IOR ISTITUTO PER LE OPERE DI RELIGIONE

SUSTAINABILITY REPORT 2025

FOR THE PERIOD
JANUARY-DECEMBER 2025

The Earth we have inherited also belongs to future generations.

Laudato Si', No. 159

GOVERNANCE STRUCTURE

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PRESIDENT'S FOREWORD

Dear stakeholders,

It is my pleasure to present the second Sustainability Report of the Istituto per le Opere di Religione, reaffirming our commitment to responsible stewardship, transparency and integrity in pursuing our institutional mission.

The IOR operates within a distinctive context in which financial activity is inseparable from the values and principles of the Church's social doctrine. Sustainability therefore represents a foundational principle that guides our strategic, operational and investment decisions.

The Institute is committed to ensuring that the resources entrusted to it are managed in a manner consistent with the teachings of the Catholic faith, fostering an economy that serves people, upholds the inherent dignity of every individual and contributes to the common good. This commitment is reflected in a disciplined investment approach focused on generating sustainable long-term value while avoiding exposure to activities that are not aligned with Catholic values and ethical principles.

In 2025, the IOR further advanced its commitment to promoting an economy inspired by the Church's social doctrine through the development of proprietary ethical financial indices, published in January 2026. This initiative forms part of a broader programme aimed at strengthening a transparent, robust and values-based investment process that balances sustainable financial performance with respect for human dignity and the pursuit of the common good.

The publication of the 2025 Sustainability Report represents a further milestone in our journey towards enhancing the transparency, accountability and measurability of the IOR's contribution to ethical and sustainable finance, fully reflecting our institutional identity and purpose.

I would like to express my sincere appreciation to all those whose professionalism, commitment and dedication contribute each day to the achievement of this mission.

François Pauly

President of the Board of Superintendence

HIGHLIGHTS IN 2025

ETHICS & MISSION

The IOR is the only Vatican financial institution providing banking and investment services. Guided by Catholic ethical principles, it supports the mission of the Church worldwide, pursuing sustainable value creation while recognising that financial return is not an end in itself.

CATHOLIC INVESTMENTS

100%

of assets under management are aligned with Catholic ethics. Focus on human dignity, the sanctity of life, integral human development and care for creation.

SUPPORT FOR THE CHURCH

€ 68.8 million

in financing was provided, principally to support care-focused organisations.

CHARITY

€ 500 thousand

allocated to pastoral and charitable initiatives

GREEN ECONOMY

37%

reduction in paper.

100%

of waste sent for recovery and treatment.

INTEGRITY & LEGALITY

0

tolerance for corruption and money laundering.

100%

compliance with fiscal agreements.

CYBERSECURITY & PRIVACY

0

incidents recorded during the 2023–2025 period.

0

complaints were received regarding client data privacy.

DIGITAL TRANSFORMATION

100%

digital document archiving.

15%

reduction in printed pages.

100%

online access to banking services.

DISTRIBUTION OF ECONOMIC VALUE GENERATED

36% Holy Father

23% Employees

14% Suppliers

27% Allocated to support operational needs and broader organisational activities

CONTENTS

IOR ISTITUTO PER LE OPERE DI RELIGIONE

CHAPTER 1

SCOPE

1. SCOPE

This Report is the second sustainability report published by the Istituto per le Opere di Religione ("Institute" or "IOR") and presents the Institute's approach to sustainability, its key activities, governance and policy framework, and the progress achieved during the reporting period from January to December 2025. It also includes a more detailed analysis of the characteristics of the managed portfolios, assessed against the Institution's ethical criteria and guiding values.

The Report has been prepared in accordance with ASIF Regulation No. 1, which requires the annual disclosure of environmental, social and governance (ESG) risks, including both physical and transition risks.

IOR ISTITUTO PER LE OPERE DI RELIGIONE

CHAPTER 2

EXECUTIVE SUMMARY

2. EXECUTIVE SUMMARY

The Institute is a financial institution of the Holy See whose mission is to serve the Church worldwide through the safeguarding and stewardship of the movable and immovable assets entrusted to it by individuals and legal entities for religious and charitable purposes[1]. Accordingly, the IOR serves the mission of the Catholic Church by managing the assets entrusted to it and providing payment services to the Holy See and the Vatican City State, their affiliated entities, religious orders, Catholic institutions, members of the clergy, employees of the Holy See and accredited diplomatic missions. The Institute's activities are guided by a commitment to generating appropriate returns for clients in accordance with their respective risk profiles, while ensuring alignment with Catholic ethical principles and adherence to international banking standards and recognised best practices. Within this framework, the Institute promotes investments aligned with the principles of the Catholic faith, avoiding exposure to companies engaged in activities that are harmful to human life, the environment, society or sound governance.

The IOR recognises that environmental degradation is not merely a scientific or economic issue, but one that directly affects human dignity and moral responsibility. Care for creation is intrinsically linked to the principles of justice and to the protection of human life at every stage. Vulnerable individuals and those living in poverty often have limited resources to address or mitigate the impacts of environmental degradation, climate change and natural disasters. Environmental challenges therefore have a profound social dimension, contributing to the exacerbation of inequality, poverty and human suffering.

The Sustainability Report of the Institute represents a further step in the transparency journey undertaken years ago, providing a clear account of how the Institute integrates financial performance with its core values.

A distinctive feature of the Institute's operations is its investment activity, which is conducted in accordance with Catholic ethical principles. This approach, developed through a structured and rigorous process, applies particularly stringent selection criteria and is grounded in the fundamental principles of the primacy of human dignity, the sanctity of life, integral human development and environmental protection, which the Institute regards as non-negotiable values.

The results demonstrate the full alignment of the products managed by the Institute with Catholic ethical principles, particularly those relating to the sanctity and respect for human life. They also indicate a low ESG risk profile, limited exposure to controversies and an overall reduced environmental footprint, thereby confirming the robustness of the model adopted.

[1] Chirograph of His Holiness Pope Francis, 7 March 2023.

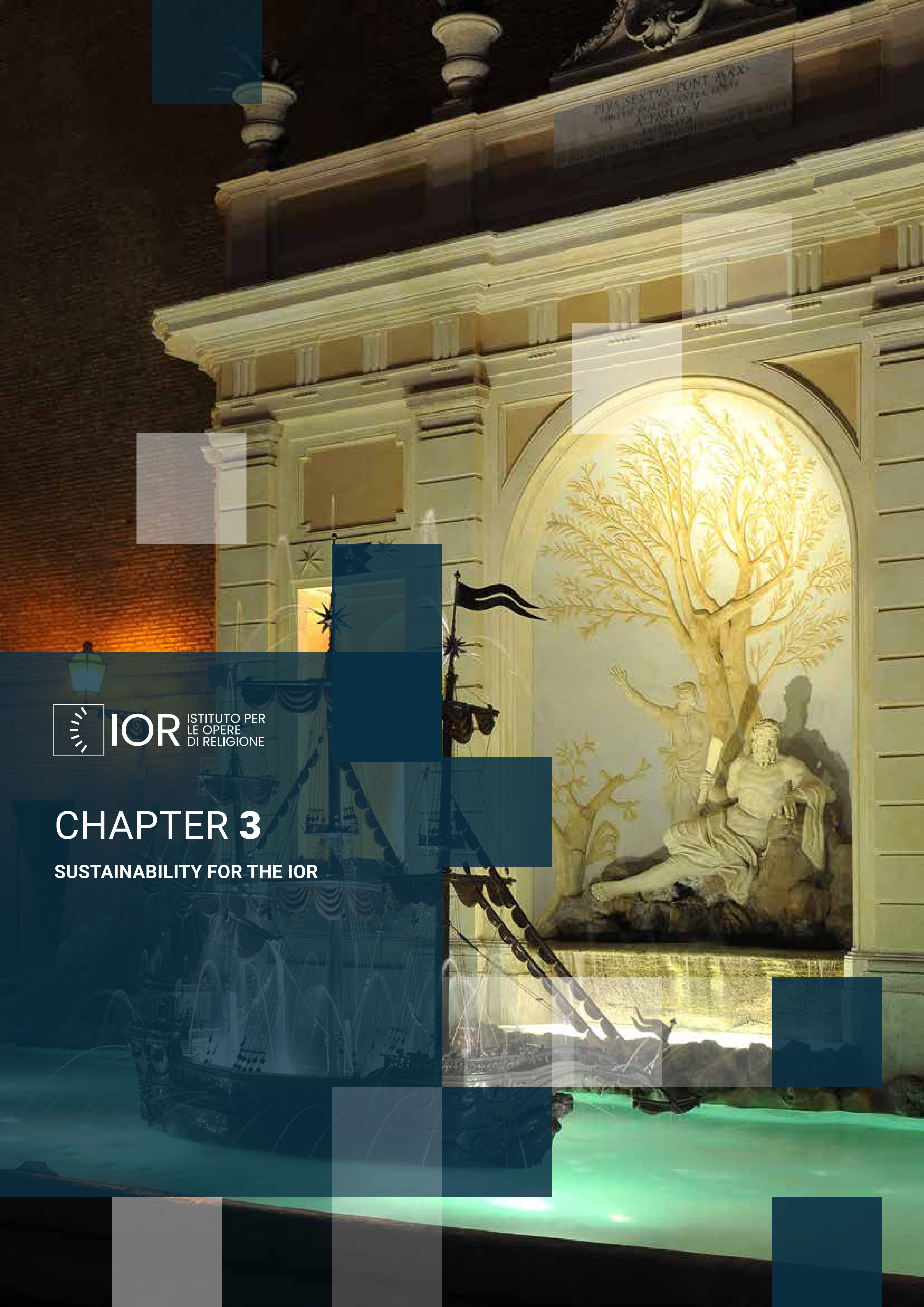
The Institute is continuing to enhance its investment approach with the objective of further strengthening the integration of non-financial factors into decision-making processes, both at the investment selection stage and throughout ongoing monitoring activities. In this context, responsible stewardship is assuming increasing importance, with the prospect of developing engagement activities with issuers in order to promote practices aligned with the Institute's principles.

The IOR's capacity to generate economic value remains strong and firmly focused on fulfilling its mission. A significant proportion of the value generated during the year was allocated to the Holy Father and, consequently, to supporting the activities of the Universal Church, while also providing remuneration for employees and suppliers and strengthening capital reserves to ensure long-term sustainability. This is complemented by the value generated through the management of clients' assets, which supports their respective missions and, consequently, the mission of the Universal Church.

From an environmental and operational perspective, the IOR continues its efforts to reduce its impact through energy-efficiency initiatives, the use of renewable energy sources, the reduction of raw material consumption and the advancement of digital transformation and dematerialisation processes, achieving significant results in reducing paper consumption and improving overall operational efficiency. At the same time, the Institute contributes to the mission of the Church through charitable activities, socially oriented financing and financial education initiatives for its clients, thereby strengthening its support for the wider community.

The Institute's system of internal controls and integrity safeguards continues to represent a fundamental component of the IOR's operating model. The Institute maintains high standards in the prevention of money laundering and terrorist financing, proliferation of weapons of mass destruction, anti-corruption, transparency, data protection and cybersecurity, in accordance with Vatican regulations and international standards.

Overall, the IOR's model demonstrates the full integration of economic performance and ethical responsibility, confirming that financial activity can be effectively directed towards the promotion of the common good. The IOR's Catholic investments are a tangible expression of a form of finance that places the human person at its centre.



