WCRC Investment Guidelines

I. Objective and Basis

1. The assets of the Church have a serving function. These guidelines are intended to create and manage the entire financial assets according to the ecclesiastical mandate.

2. The investment strategy is aimed at achieving the greatest possible degree of security with adequate financial profitability. In particular, investments with a corresponding rating are considered safe. In all cases the Investment Restrictions according to III. of these guidelines must be taken into account; aspects of sustainability are also to be considered.

3. The investment strategy is directed at securing the necessary liquidity.

II. Ethically-Sustainable Aspects of Financial Investments

The investment of financial assets may not contradict the ecclesiastical mission but should support it if possible.

1. Exclusion criteria
Exclusion criteria are used to filter out those security issuers from a previously defined investment universe that should be excluded from investment.

a. Exclusion criteria for companies

As long as the share of the business division in the total company turnover does not amount to more than ten percent maximum, exclusion should be discouraged for the sake of proportionality.

Excluded are due to the following business divisions:

- Companies involved in the development or manufacture of armaments (in terms of the appendix to the War Weapons Control Act) as well as companies involved in the development or manufacture of banned weapons, regardless of their turnover share
- Companies producing liquors (minimum alcohol content 15 percentage by volume)
- Companies manufacturing tobacco products
- Companies conducting controversial forms of gambling
- Companies manufacturing products that violate human dignity with denigrating and degrading portrayals of persons
- Companies producing genetically modified crops
- Companies producing coal or oil from oil/bitumen sands, and oil shale or provide significant reserves of these raw materials
- Companies producing nuclear energy
- Companies demonstrably conducting research on the human embryo or on embryonic cells
- Companies carrying out unnecessary/non-statutory animal testing

Excluded are due to controversial business practices:

- Companies, who themselves or whose suppliers systematically violate human rights, (in terms of United Nations Guiding Principles on Business and Human Rights), in particular companies manufacturing products that are produced in support or toleration of inhumane labour conditions and child labour (in terms of violating one of the fundamental ILO core labour standards)–including the supply chain; in particular companies responsible for forcing the previous users off their land in violation of the FPIC principle
- Companies, who themselves or whose suppliers systematically violate environmental laws or generally accepted minimum environmental standards.

b. Exclusion criteria for countries

The funds of church investors should, on principle, never flow into the budgets of countries that significantly go against church investment guidelines, especially when they

- act as warmongers,
- violate human rights,
- endanger Creation,
- systematically violate human rights (e.g. the death penalty, torture, political arbitrariness, freedom of movement, religious freedom, child labour, child soldiers, LQBTQ rights),
- visibly restrict freedom of speech and religion,
- give women significantly less social and economic development opportunities that men

The following exclusion criteria may serve as useful indicators in analysing government bonds:

- Countries whose level of peacefulness ranks "very low" according to the Global Peace Index (GPI), produced by the Institute for Economics and Peace
- Countries practicing the death penalty
- Countries classified "not free" (in the terms of the organization and research institution Freedom House)
- Countries perceived as highly corrupt (in terms of the Transparency International CPI (Rating < 40)
- Countries whose climate performance ranks in the "very poor" category of Germanwatch's Climate Change Performance Index (CCPI).

2. Positive criteria

Among investment options of the same kind, it is the objective of positive criteria to identify and favour

- those that have a better rating in terms of ethics/sustainability
- those with whom a contribution can be made to the 17 Sustainable Development Goals of the United Nations.

a. Positive criteria for companies (samples):

- Preference for companies that have formulated directives on the employees' right to assemble, on reasonable working hours, and/or that are in favour of living wages–including the supply chain
- Preference for companies that further develop and promote the application of regenerative energy sources
- Preference for companies that actively promote measures for infrastructural development and the construction of schools and/or expansion of water and power supply systems.

- Preference for companies that show active engagement with gender equity.

b. Positive criteria for countries

- Preference for countries that are fair, democratic and constitutional. An increased level of public welfare can be established with improvement of the following indices and measures (samples):
    - the Human Development Index of the United Nations Development Programme,
    - the Gini coefficient,
    - the Press Freedom Index

- Preference for countries that conserve Creation. The following indices may provide guidance for this decision (samples):
    - Climate Risk Index of Germanwatch

- Preference for countries that assume responsibility for future generations and keep the peace. An improvement of the situation can be identified by using the following indices (samples):
    - UNESCO's Education for All Development Index
    - Global Militarization Index of the Bonn International Center for Conversion

3. All categories of commodity and agricultural investments are excluded (i.e. direct acquisition, acquisition via future markets, indirect acquisition via certificates and funds).

4. When investing in funds and asset managements, it is important to ensure that an investment approach is pursued that meets the requirements set out in 1 to 3.

III. Investment Restrictions

1. Framework

Basically, the WCRC pursues a defensive investment strategy for all financial assets. This means that the investments follow the rule "security before yield". It is important to ensure a balanced distribution of risks. The base currencies are EURO, USD and CHF; the foreign currency portion can be a maximum of 10% of the total financial assets.

2. Maximum value for the investment of total financial assets

The following maximum values of total financial assets are determined:

Liquidity - short-term investments (e.g., current account, money market account (overnight money account), money market funds, time deposits)	up to 100%
Yields - medium and long-term investments (e.g., growth savings, annual deposits, savings bonds, fixed income securities)	up to 100%
Real Value - Participation in the substance of a company (e.g., shares, equity funds, shares in mixed forms of investment)	up to 50%
Tangible Assets (e.g., open-ended real estate funds)	up to 20%
Alternative Investments (e.g., microcredit, infrastructure, renewable energy)	up to 20%

It is permissible to exceed the quotas in the short term for Real Value, Tangible Assets, and for Alternative Investments as a result of price gains. "Short term" is understood as being a period of up to six months.

The basis for calculating the maximum values of the various asset classes is the average holding during a budgetary or calendar year.

3. Minimum rating

At least 80% of investments must be of investment grade.