors to the faith-based investing industry. The Inspire Impact Score is not meant to "anoint" a company as "holy" or "Christian," but rather seeks to provide a simple method to compare the relative alignment of companies with a broad set of commonly used biblical, faith-based investment screening issues. In creating a values-based scoring system for companies and funds, our research showed that stocks with positive Inspire Impact Scores have generally provided better returns when compared against stocks with negative Inspire Impact Scores. This suggests that faith-based investors who built portfolios using only companies with positive Inspire Impact Scores had a greater chance of improved returns than investors who included companies with negative Inspire Impact Scores in their portfolios. These findings have provided faith-based investors' confidence that good morals and good returns are not mutually exclusive and that biblically responsible investing has the credibility to be used by all investors.

Appendix A

Screening Categories

Positive

Air Quality
Companies who responsibly address and manage the impact of air quality resulting from stationary (e.g., factories, power plants) and mobile sources (e.g., trucks, delivery vehicles, planes) as well as industrial emissions (does not include GHG emissions). Category data provided by FactSet.

Business Ethics
Companies who intentionally manage risks and opportunities surrounding ethical conduct of business, including fraud, corruption, bias, negligence, bribery, facilitation payments, fiduciary responsibilities, and other behavior that may have an ethical component. Category data provided by FactSet.

Business Resilience
Companies who display a capacity to manage risks and opportunities associated with incorporating social, environmental, and political transitions into long-term business model planning despite operating in industries where evolving environmental and social realities challenge their current business approach. Category data provided by FactSet.

Critical Risk Management
Companies who display responsible use of management systems and scenario planning to identify, understand, and prevent or minimize the occurrence of low-probability, high-impact accidents, and emergencies with significant probable consequences, taking into consideration the potential human, environmental, and social implications, as well as the long-term ramifications for the company. Category data provided by FactSet.

Customer Privacy
Companies who responsibly address risks related to the use of personally identifiable information (PII) and other user/customer data for secondary purposes including but not limited to marketing through affiliates and non-affiliates, data collecting procedures, managing user/customer expectations, consent processes, and compliance with evolving regulation (does not include cybersecurity risks). Category data provided by FactSet.

Customer Welfare
Companies who responsibly address customer welfare concerns over issues including, but not limited to, health and nutrition of foods and beverages, antibiotic use in animal production, and management of controlled substances. Category data provided by FactSet.

Data Security
Companies who responsibly address management of risks related to collection, retention, and use of sensitive, confidential, and/or proprietary customer or user data, as well as strategic policies for incidents such as data breaches. Category data provided by FactSet.

Employee Wellbeing
Companies who responsibly address their ability to create and maintain a safe and healthy workplace environment that is free of injuries, fatalities, and illness (both chronic and acute) through the implementation of safety management plans, training requirements, regular audits of internal practices, and systematized monitoring and testing. Category data provided by FactSet.

Energy Management
Companies that conscientiously manage the environmental impacts linked to their energy consumption used in their business operations. Category data provided by FactSet.

Environmental Risk Mitigation
Companies who display the ability to manage risks and opportunities associated with direct exposure of their owned or

controlled assets and operations as they pertain to the potential or actual physical impacts of environmental factors, including factors such as the increased frequency and severity of extreme weather, shifting climate, sea level change, and other expected physical impacts. Category data provided by FactSet.

Ethical Labor Practices
Companies that responsibly ensure adherence to widely accepted labor standards within the workplace. This encompasses compliance with labor laws and internationally recognized norms and standards, including fundamental human rights and the prohibition of child, forced, or bonded labor, as well as exploitative labor practices. Category data provided by FactSet.

Ethical Sales Practices
Companies that responsibly handle social issues arising from inadequately managing the transparency, accuracy, and comprehensibility of marketing statements, advertising, and product/service labeling. Category data provided by FactSet

Ethical Supply Chain Management
Companies that responsibly address the management of risks within their supply chain and handle issues associated with environmental and social externalities created by suppliers through their operational activities. Such issues include, but are not limited to, environmental responsibility, human rights, labor practices, ethics, and corruption. Category data provided by FactSet.

Fair Competition
Companies who conscientiously manage issues associated with the existence of monopolies, which may include, but are not limited to, excessive prices, poor quality of service, and inefficiencies. Category data provided by FactSet.

GHG Emissions
Companies who responsibly address direct (Scope 1) greenhouse gas (GHG) emissions they may generate through their operations, which includes GHG emissions from stationary (e.g., factories, power plants) or mobile sources (e.g., trucks, delivery vehicles, planes). The seven GHGs covered under the Kyoto Protocol are included within the category: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF_6), and nitrogen trifluoride (NF_3). Category data provided by FactSet.

Hiring Ethics
Companies who responsibly address their ability to ensure culture, hiring, and promotion practices do not discriminate based on race, gender, ethnicity, religion, and other factors. Category data provided by FactSet.