IOR ISTITUTO PER LE OPERE DI RELIGIONE

CHAPTER 3

SUSTAINABILITY FOR THE IOR

3. SUSTAINABILITY FOR THE IOR

What is sustainability?

Sustainability is the adoption of behaviours that aim to ensure that future generations enjoy a quality of life that is not inferior to that of the present, understood as environmental, social and economic well-being. It is implemented through an approach that aims to preserve, without depleting, resources such as natural habitats, raw materials, energy and human labour.

> Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.
>
> United Nations - Brundtland Report, 1987

In view of the growing importance of sustainability issues in contemporary society and the commitment required of all economic actors, the IOR reaffirms, for the second consecutive year, its commitment to enhancing awareness of its role in supporting the transition towards a sustainable economic model consistent with Catholic ethics.

In accordance with its statutory goals and taking into account the requirements of the Vatican Supervisory Authority ASIF, the IOR has embarked on a journey to increasingly integrate sustainability risks into the policies, management systems and operational processes that characterise its business model.

At the initiative of the Board of Superintendence, an assessment was conducted of the Institute's sustainability maturity and preparedness, establishing the foundations for structured sustainability disclosure addressed to stakeholders. The objectives of this initiative, achieved and presented in the 2024 Sustainability Report, provided the basis for the development of this 2025 Sustainability Report. The updates primarily relate to the ESG/FCI profiling of the Institute's investments, measured using combined qualitative and quantitative metrics in line with prevailing market practice.

Sustainability for the IOR

BENEFITS

- **Opportunities to innovate.**
  Sustainability stimulates innovation, proposes innovative business processes and models, and responds to market demands on social and environmental issues.
- **Risk mitigation.**
  Adopting sustainable practices helps to mitigate risks associated with external events such as regulatory changes, catastrophic environmental disasters or social scandals.
- **Reputation.**
  Formal commitment to the values underlying sustainability leads to improved reputation.
- **Dialogue with business partners.**
  The market increasingly attributes value to ESG factors when assessing intercompany relationships, recognising a commitment to sustainability as an indicator of sound and responsible management.
- **Consistency of action.**
  Promotion of alignment between ethical values and business activities.

CHALLENGES

- **Identification of goals.**
  Further analysing the key environmental, social and governance issues affecting the Institute and setting clear targets to improve transparency and performance in these areas.
- **Training and awareness.**
  Promoting cultural change across all levels of the organisation to ensure a shared understanding of the importance of sustainability.
- **Compliance.**
  Enhancing management processes that support sustainability objectives, including the identification of performance indicators and the collection and analysis of relevant data.
- **Implementation of reporting systems.**
  Optimising periodic reporting processes to ensure effective disclosure of sustainability-related information.
- **Collaboration with external suppliers.**
  Fostering collaboration with partners, advisers, investors and other stakeholders to promote an integrated approach to sustainability.

Regulatory Framework

Vatican regulations require the Institute to publish annual disclosures on environmental, social and governance (ESG) risks[2]. The IOR wanted to meet this regulatory requirement while seizing the opportunities presented by the development of sustainability issues.

Although the European Union's CSRD – Corporate Sustainability Reporting Directive – is not applicable in the VCS, the Institute has assessed its characteristics and those of the Directive's implementing rules, i.e. the European Sustainability Reporting Standards (ESRS). The IOR has used these sources as the methodological reference to identify the material topics for the Institute in the field of sustainability, with particular reference to the role of stakeholders and the "double materiality" reporting methodology.

[2] Reference is made to the 2024 amendment to ASIF Regulation No. 1/2015, Annex XXVII, point (T).

Reporting Standards

The IOR has chosen to refer to the GRI Standards[3] for sustainability reporting following an assessment of prevailing market best practices[4]. These standards are widely adopted, with more than 10,000 reporting organisations globally. They are used across a broad range of sectors, facilitate comparability among institutions, allow for a proportionate and flexible application, are based on the “comply or explain” principle and can be implemented with relatively limited costs[5].

Material sustainability topics relevant to the IOR

To ensure that the Report addresses the sustainability topics that are genuinely material to the Institute, a double materiality assessment was conducted, drawing on the principles established under the European Corporate Sustainability Reporting Directive (CSRD). The assessment was carried out in 2024 in preparation for the first Sustainability Report. Given the expected stability of stakeholder perspectives on these matters, the results have also been used for the 2025 reporting cycle.

Double materiality

A materiality assessment is the process through which the most significant topics are identified on the basis of their economic, social and environmental impacts. The IOR has developed a double materiality matrix inspired by the European CSRD principles and EFRAG’s ESRS standards[6]. Double materiality considers both impact materiality and financial materiality:

- impact materiality concerns the impact of the Institute’s activities on the environment and people;
- financial materiality concerns the impact of the environment and people on the Institute’s asset and financial position.

3 The Global Reporting Initiative (GRI) is an independent organisation that develops sustainability reporting guidelines that provide a comprehensive and flexible framework for communicating an organisation’s economic, social and environmental impacts. Companies use GRI standards to communicate their sustainability performance in a transparent and credible way.

4 In addition to the ESRS issued under the Corporate Sustainability Reporting Directive (CSRD), the Institute has considered guidance and frameworks developed by the following organisations: the International Sustainability Standards.

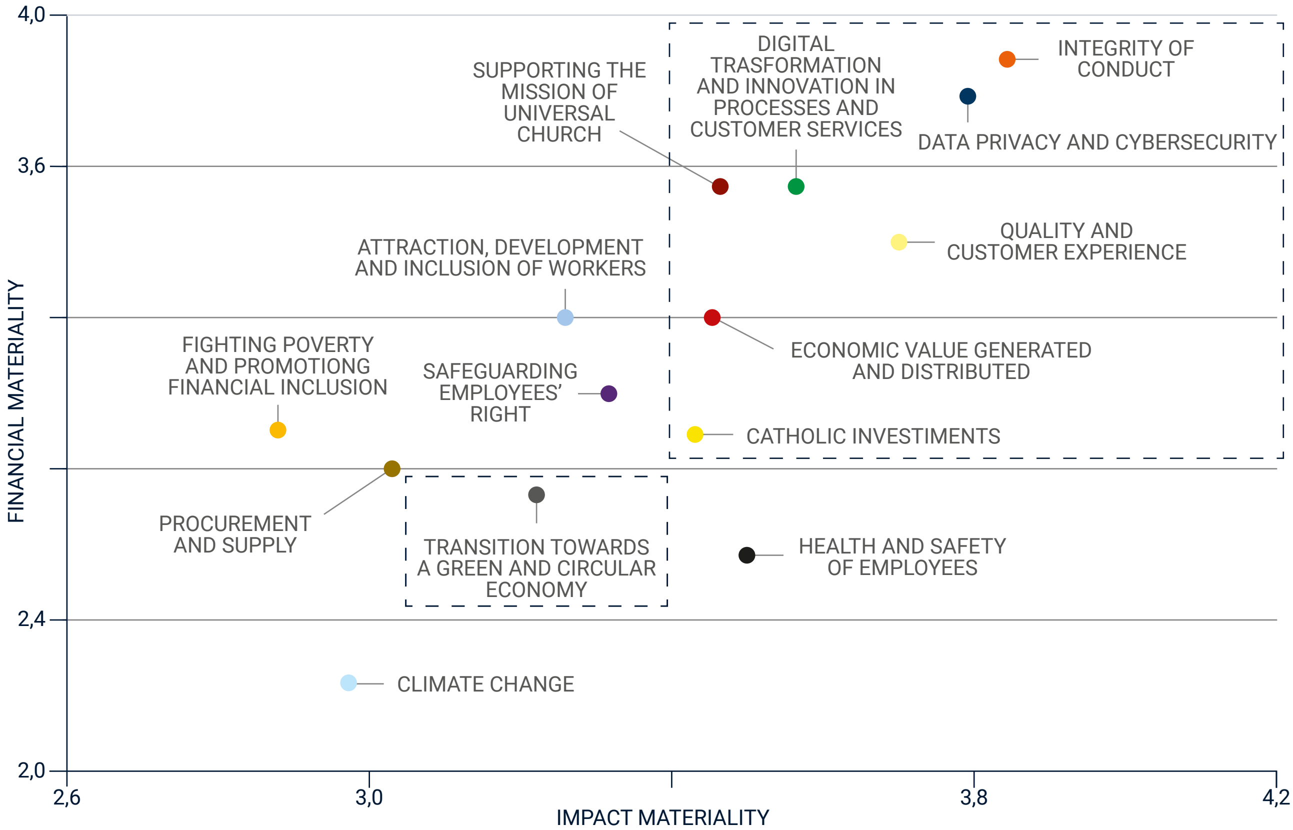
5 An organisation can base its report on the GRI Standards without necessarily being fully compliant with them; over time, it can move towards full compliance with GRI reporting. Source: Consolidated set of GRI Standards 2021, GRI

6 The EFRAG (European Financial Reporting Advisory Group) is the European body that drafted the ESRS (European Sustainability Reporting Standards), i.e. the technical rules that companies must follow to prepare their sustainability reports, as required by the CSRD.

The potentially material sustainability topics (14 in total) were identified through: (i) an analysis of the IOR's business model; (ii) an assessment of the sustainability topics proposed by the European Sustainability Reporting Standards (ESRS); (iii) benchmarking against the sustainability topics identified by leading organisations operating in the financial sector; and (iv) consideration of the IOR's mission.

To determine which topics were material to the Institute, a stakeholder survey was conducted using a sampling-based approach. A questionnaire comprising 28 questions was developed for this purpose, with two questions assigned to each of the 14 topics under review: one relating to impact materiality and one relating to financial materiality[7]. Each of the 14 topics was assigned both an impact materiality score and a financial materiality score. The prioritisation of topics was determined on the basis of the combined scores obtained. The results are presented in the materiality matrix.

Materiality matrix



[6] Survey participants rated the materiality of the topic on a numerical scale (1-4).

The materiality matrix indicates that environmental topics, such as the *Transition to a green and circular economy and Climate change*, are considered less material than other sustainability matters. This outcome is consistent with the banking and financial sector, as the activities carried out directly by a financial institution generally have a limited environmental impact. For financial intermediaries, environmental impacts arise predominantly through financed activities, including lending and investment activities[8].

Notwithstanding its relatively low score, the topic of the *Transition to a green and circular economy* has been retained among the material sustainability matters. Environmental topics warrant continued attention in order to enhance awareness and ensure alignment with evolving sector best practices.

N.	Potentially material sustainability topics	Material topics	ESG scope
1	Catholic investments	YES	IOR Specific
2	Economic value generated and distributed	YES	Governance
3	Supporting the mission of the Universal Church	YES	IOR Specific
4	Quality and Customer experience	YES	Social
5	Transition towards a green and circular economy	YES	Environmental
6	Digital transformation and innovation in processes and customer services	YES	Governance
7	Data privacy and cybersecurity	YES	Social
8	Integrity of conduct	YES	Governance
9	Health and safety of employees	-	Social
10	Talent Attraction, development and inclusion	-	Social
11	Safeguarding employees' right	-	Social
12	Climate change	-	Environmental
13	Procurement and supply	-	Governance
14	Fighting poverty and promoting financial inclusion	-	IOR Specific

[8] Additional information on indirect environmental impacts is provided in Section 4 Catholic investments.

The **economic impacts** of an organisation are manifested through its effects on local, national and global economic systems, and show how the business not only creates value but also contributes to the sustainable economic development of the communities in which it operates.

Environmental impacts encompass how the organisation interacts with the natural environment, affects living and non-living systems (including air, land, water and ecosystems), and contributes to their protection and preservation.

Social impacts refer to the direct and indirect effects of business activities on individuals and groups, including local communities, vulnerable groups and society as a whole, with a particular emphasis on the protection and promotion of human rights.

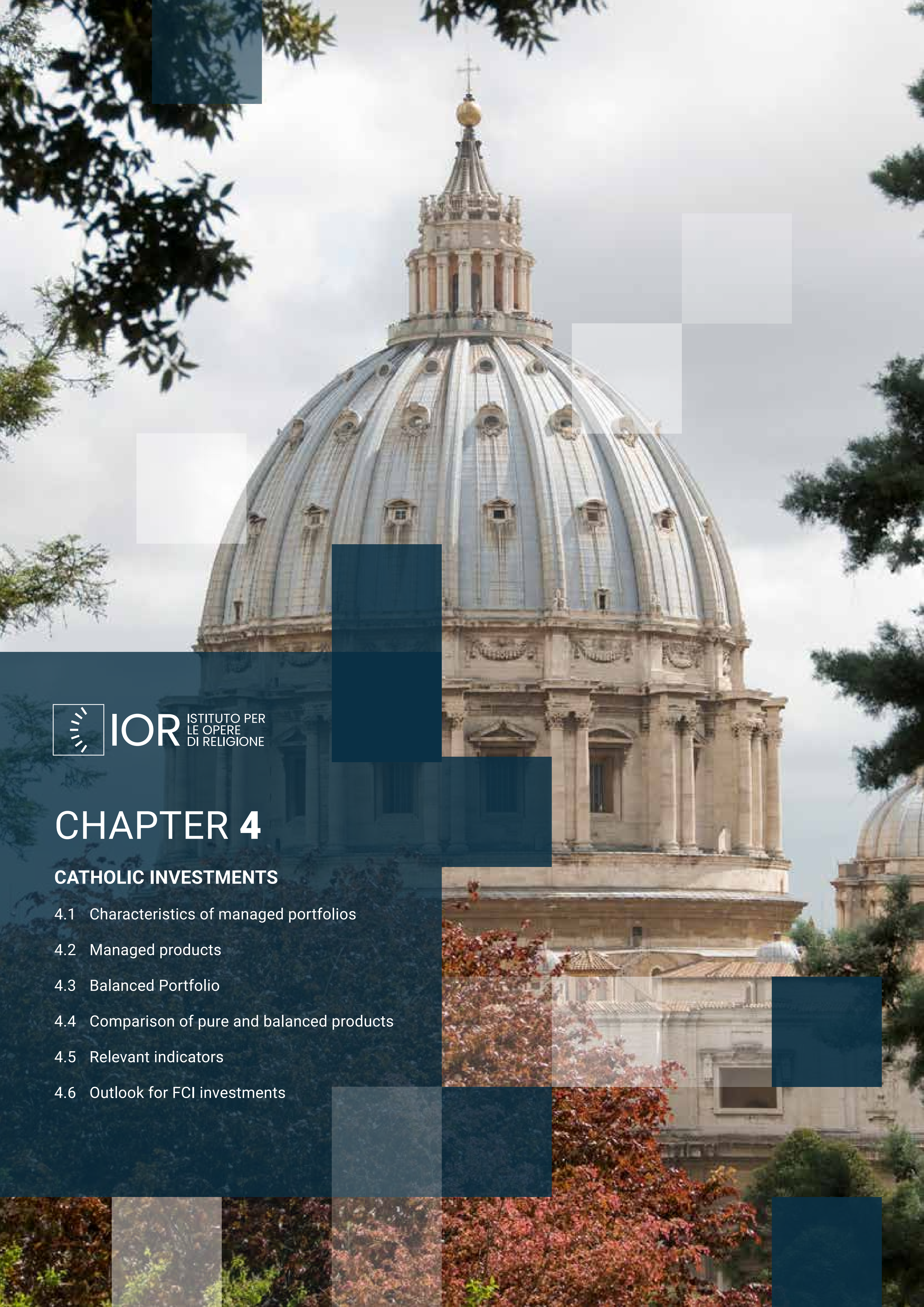
> A true ecological approach always becomes a social approach;
> it must integrate questions of justice in debates on the environment,
> so as to hear both the cry of the earth and the cry of the poor.
>
> Laudato Si’ - 49 - Holy Father Francis

For a comprehensive overview of the reporting standards adopted, please refer to Annex 2: GRI Content Index.

GRI Standards – Table of Contents
GRI 201: Economic Performance
GRI 203: Indirect Economic Impacts 2016
GRI 205: Anti-corruption 2016
GRI 206: Anti-competitive Behaviour 2016
GRI 207: Taxation 2019
GRI 3: Material Topics 2021
GRI 301: Materials 2016
GRI 302: Energy 2016
GRI 306: Waste 2020
GRI 406: Non-discrimination 2016
GRI 416: Customer Health and Safety 2016
GRI 417: Marketing and Labelling 2016
GRI 418: Customer Privacy 2016
GRI G4: Sector-specific Guidance for Disclosures on Management Approach
GRI G4: Sector-specific Guidance for Disclosures on Management Approach: Product Responsibility: Product Portfolio
GRI G4: Sector Supplement Indicators: Product Responsibility: Active Ownership
GRI G4: Sector Supplement Indicators: Product Responsibility: Product Portfolio

The following sections present the information collected in accordance with the GRI Standards adopted by the Institute. A detailed cross-reference to the applicable Standards is provided in Annex 2: GRI Content Index.

Unless otherwise stated, the data and information presented refer to the 2025 reporting period and the prior year. Further details are provided in Annex 1: Indicators.



CHAPTER 4

CATHOLIC INVESTMENTS

4. CATHOLIC INVESTMENTS

The Institute is a financial institution at the service of the Church. It bases its activities on the principle of full adherence to Catholic ethics without seeking exclusively to maximise profits.

Over the years, the IOR has developed and refined its investment process based on Catholic ethical principles, in order to ensure that clients' investments strictly respect the Social Doctrine of the Church. Having considered Papal Encyclicals and other relevant sources, the Institute has established a rigorous and structured operating framework for the management of its investment portfolios, combining quantitative systems and models with qualitative analysis and assessment.

In providing its investment services, the Institute has adopted an Investment Policy consistent with the Social Doctrine of the Church, which it applies uniformly to clients' investments and to proprietary assets. The policy draws principally on Papal Encyclicals[9], which represent the primary reference framework among the various sources considered, and is regularly updated in response to relevant Catholic ethical and social issues.

> Values that are mandatory in any investment decision-making process are the primacy of human dignity, integral human development, and care for creation.

Principles such as the primacy of human dignity, a commitment to integral human development, and the stewardship of creation constitute fundamental values underpinning all of IOR's decision-making processes. As such, the Institute avoids investing in initiatives that, for any reason, may compromise these principles.

Investments in issuers engaged in activities or business practices that may be considered ethically controversial are subject to close monitoring.

The Institute screens equity and bond issuers in accordance with the following criteria.

[9] Main guidelines: Pope Benedict XVI, Encyclical Letter Caritas in veritate on integral human development in charity and in truth (2009); Pope Francis, Apostolic Exhortation Evangelii gaudium (2013); Pope Francis, Encyclical Letter Laudato Si' (2015); Pope Francis, Encyclical Letter Fratelli tutti (2020); Pope Leo XIV, Encyclical Letter Magnifica Humanitas (2026).

FCI investment principles

1. Sanctity of human life.
The Institute does not invest in companies that directly or indirectly through subsidiaries:
- own and/or operate hospitals and clinics providing abortion services;
- manufacture products used for abortion;
- produce contraceptive products;
- are involved in the use of embryonic stem cells or tissues derived from human embryos or foetuses, or in the use of foetal cell lines.

2. Respect for human life.
The Institute does not invest in companies directly or indirectly involved in the production of controversial weapons or small arms.
Entities engaged in the manufacture of weapons, or in the provision of products and services intended for lethal or offensive military use, are likewise excluded from the investment universe.

3. Environmental protection.
The Institute does not invest in activities with potential negative impacts on the environment and sustainable development, including companies directly or indirectly involved in the production of oil, gas, thermal coal for energy generation, nuclear energy, pesticides, fur, exotic leather and palm oil.
The Institute also maintains enhanced due diligence on companies engaged in animal testing, assessing compliance with applicable regulatory frameworks and the adequacy of corporate policies.

4. Addictions.
The Institute does not invest in companies directly or indirectly involved in gambling, adult entertainment, loans at usury rates, the production and sale of tobacco, and the production and sale of alcohol.

5. Global Compact.
The Institute does not invest in companies that seriously violate the 10 principles of the UN Global Compact: i) Human rights (Principles I-II); ii) Labour (Principles III-IV-V-VI); iii) Environment (Principles VII-VIII-IX); iv) Anti-corruption (Principle X).

Investment Policy and Criteria for Issuer Selection

INVESTMENTS CONSISTENT WITH THE SOCIAL DOCTRINE OF THE CHURCH

The assessment is based on the extent of the issuer's involvement in activities that are inconsistent with the principles set out in the Policy. To assess the degree of an issuer's involvement, the Institute considers the revenue generated from the activity under assessment by the issuer or by a subsidiary in which it holds an ownership interest of 50% or more (direct involvement) or less than 50% (indirect involvement).

A 'best-in-class' approach is also applied, favouring investments in the best and most virtuous issuers.

The Institute uses data provided by Sustainalytics, a Morningstar company and a world leader in ESG research, assessment and analysis.

The Institute excludes investment in financial instruments issued by governments/issuers of states that present a high risk level based on international lists of countries at risk of money laundering or terrorist financing, or which are subject to international sanctions. The principal reference lists considered include those issued by the FATF/GAFI, the OECD, the World Bank, the European Union, the OFAC Sanctions List and the Vatican City State list of high-risk jurisdictions for money laundering.

The level of compliance of assets managed by the IOR with the FCI Policy is 100% across all investment categories. Further details are provided in Annex 1: Indicators.

The IOR's investment process is based on the list of issuers that can be purchased and held by the Institute (the so-called buy list), obtained by applying the selection criteria defined in the Investment Policy. The list is updated quarterly.

The Risk Management Department monitors the degree of FCI compliance of portfolios (GPM customer assets under management, proprietary assets and third-party securities under custody), and reports to the Director General and the Management Committees. The Board of Superintendence, together with the Director General, approves the Institute's Investment Policy and determines the relevant Catholic ethical principles that guide investment activities.

Governance and control process

01
FCI investment criteria definition
- Identification of the Catholic ethical principles of the Institute
- Definition of the Investment policy consistent with the Social Doctrine of the Church

Board of Superintendence/ Director General

02
Identification of selection rules
- Identification of technical selection rules and definition of their valutation to identify issuers of financial instruments compliant with the FCI Investment Policy

Risk Management

03
***"Buy List"* definition**
- Application of FCI selection rules for the selection of issuers of financial instruments
- "Buy List" presentation to the GPM Investment Committee for preliminary review

GPM Department/ GPM Investment Committee

04
Management Committee approval
- *"Buy List"* presentation to the Management Committee for final approval

Management Committee

05
***"Buy List"* distribution**
- *"Buy List"* distribution to the Departments concerned

GPM Department

06
Investment compliance monitoring
- Monitoring of compliance with the applied FCI criteria and their alignment with the FCI Policy
- Monitoring compliance of Proprietary, Managed and Administered investments with the FCI Policy
- Production of reports for Management/ Board/Departments

Risk Management

When assessing clients' needs, the IOR's advisors explain the characteristics of a sustainable investment and the value inherent in products that comply with the FCI Policy. The information and contractual documentation made available to clients explicitly states that the Institute adopts an investment policy consistent with the Social Doctrine of the Church.