Human Rights
Companies who responsibly manage the relationship between their business and the communities in which they operate, including, but not limited to, management of direct and indirect impacts on core human rights, the treatment of indigenous peoples, and the impact of local businesses. Category data provided by FactSet.

Low Ecological Impact
Companies demonstrating conscientious knowledge and management of their impact on ecosystems and biodiversity through activities including, but not limited to, land use for exploration, natural resource extraction, and cultivation, as well as project development, construction, and siting. Category data provided by FactSet.

Materials Efficiency
Companies who responsibly address issues related to the resilience of materials supply chains to impacts of climate change and other external environmental and social factors, including, but not limited to, product design, manufacturing, end-of-life management, reduction of key material usage, maximizing planning efficiency, and R&D material diversity. Category data provided by FactSet.

Product Safety
Companies who responsibly address issues involving unintended characteristics of products sold or services provided that may create health or safety risks to end-users, meet customer expectations, manage liability concerns, product testing, and intentionally acknowledge recalls or market withdraws. Category data provided by FactSet.

Product Sustainability
Companies that conscientiously acknowledge the characteristics of products and services provided or sold and address customer and societal demand for more sustainable products and services as well as meet evolving environmental and social regulations. Category data provided by FactSet.

Regulatory Adherence
Companies who responsibly engage with regulators in cases

where conflicting corporate and public interests may have the potential for long-term adverse direct or indirect environmental and social impacts and display their level of reliance on regulatory policy or monetary incentives while acknowledging the necessity of regulatory compliance within a competitive business environment. Category data provided by FactSet.

Systemic Risk Management
Companies who responsibly manage systemic risks resulting from large-scale weakening or collapse of systems upon which the economy and society depend, such as financial systems, natural resource systems, and technological systems. Category data provided by FactSet.

Waste & Hazmat Management
Companies who responsibly address environmental issues associated with the hazardous and non-hazardous waste they generate and the treatment, handling, storage, disposal, and regulatory compliance. Category data provided by FactSet.

Water Conservation
Companies who conscientiously manage their water use, water consumption, wastewater generation, water recycling, water treatment, and any other operations pertaining to water resources, which may be influenced by regional differences in the availability and quality of and competition for water resources. Category data provided by FactSet.

Negative

Abortifacients
Companies that produce or distribute abortifacient drugs (pharmaceuticals used to terminate a pregnancy anytime from the moment of conception onward, including those labeled as "contraceptives" but which may cause a fertilized egg to be destroyed).

Abortion Activism
Companies that promote abortion access through legislative support, corporate philanthropic activity, and/or employee travel benefits.

Abortion Services
Companies that own and operate one or more medical facilities that provide abortion procedures at any stage of pregnancy.

Alcohol
Companies that produce at least one alcoholic beverage or exclusively distribute alcoholic beverages.

Cannabis (Cultivation/Processing)
Companies that cultivate or process cannabis for retail or wholesale distribution.

Cannabis (Retail THC)
Companies that produce or distribute retail cannabis products containing THC (which is the psychoactive component of cannabis).

Embryonic Stem Cell Research
Companies that perform research on or produce products using Embryonic Stem Cell Research, companies that provide Embryonic Stem Cell Research to other entities, and companies that utilize propagated stem cell lines originally derived from Embryonic Stem Cell Research.

Exploitation
Companies that contribute towards the unlawful and immoral practices of exploiting individuals for labor or sexual purposes, according to the National Center on Sexual Exploitation (NCOSE).

Gambling
Companies that generate revenue from gambling facilities, products, and/or services (not including third-party stores that offer Lottery services).

In Vitro Fertilization
Companies that offer in vitro fertilization services or manufacture equipment specifically of in vitro fertilization procedures.

LGBT Activism
Companies earning an above-average rating according to an annual self-reported survey conducted by a national LGBT advocacy organization, which rates companies based on their corporate LGBT activism across several areas, including philanthropy, corporate policy, marketing efforts, and legislative support. The average score is calculated from the scores of the Fortune 500 companies that participated in the annual survey.

Pornography
Companies that produce or distribute pornography. This category includes all media types, such as film, print, and online. Also included are companies that produce AO (Adult Only) rated video games that contain pornographic content.

State Owned Enterprise
Companies who are owned and/or controlled by a Nation State/government of a country excluded from investment due to significant human rights violations of the following nature (as provided by U.S. Department of State): freedom of religion, sexual exploitation of children, trafficking in persons (Tier 3 only), and/or predominantly governed by Sharia Law. This category includes situations where the State has veto power, or a "golden share" is owned by the State or State-controlled agency. The current countries excluded from investment due to significant human rights violations are China, Saudi Arabia, United Arab Emirates, Qatar, Kuwait, Russia, Iran, Pakistan, Malaysia, and Vietnam.

Tobacco
Companies that derive revenue from producing or exclusively distributing tobacco products.

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