Should a passive non-compliance event[10] be identified during ongoing monitoring activities, the necessary actions are taken to ensure a return to full compliance with FCI requirements.

Furthermore, given that the Institute considers proactive interaction with issuing companies (so-called 'engagement') to be of fundamental importance in promoting respect for Catholic and ethical principles, the IOR is considering entering into a dialogue with the companies it invests in.

4.1 Characteristics of managed portfolios

The performance of the Institute's asset management activities was analysed using specific ESG and FCI risk indicators. The analysis distinguishes between corporate issuers (equities and corporate bonds) and sovereign issuers (government bonds), reflecting the differing characteristics of these issuers and the methodologies applied in their assessment.

An overall overview of the Institute's asset management activities is presented in Section 4.2 – Managed products, followed by a comparative analysis of pure and balanced products. Further information on the indicators used is provided in Section 4.5 – Relevant Indicators.

4.2 Managed products

The following considerations apply to all products managed by the Institute.

- Full compliance with the principles of the sanctity of life and respect for human life across all managed products is confirmed by the relevant indicator, which records a compliance rate of 100%.
- The overall ESG risk profile of the managed portfolios remains within the low-risk range, with a score of 14-15 on a scale of 0-100.
- The environmental impact intensity of the portfolios under management is low, as indicated by favourable metrics relating to both the carbon efficiency of the underlying business models (WACI – Weighted Average Carbon Intensity) and emissions per unit of invested capital (carbon footprint). This evidences the effectiveness of sector and issuer selection. For benchmarking purposes[11], the Scope 1 and 2 WACI is 71, significantly below the average disclosed by peer ESG-focused asset managers (refer to the table below).
- The quality of governance systems among corporate issuers included in the portfolios is high, as evidenced by a negligible governance risk score of 1.52 on a scale of 0-10.
- The limited significance of controversies involving companies held within the portfolios is demonstrated by the absence of severe controversies. The prevailing controversy risk score is 2 on a scale ranging from 0 to 5.
- The countries represented within the investment portfolios demonstrate a high level of compliance with major international conventions relating to human rights, environmental protection and weapons. Compliance is higher within the euro-denominated portfolio segment (100%) than within the US dollar-denominated segment.

[10] Passive non-compliance: the issuer that was compliant at the time of investment subsequently undertakes activities in non-compliant sectors.
[11] Source: Funds Europe, 2024 Asset Manager Carbon Impact Report.

Managed Portfolios (GPM)

Corporate metrics	Reported Value	Unit of Measure	Benchmark Value
A1 – Compliance with the Principles of the Sanctity and Respect for Human Life	100%	% AUM	Min 0% - Max 100%
A2 – Overall ESG Risk Rating	14.8	score	score Min 0 - Max 100. Low scores indicate lower risk.
A3 – Carbon intensity Scope 1 and 2 (WACI)	71	tCO_2e per € million of revenue	220 (average for European ESG-focused funds)[12]
A4 – Carbon footprint, Scope 1 and 2	37	tCO_2e per € million invested	90 (average for European ESG-focused funds)[13]
A5 – Governance risk	1.52	score	score Min 0 – Max 10. Low scores indicate lower risk.
A6 – Controversy risk	2-moderate	score	score Min 0 – Max 5
Sovereign metrics			
B1 – Overall Country ESG Risk Rating	13.9	score	score Min 0 - Max 100. Low scores indicate lower risk.
B2 – Compliance with International Arms Conventions	84.9%	% AUM	Min 0% - Max 100%
B3 – Compliance with Human Rights, Labour Rights and Death Penalty Conventions	85.9%	% AUM	Min 0% - Max 100%
B4 – Compliance with Environmental Conventions	86.2%	% AUM	Min 0% - Max 100%

[12] Source: Funds Europe, 2024 Asset Manager Carbon Impact Report
[13] Source: Funds Europe, 2024 Asset Manager Carbon Impact Report

4.3 Balanced Portfolio

The analysis below is based on the metrics currently applied and relates to a representative balanced portfolio of the Institute, comprising both equity and fixed-income instruments across corporate and sovereign issuers. Overall, the portfolio exhibits performance consistent with the Institute's FCI methodology.

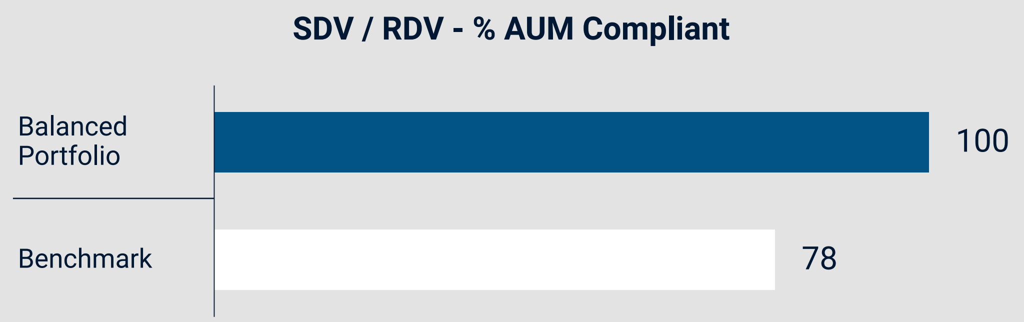
- The corporate component is characterised by full alignment with the principles of the Sanctity of Life and Respect for Human Life, together with ESG and governance risk profiles that are more favourable than those of the benchmark[14]. It also demonstrates strong performance in terms of average carbon efficiency, notwithstanding certain differences in carbon footprint indicators that require careful interpretation.
- The sovereign component exhibits a high level of compliance with international conventions relating to arms, human rights and environmental protection.

Taken together, these elements indicate a robust sustainability profile, with particular strengths in alignment with the principles of the Sanctity of Life and Respect for Human Life and in the ESG quality of underlying issuers.

The detailed analysis below covers corporate assets (equities and bonds) as at 31 December 2025. The reference benchmark is derived from the relevant product documentation and includes the Bloomberg Eurozone Developed Large & Mid Total Return Index and the ICE BofA 1–3 Year EUR Corporate Index.

A.1 Alignment with the Principles of the Sanctity of Life and Respect for Human Life

The corporate component demonstrates full alignment with the principles of the Sanctity of Life and Respect for Human Life (100%), compared with an alignment rate of 78% for the reference benchmark.

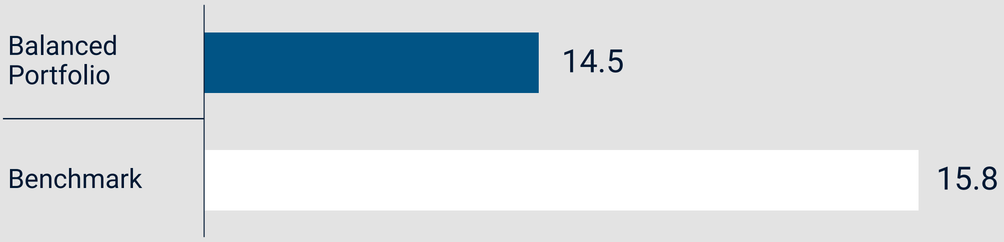


[14] Benchmark: Bloomberg Eurozone Developed Large & Mid TR + ICE BofA 1–3 Year EUR Corporate Index. Source: Product factsheet.

A.2 Overall ESG Risk Rating

The portfolio's ESG risk profile is low and compares favourably with the benchmark (-8%). The score achieved (between 10 and 20 on a scale from 0 to 100) indicates a low level of risk and places the portfolio in the 26th percentile among the best-performing European companies that meet the Institute's FCI screening criteria. This outcome demonstrates the effectiveness of the Institute's best-in-class investment approach.

Overall ESG Risk Rating

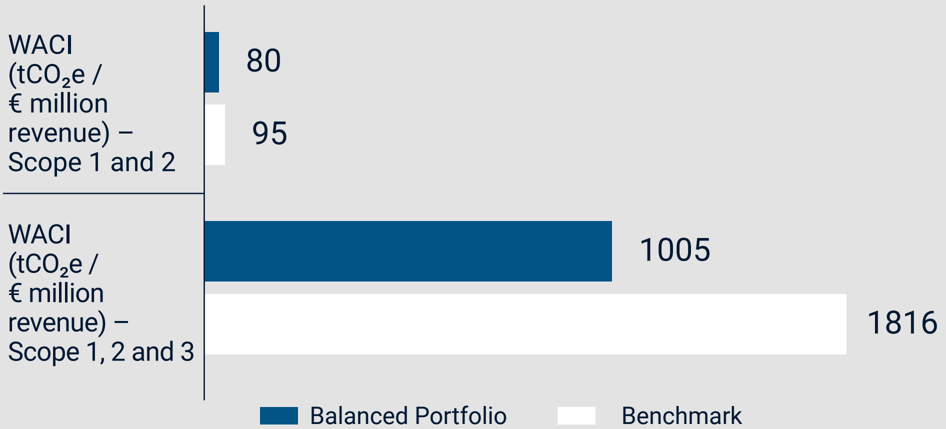


A.3 Carbon Intensity – WACI

The Weighted Average Carbon Intensity (WACI), measured in tCO_2e per € million of revenue, indicates that the business models represented in the portfolio are more carbon-efficient than those included in the benchmark, both for Scope 1 and 2 emissions and for Scope 1, 2 and 3 emissions.

Scope 1 and 2 emissions measure the company's direct and operational emissions, while Scope 1, 2 and 3 emissions provide a broader measure of climate impact across the entire value chain. Further information is provided in Section 4.5 – Relevant indicators.

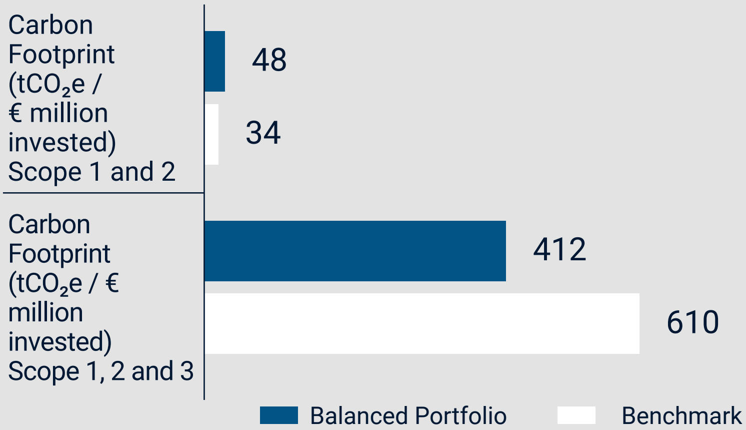
WACI (Scope 1 and 2; Scope 1, 2 and 3)



A.4 Carbon Footprint – Financed Emissions

The portfolio's carbon footprint, measured in tCO_2e per € million invested, is significantly lower than the average reported for European ESG-focused funds[15]. With regard to Scope 1 and 2 emissions, financed emissions per unit of invested capital are moderately higher than those of the benchmark. However, when Scope 3 emissions are included, the portfolio's carbon footprint is substantially lower than that of the benchmark. This latter measure provides a more comprehensive assessment of environmental impact, as it incorporates emissions generated throughout the companies' value chains.

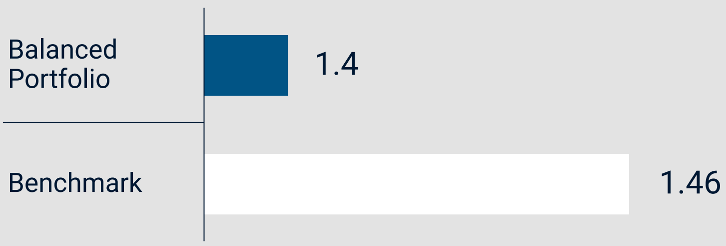
Carbon Footprint (Scope 1 and 2; Scope 1, 2 and 3)



A.5 Governance risk indicator

The quality of the governance systems of the companies included in the portfolio is high, as evidenced by a very low governance risk score, which is also more favourable than the benchmark. The indicator ranges from 0 to 10. The score recorded, between 1 and 2, corresponds to a negligible governance risk profile.

Governance Risk Score



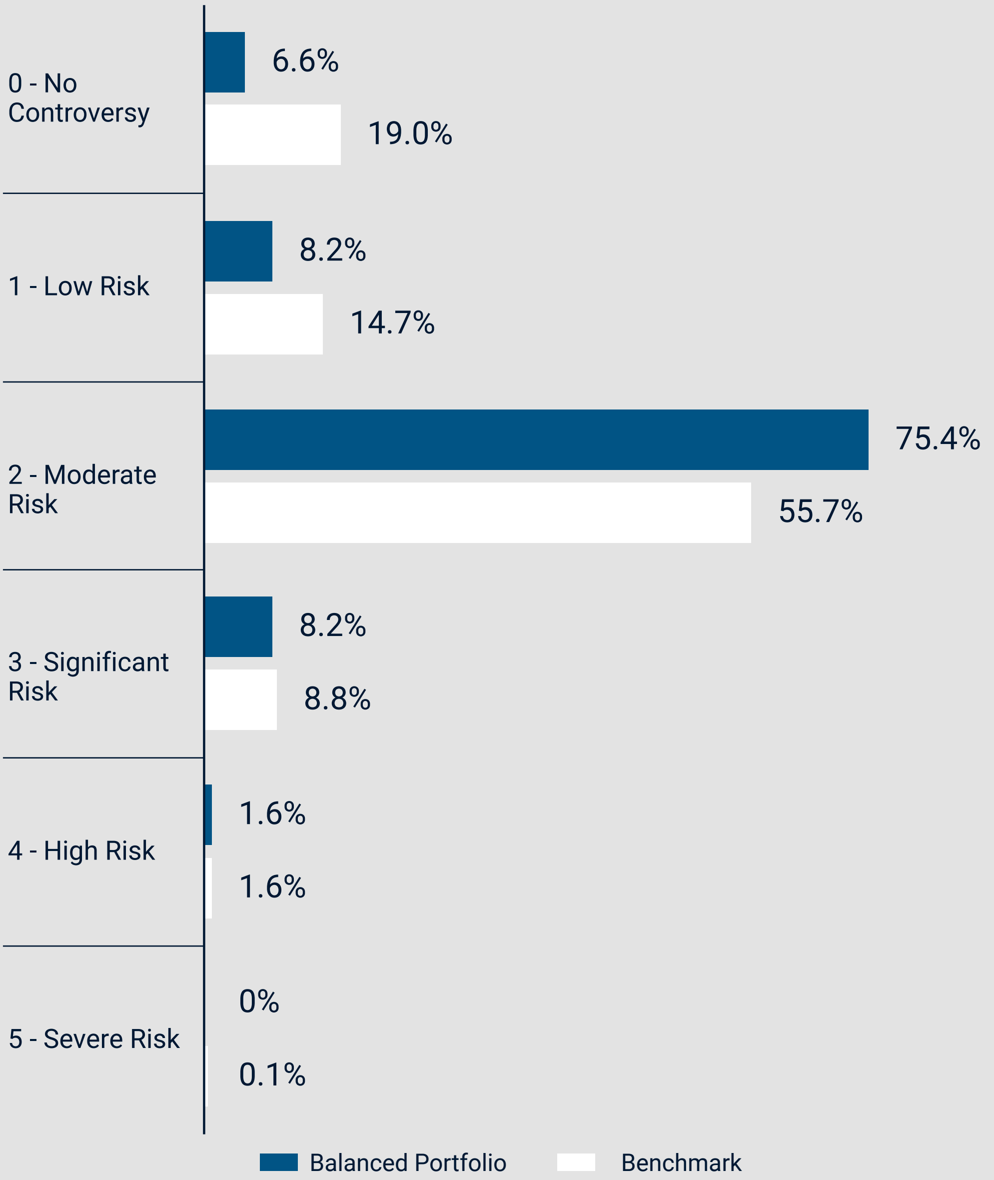
[15] For reference, the average carbon footprint reported for European ESG-focused funds is 90 tCO_2e per € million invested. Source: Funds Europe, 2024 Asset Manager Carbon Impact Report.

A.6 Controversy risk indicators

Controversies refer to conflicts between a company and one or more stakeholders (such as local communities, employees or regulatory authorities) arising from breaches of sustainability principles or adverse environmental, social or governance impacts. Controversies are considered a risk indicator because they may reveal corporate conduct not fully captured by traditional ESG metrics.

The indicator captures the highest level of controversy associated with each issuer and aggregates the issuers according to their maximum controversy level.

Distribution of Controversy Levels (% of Issuers)



The balanced portfolio has no exposure to issuers with severe controversies; for more than 90% of issuers, controversies are either absent or rated within the low to moderate risk categories.

The most represented category, “2 – Moderate Risk”, is generally associated with isolated events that do not indicate structural weaknesses. The combination of the limited severity of such events and an adequate management response generally results in limited financial impacts, which tend to be marginal or temporary in nature.

During 2025, the Institute initiated a qualitative review of controversy types in order to identify situations requiring particular attention, irrespective of the application of standard methodological criteria. The findings of this analysis may lead to the exclusion of specific issuers where controversies are considered particularly sensitive in relation to FCI principles.

Data availability for the portfolio under review is set out below.

Indicator	Coverage % AUM	
	Balanced Portfolio - Corporate	Benchmark
A.1 SDV / RDV compliance	100%	89%
A.2 Overall ESG Risk Rating	100%	100%
A.3 Carbon intensity Scope 1 and 2 (WACI)	98%	98%
Carbon intensity Scope 1, 2 and 3 (WACI)	98%	97%
A.4 Carbon Footprint Scope 1 and 2	99%	94%
Carbon Footprint Scope 1, 2 and 3	99%	94%
A.5 Governance Risk Score	100%	89%
A.6 Controversy Risk	100%	89%

A detailed analysis of the sovereign bond component of the EUR balanced portfolio is presented below.

B.1 Country ESG Risk

The portfolio exhibits a low sovereign ESG risk profile, although it is moderately higher than that of the benchmark due to a greater exposure to Spain and Italy, which are assessed as carrying comparatively higher levels of ESG risk. The indicator is measured on a scale from 0 to 100, with scores between 10 and 20 corresponding to a low country risk classification.

B.2 Compliance with International Conventions on Controversial Weapons and Nuclear Non-Proliferation

The sovereign component of the portfolio demonstrates full compliance (100%) with the relevant international conventions, performing slightly better than the benchmark.

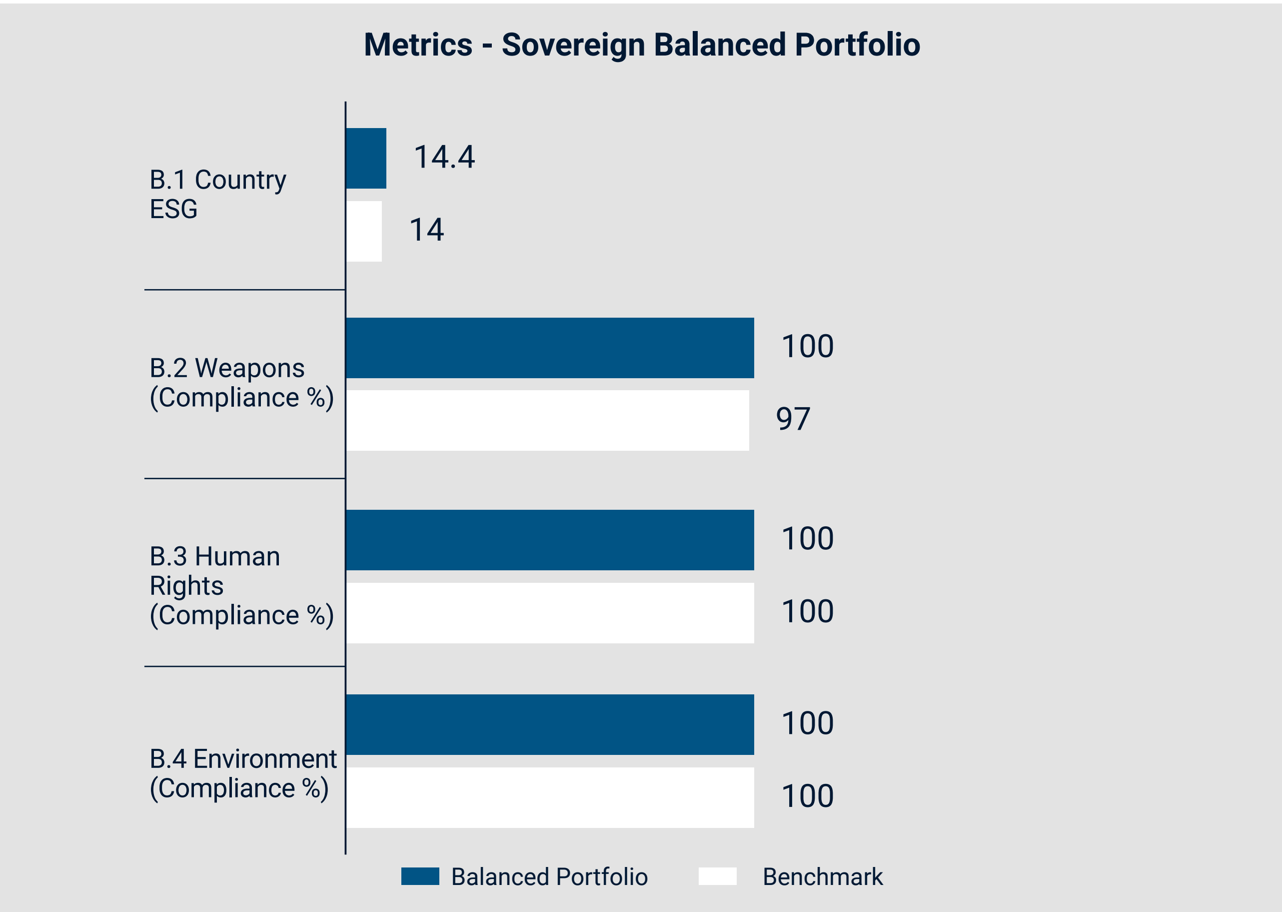
B.3 Compliance with International Conventions on Human Rights, Labour Rights and the Death Penalty

Both the portfolio and the benchmark demonstrate full compliance with international conventions relating to human rights and labour rights. In addition, all sovereign issuers represented have abolished the death penalty.

B.4 Compliance with International Environmental Conventions

Alignment with the principal international environmental conventions is at the highest level (100%) for both the portfolio and the benchmark.

The benchmark used for comparison is the ICE BofA 1–3 Year Euro Government Index. The analysis is based on data as at 31 December 2025. The availability of the underlying data for the portfolios analysed is summarised below.



Indicator	Coverage % AUM	
	Balanced Portfolio - Government	Benchmark
B.1 Overall Country ESG Risk Rating	97% *	100%
B.2 Compliance with International Arms Conventions	97% *	100%
B.3 Compliance with International Conventions on Human Rights, Labour Rights and the Death Penalty	97% *	100%
B.4 Compliance with International Environmental Conventions	97% *	100%

* For certain multilateral development banks and international institutions, data availability is not complete.

4.4 Comparison of pure and balanced products

The ESG and FCI performance of pure equity and pure fixed-income products is presented below, together with that of the balanced product analysed previously.

- Full compliance with the principles of the Sanctity of Life and Respect for Human Life is confirmed across all investment portfolios, with a compliance rate of 100%.
- The Overall ESG Risk Rating remains low, ranging from 14.3 to 14.5. Scores between 10 and 20 correspond to a low ESG risk profile.
- Environmental metrics are favourable, with generally low WACI and Carbon Footprint values. The fixed-income portfolio records particularly low Scope 1 and Scope 2 emissions due to its greater exposure to financial issuers, which typically generate limited direct emissions and are associated with higher financed emissions linked to lending and investment activities (Scope 1, 2 and 3)[16].
- The governance profile is favourable, with scores ranging from 1.02 to 1.40, corresponding to a negligible[17] governance risk classification.
- With regard to the sovereign component, both the balanced and pure fixed-income portfolios display sovereign ESG risk levels that are slightly higher than those of their respective benchmarks (for both portfolios, the benchmark Country ESG Risk Rating is 14), primarily due to greater exposure to countries such as Italy and Spain. Nevertheless, both portfolios remain within the low-risk category.
- Both pure investment lines demonstrate full compliance with the principal international conventions relating to arms, human rights and labour rights, the abolition of the death penalty and environmental protection.

[16] Scope 3 Category 15, which is particularly relevant for financial institutions, includes greenhouse gas emissions associated with the organisation's financial investments. These comprise emissions generated by the activities of financed or investee entities (equity investments, debt instruments and project finance), allocated in proportion to the share of investment.

[17] Scores within the range of 0–2 correspond to a negligible level of risk.

Metrics	Balanced Portfolio	Pure Equity Portfolio	Pure Fixed-Income Portfolio
Corporate Issuers	**EUR**	**EUR**	**EUR**
A1 - Sanctity/Respect for Human Life, compliance (% AUM)	100%	100%	100%
A2 - Overall ESG Risk Rating (0–100 scale)	14.5	14.4	14.3
A3 - Carbon intensity Scope 1 and 2 (WACI) (tCO_2e per € million of revenue)	80	89	2
Carbon intensity Scope 1, 2 and 3 (WACI) (tCO_2e per € million of revenue)	1005	865	2129
A4 - Carbon footprint - Scope 1 and 2 (tCO2e/million invested)	48	55	1
Carbon footprint - Scope 1, 2 and 3 (tCO2e/million invested)	412	372	781
A5 - Governance Risk Score (min 0 - max 10)	1.4	1.43	1.02
A6 - Controversy Risk (min 0 - max 5)	2 moderate	2 moderate	2 moderate
Sovereign Issuers			
B1 - Overall Country ESG Risk Rating (0–100 scale)	14.4	n.a.	14.5
B2 - Armaments - compliance with international conventions (% of AUM)	100%	n.a.	100%
B3 - Compliance with International Conventions on Human Rights, Labour Rights and the Death Penalty Conventions (% of AUM)	100%	n.a.	100%
B4 - Compliance with Environmental Conventions (% of AUM)	100%	n.a.	100%

4.5 Relevant indicators

Indicators for corporate issuers

The analysis is based on industry-standard indicators derived from generally available and reliable data sources. These metrics make it possible to aggregate corporate exposures at the level of individual investment products and to compare them with relevant benchmarks, providing a meaningful comparative assessment of portfolio characteristics. The Institute uses the following indicators.

- **Sanctity of Life (SDV) and Respect for Human Life (RDV) Indicators** measure an issuer's involvement in ethically sensitive activities, including abortion, contraception, the use of embryonic stem cells and foetal tissue (SDV), as well as the arms industry and participation in military contracts (RDV). These two dimensions constitute fundamental pillars of the Institute's FCI Policy and are subject to a zero-tolerance approach[18]. The indicator is expressed as the percentage of Assets Under Management (AUM) that complies with the relevant criteria; accordingly, higher values indicate a higher level of compliance.
- **Overall ESG Risk Rating** reflects the quality of an issuer's environmental, social and governance practices, taking into account the sector-specific materiality of ESG factors. The ratings assigned to individual issuers are aggregated according to their respective weights within the investment portfolio and in the benchmark in order to provide an overall assessment of ESG risk. The indicator is expressed on a scale from 0 to 100; consequently, higher scores indicate higher levels of risk.

[18] A zero-tolerance threshold implies that any revenue derived from the specified activity is not permitted.

- **Carbon Indicators** measure the greenhouse gas emissions associated with the companies held within the portfolio.
  - **Carbon Intensity (WACI – Weighted Average Carbon Intensity)** measures the average carbon intensity of a portfolio, calculated as the weighted average of the emissions intensities of individual companies, where emissions intensity is defined as the ratio of GHG emissions[19] to issuer revenue. WACI measures the carbon efficiency of financed activities and is particularly suitable for portfolio and benchmark comparisons, as well as for analysing sector allocation characteristics. As WACI is normalised against revenue, it is less influenced by portfolio size and generally provides a more stable measure over time. The metric is expressed in tCO_2e per € million of *revenue*. Scope 1 emissions refer to direct greenhouse gas emissions from sources owned or controlled by the organisation. Scope 2 emissions represent indirect emissions resulting from the generation of purchased and consumed energy. Scope 3 emissions encompass all other indirect emissions generated across the value chain, including financed emissions associated with investment and lending activities in the case of financial institutions. In summary, Scope 1 and 2 emissions measure a company's operational emissions, while Scope 1, 2 and 3 emissions provide a measure of its overall climate impact across the entire value chain.
  - **Carbon Footprint** measures the volume of emissions financed through invested capital. The indicator is calculated by dividing portfolio-attributed emissions (financed emissions) by the total amount invested, indicating the number of tonnes of CO_2 equivalent associated with each € million invested. This metric is more sensitive to allocation decisions, portfolio weightings and the size of issuers. The indicator is expressed in tCO_2e per € million invested. The definitions of Scope 1, 2 and 3 emissions described under the Carbon Intensity metric also apply to this measure.

Due to the different normalisation logics, the two indicators may provide divergent signals. For example, a portfolio may display a low WACI, reflecting efficient underlying sectors or business models, while simultaneously recording a high Carbon Footprint due to significant exposure to issuers with high absolute emissions. Similarly, a portfolio with relatively high average carbon intensity may still have a limited financed carbon footprint if the allocation to such issuers is modest. The values of these indicators are influenced primarily by sector characteristics, the allocation of capital to companies with varying levels of sustainability performance within the same sector, the inclusion or exclusion of Scope 3[20] emissions, the quality and availability of data (which may not always be calculated, may lack consistency and are often not publicly disclosed), and the methodological assumptions adopted by data providers. For these reasons,

[19] Greenhouse gases (GHGs) are atmospheric gases, whether naturally occurring or generated by human activities, that trap heat and contribute to climate change.

[20] Scope 3 emissions comprise indirect emissions generated across an organisation's entire value chain that are not directly controlled by the organisation itself, including emissions associated with suppliers, customers and other upstream and downstream activities. For financial institutions, Scope 3 emissions consist predominantly of financed emissions (Category 15 – Investments), namely emissions generated by companies and projects that are financed or invested in, allocated on a proportional basis according to the institution's financial exposure. These emissions typically represent the largest component of a financial institution's overall carbon footprint.

WACI and Carbon Footprint should be regarded as complementary indicators and interpreted together in order to provide a comprehensive and balanced assessment of the climate profile of investment portfolios.

- **Governance indicator** it measures the quality of a company's governance framework, taking into account: (i) board characteristics, including independence, diversity and separation of roles; (ii) remuneration policies and their alignment with corporate performance; (iii) ownership structure and the protection of minority shareholders; and (iv) the effectiveness of internal control systems, together with the transparency of financial and sustainability disclosures. The indicator is expressed on a scale from 0-10; consequently, higher scores indicate higher levels of risk.
- **Controversy Indicator** measures the highest controversy level assigned to an issuer, using a scale from 0 (no controversy) to 5 (severe controversy). The metric is reported as the percentage of AUM invested in issuers falling within each controversy category.

Sovereign Issuer Indicators

The indicators used for corporate issuers cannot be directly applied to sovereign issuers. Unlike companies, governments do not operate under commercial business models, and comparable data relating to financed emissions, operational activities and ESG performance are not generally available. The aggregation of information derived from corporate and sovereign indicators into a single composite measure would give rise to significant challenges in terms of interpretation and comparability, potentially resulting in misleading conclusions and reducing the transparency of reporting.

Accordingly, ESG indicators for sovereign bonds are assessed and reported separately from those used for corporate investments, including both equities and corporate bonds.

Investments in sovereign bonds are assessed using the following indicators:

- **Country ESG Risk.** Measures the structural environmental, social and governance risks associated with individual sovereign issuers. It provides an assessment of the sovereign debtor's sustainability risk and long-term resilience, which may influence its economic, institutional and financial stability over time.
- **Controversial Weapons and Nuclear Weapons Conventions Compliance.** It assesses adherence to the principal international conventions relating to controversial weapons and the non-proliferation of nuclear weapons, including: Non-proliferation of Nuclear weapons treaty, Convention on Biological weapons, Ottawa Convention on Mine Ban, Oslo Convention on Cluster Munitions[21]. Failure by a sovereign issuer to ratify any of these conventions results in the corresponding AUM invested in that country being classified as non-compliant.
- **Human Rights and Labour Rights.** The indicator evaluates compliance with key international human rights and labour rights conventions, including the International Covenant on Civil and Political Rights (ICCPR), the UN Convention on the Rights of the Child (CRC) and ILO Convention No. 87 on Freedom of Association[22], together with the legal status of the death penalty. Failure by a country to ratify any of these conventions results in the country being classified as non-compliant.
- **Environment.** This indicator assesses adherence to the principal international environmental conventions, including the Paris Agreement, the Basel Convention, the Convention on Biological Diversity (CBD) and the Kyoto Protocol[23]. Failure by a country to ratify any of these conventions results in the country being classified as non-compliant.

[21] Treaty on the Non-Proliferation of Nuclear Weapons (NPT) – Entered into force in 1970, with the objectives of: (i) preventing the spread of nuclear weapons; (ii) promoting the peaceful use of nuclear energy; and (iii) advancing nuclear disarmament. Biological Weapons Convention (BWC) – Entered into force in 1975, this treaty prohibits the development, production, acquisition, stockpiling and use of biological and toxin weapons. Ottawa Convention – Entered into force in 1999, this treaty prohibits the use, production, stockpiling and transfer of anti-personnel mines and requires their destruction. Convention on Cluster Munitions (CCM) – Entered into force in 2010, this treaty prohibits the use, production, stockpiling and transfer of cluster munitions and requires their destruction.

[22] International Covenant on Civil and Political Rights (ICCPR) – Effective since 1976, this United Nations treaty commits signatory States to uphold fundamental civil and political rights. United Nations Convention on the Rights of the Child (CRC) – Effective since 1990, this treaty establishes and protects the fundamental rights of children and young people. ILO Convention No. 87 – Effective since 1950, this convention guarantees freedom of association and the right of workers and employers to organise independently.

[23] Paris Agreement – A legally binding international treaty on climate change that entered into force in 2016. It commits participating countries to reducing greenhouse gas emissions and strengthening adaptation to the impacts of climate change. Basel Convention – Entered into force in 1992, this international treaty regulates the transboundary movement of hazardous waste and promotes its environmentally sound management and disposal. Convention on Biological Diversity (CBD) – Entered into force in 1993, is a legally binding international treaty aimed at protecting biodiversity and promoting its sustainable use. Kyoto Protocol – Entered into force in 2005, this international climate treaty established legally binding greenhouse gas emission reduction targets for industrialised countries.

4.6 Outlook for FCI investments

The Institute continues to refine its FCI investment approach through the systematic integration of non-financial information at every stage of the investment process, including greenhouse gas emissions and other relevant environmental, social and governance indicators. As a result, these data are progressively becoming an integral part of investment assessment and selection processes, rather than being considered solely for ex-post reporting purposes. This approach enables the Institute to anticipate and manage emerging risks more effectively, while promoting both the Institute's sustainability and long-term economic resilience.

The Institute's Faith Consistent Investing (FCI) policy is guided by screening criteria that reflect the core principles of the Church's social doctrine. The evolution of the FCI investment framework is not intended to relax the existing exclusion criteria, but rather to refine and strengthen them, while preserving the core principles on which the policy is founded. In this way, the Institute ensures continued alignment with its values and a consistent commitment to ethical investing, thereby reinforcing the credibility and integrity of its activities over time.

With regard to climate risk, the Institute is committed to completing the mapping of its carbon footprint, with particular emphasis on emissions associated with its investment activities, both in its capacity as an asset owner and as an asset manager. This measurement and quantification process, based on established methodologies and supported by specialised external providers, will be essential in establishing a robust and reliable baseline. Emission reduction targets will subsequently be defined for both direct and financed emissions. In this context, the Institute views carbon offsetting initiatives positively, as investment in certified carbon credit projects not only enables the offsetting of residual emissions but also supports initiatives with measurable environmental and social benefits, thereby contributing to community development and the protection of ecosystems.

With regard to stewardship, the Institute recognises the value of engagement activities in fostering constructive dialogue with investee companies on issues of ethical, moral, strategic and economic significance. The implementation of an engagement strategy aligned with Catholic values would further enhance the investment process. By going beyond investment selection alone (“do no harm” principle), it would contribute to influencing behavioural change among participants in the socio-economic sphere (“do good” principle).

Active engagement can support improvements in corporate conduct and governance. Through constructive dialogue, companies may choose to amend practices or policies that currently prevent them from meeting the Institute’s FCI screening requirements, thereby becoming eligible for future investment consideration. In essence, an engagement strategy not only strengthens the ethical integrity of investments but also broadens investment opportunities, creating a virtuous cycle in which economic value is accompanied by social and moral progress. In this way, the Institute can further consolidate its role as a responsible investor while contributing to positive financial, social and environmental outcomes, reflecting the belief that "One gram of good example is worth more than a hundredweight of words" (Saint Francis de Sales).

Towards a just transition

The term just transition describes the move towards a sustainable, low-carbon economy in a manner that is fair, inclusive and socially balanced. Its purpose is to avoid disproportionate negative impacts and ensure that the costs and benefits of the transition are distributed equitably. A just transition integrates environmental, social and economic considerations, placing employment protection and sustainable livelihoods at its core. It supports the creation of decent jobs and includes measures such as workforce reskilling, economic diversification and social protection to address risks associated with the transition, including job losses and regional imbalances.

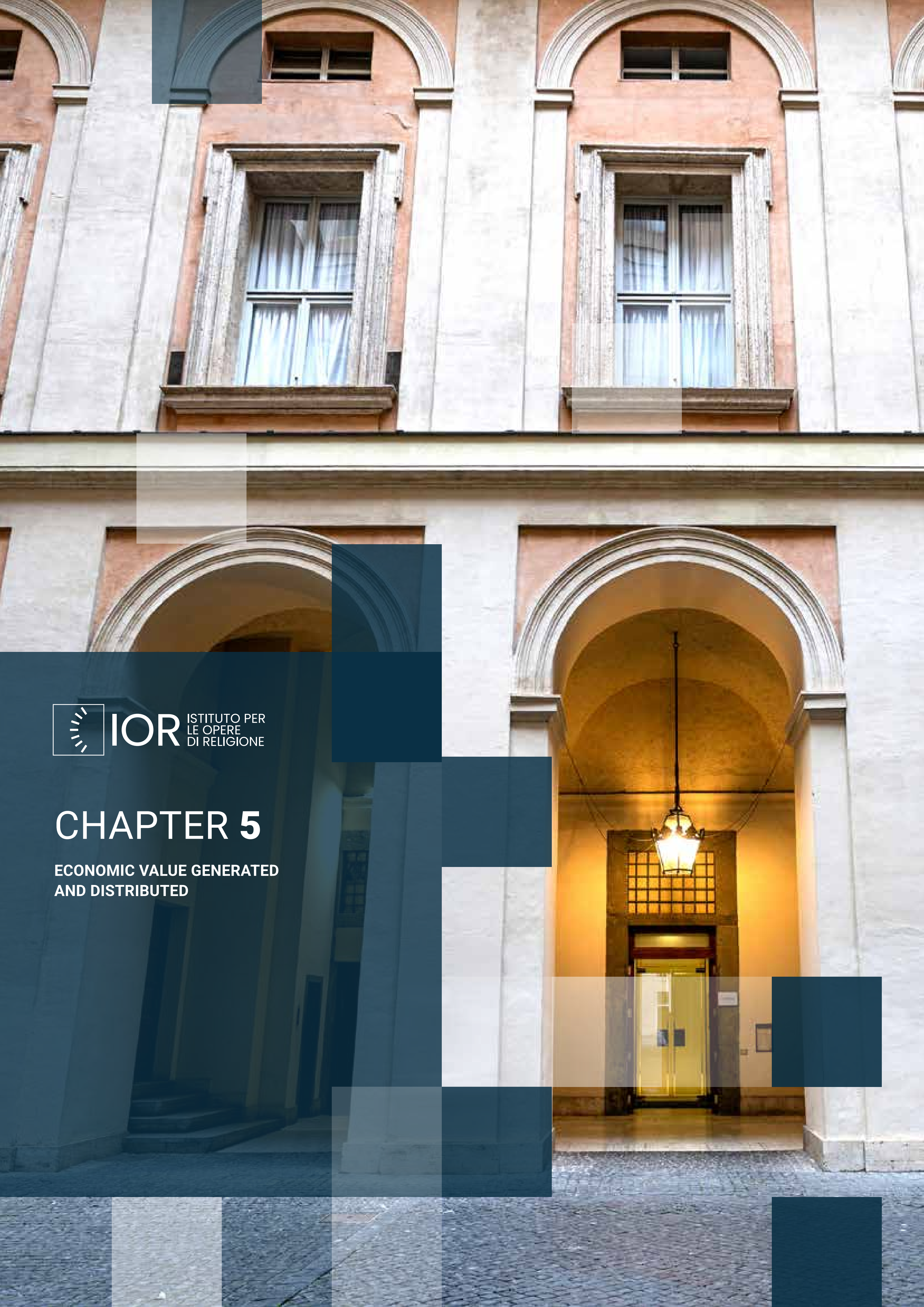
As such, a just transition represents a model of development that combines environmental sustainability with social equity, enabling society to benefit from opportunities such as innovation and green employment while avoiding new forms of exclusion or inequality.

These objectives are closely aligned with the Social Doctrine of the Church, reflecting principles of human dignity, the common good and solidarity with vulnerable groups, while encouraging shared responsibility in addressing economic and environmental challenges.

DISARMING ARTIFICIAL INTELLIGENCE

Disarming AI means freeing it from the mentality of “armed” competition, which today is not limited simply to the military context, but is also an economic and cognitive phenomenon. (...) To disarm means discrediting the assumption that technical power automatically confers the right to govern. To disarm does not mean rejecting technology, but preventing it from dominating humanity. It means freeing technology from monopolistic control and opening it to discussion and debate, therefore making it human-friendly and restoring it to the plurality of human cultures and ways of life. Our task today is not only ethical or technical. It is ecological in the deepest sense, for it concerns a new dimension of our common home. AI is already an environment in which we are immersed, as well as a force with which we must engage. For this reason, merely regulating it is insufficient; it must be disarmed, welcoming and accessible.

Magnifica Humanitas, 110



CHAPTER 5

ECONOMIC VALUE GENERATED AND DISTRIBUTED

Analysis of the 2025 financial statements shows that, against a net profit of €51 million, the IOR generated €67.6 million of economic value, corresponding to the Net Income from Financial Operations[24], representing an increase compared with €50 million in 2024. The economic value generated was distributed among the Institute's stakeholders as follows:

- **The Holy Father** received €24.3 million, representing 36% of the economic value generated, compared with €13.6 million in 2024 (27%).
- **Employees** and governing structures received 23% of the economic value generated, amounting to approximately €15.6 million, through salaries, social security expenses and other employee benefits. The value distributed to this stakeholder category increased by 4% between 2024 and 2025.
- **Suppliers** received 14% of the economic value generated, corresponding to €9.5 million in 2025, an increase of €0.7 million compared with 2024. This amount relates to the purchase of goods and the procurement of services.

The remaining €18.3 million of economic value generated (€12.6 million in 2024) was retained to safeguard the Institute's ability to operate sustainably and responsibly over the long term through the strengthening of its capital base. Further details are provided in Annex 1: Indicators.

Breakdown of generated value

[24] Net income from financial operations is equal to the Intermediation Margin, net of net impairment losses/recoveries for credit risk.

The distribution of generated value is governed by specific internal regulations: the Distributable Profit and Dividend Policy, the Employee Remuneration and Incentive Policy, and the Supplier Register and Accounts Payable Procedure.

One of the IOR's stakeholders is the Universal Church, which derives benefits from the Institute's economic results in two concurrent ways:

(i) the allocation of a share of annual net profit to the Holy Father in support of the mission and various needs of the Universal Church;

(ii) the increase in the value of the clients' assets under management by the IOR, given that clients institutionally have a close connection with the Catholic Church[25]. The value thus generated supports the mission of the clients and, therefore, that of the Universal Church. In 2025, the Institute generated approximately €142.5 million of value for assets under management on behalf of its clients, after deduction of management fees received. Further details are provided in Annex 1: Indicators.

This twofold form of support to the Universal Church reflects the unique social and financial mission that sets the IOR apart from any other financial intermediary.

The Institute is aware that the ability to generate value may be threatened by physical and regulatory risks, such as catastrophic weather events or the tightening of anti-pollution regulations.

In relation to the Institute's direct operations, these risks are currently considered limited for the following reasons:

- Exposure to physical climate risk is minimal, as the Institute operates from a single site within the Vatican City State and maintains a limited property portfolio consisting of a small number of assets located in Rome. This significantly reduces exposure to direct damage from extreme weather events.
- Regulatory Risk: there are currently no regulations in force in the Vatican City State that impose restrictions on the Institute's activities in relation to climate change. However, the Institute recognises the need to prepare for future regulatory changes and, for this reason, continues to monitor developments in the European regulatory framework. At present, regulatory risk is considered minor.

> The allocation of the value generated is regulated by the Institute's internal regulatory framework.

As regards investment activities, both physical and regulatory risks can influence the value of financial assets. Possible safeguards against such risks include asset diversification and the inclusion of sustainable, low-impact investments in financial portfolios.

For further details, please refer to Annex 1: Indicators.

[25] The Institute also provides services to lay Vatican employees, members of the diplomatic corps accredited to the Holy See and certain other eligible client categories. The value generated for these clients in 2025 amounted to €5.6 million.

IOR ISTITUTO PER LE OPERE DI RELIGIONE

CHAPTER 6

SUPPORTING THE UNIVERSAL CHURCH

The IOR considers financial education a key element in empowering stakeholders, particularly clients, to make informed financial decisions and manage their assets responsibly. Accordingly, the Institute's initiatives are designed to develop and enhance technical financial knowledge, fostering a deeper understanding of clients' needs and supporting the translation of those needs into investment decisions consistent with their risk profile and institutional objectives.

In 2025, the Institute continued to implement a structured training programme comprising conferences and workshops dedicated to key economic and financial topics and tailored to the characteristics of different client segments. In this context, eight training sessions were delivered, with the participation of more than 300 clients, primarily belonging to religious congregations. The programme covered financial market developments, investment instruments and key wealth management practices.

These initiatives contributed to strengthening dialogue with clients and supporting more informed decision-making processes aligned with their institutional objectives. Qualitative feedback collected from participants demonstrated strong interest in the topics addressed and confirmed the effectiveness of the Institute's approach, which is based on interaction, customisation and continuity of relationships.

The Institute also participates in conferences and round-table discussions, contributing to the promotion of a financial culture inspired by Catholic ethics and the Social Doctrine of the Church.

With regard to lending activities, although these represent a limited component of the Institute's operations, the Institute assesses the consistency of the purpose of each financing arrangement with its mission and nature, as required by the Credit Policy. The Institute's commitment to the community also takes the form of funding for organisations that provide shelter and support to vulnerable individuals and families, organisations that run soup kitchens and nursing homes for the elderly.

In granting personal loans to employees of the Holy See, amounting in aggregate to €1.2 million, the Institute considers purposes including healthcare expenses, education, housing-related costs, and extraordinary, non-recurring family or household needs.

As at 31 December 2025, the total outstanding amount of financing facilities across all categories amounted to €68.8 million.

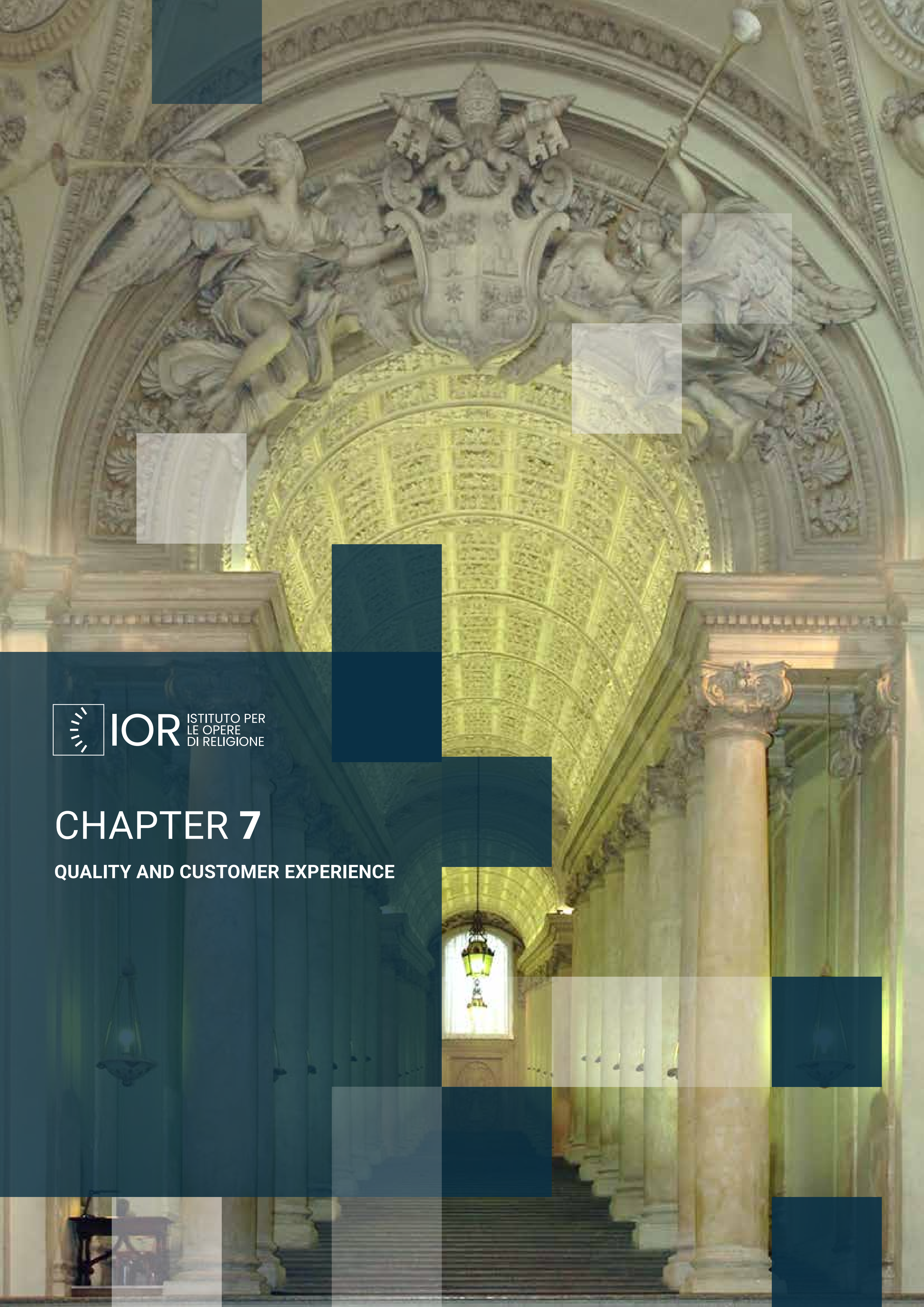
Through the provision of payment services, the Institute supports the Universal Church in pursuing its pastoral and charitable mission throughout the world. The ability to send and receive funds rapidly, securely and at reasonable cost provides valuable support to missionary activities, educational programmes and charitable initiatives, particularly in remote areas and regions affected by humanitarian emergencies.

The Institute also supports the needs of the Church through donations, drawing from the funds for charitable works: (i) Missionary Works Fund and (ii) Holy Masses Fund. The Charity Committee – composed of the Prelate and two IOR representatives – examines requests and authorises donations.

The Missionary Works Fund is used for donations in response to requests such as financial aid to individuals or families in need reported by parishes or aid for specific missionary and charitable works; €334 thousand was allocated in 2025. The Fund is financed mainly by a portion of the Institute's distributed profits.

Further details are provided in Annex 1: Indicators.

The Institute also contributes to social and Church-related initiatives through SGIR, its real estate subsidiary. Through SGIR, selected properties are made available at preferential rental rates to Catholic entities and associations, while other properties are provided on a gratuitous loan for use to organisations offering accommodation to vulnerable individuals. These facilities also foster social inclusion by hosting Italian language courses for migrants and training programmes for pastoral workers assisting disadvantaged families.



IOR ISTITUTO PER LE OPERE DI RELIGIONE

CHAPTER 7

QUALITY AND CUSTOMER EXPERIENCE

The IOR is committed to ensuring that clients receive clear and accessible information at every stage of the relationship. This commitment is reflected in the use of straightforward language, transparent practices and clear contractual and reporting documentation. Information documents and client terms and conditions are available both at the Institute's offices and through the online IorPortal service.

To promote the responsible design and distribution of financial products and services, the IOR has implemented a range of initiatives, including:

- Policies for the development of products and services that take into account ethical, social and environmental criteria, as well as the client's risk profile;
- Staff training to ensure that sales practices are transparent, fair and aligned with each client's specific characteristics, including investment objectives and investment horizon;
- Clear communication with clients, particularly regarding product costs, risks and opportunities, to support informed decision-making;
- Protection of vulnerable clients with limited financial knowledge, ensuring that proposed solutions are appropriate to their needs.

To support these objectives, the IOR has implemented the following measures:

- Product Policies: each product is developed and managed in accordance with specific guidelines that incorporate ethical principles, social responsibility considerations and sustainability objectives. In particular, the introduction of new products and services is governed by the New Products and Services Regulation, which ensures that each proposal is subject to a comprehensive review process. This includes an assessment of product suitability and alignment with clients' financial circumstances, objectives and risk profiles.

> Ongoing employee training.
> Clear and comprehensive information to customers.

- Review and control of contractual and disclosure documentation – contractual and client disclosure documentation is continuously reviewed and updated. During 2025, the Key Investor Information Documents (KIIDs) relating to the Institute's managed investment products were revised to ensure full regulatory compliance and maximum transparency for clients, updating key information on costs, risks, investment strategies and performance. All product documentation is prepared according to principles of clarity and simplicity, thereby enhancing investor understanding while also mitigating reputational and legal risks for the Institute.
- Internal Review and Approval Process: prior to their launch or revision, financial products undergo a multidisciplinary assessment involving the Asset Management, Compliance, Risk Management, Marketing and Legal functions. This process ensures suitability for the target client segment, compliance with applicable regulations and consistency with the ethical values promoted by the Institute. In addition, control functions perform periodic reviews of product distribution processes.
- Staff training: the Institute recognises that the competence of its employees is fundamental to delivering professional and transparent services. To this end, it provides ongoing training through refresher courses, workshops and specialised

seminars. In 2025, total training hours amounted to 2,787, representing an increase of 77% compared with 2024. This increase was primarily attributable to preparation for professional financial certifications (CFA), training programmes relating to payment systems (SWIFT standards), client advisory services and onboarding programmes designed to equip newly recruited employees with the skills required for their roles, in addition to mandatory occupational health and safety training. The Institute continued to provide religious training and faith-based educational programmes throughout the year. Further details are provided in Annex 1: Indicators.

- Transparent communication and service quality: the Institute adopts an approach centred on clarity, accessibility and client focus, seeking to ensure simple, comprehensive and timely access to information. Documentation relating to services provided is made available to clients through multiple channels. For example, transaction confirmations relating to branch operations are sent to clients' certified email addresses, while monthly account statements are available for download through the dedicated client area of IorPortal, the Institute's internet banking platform. During 2025, further enhancements to IorPortal strengthened this approach through the introduction of new functionalities that improved information accessibility, including enriched transaction details and increased operational flexibility through the ability to export information for analysis and record-keeping purposes. The Institute's commitment to providing clear documentation in digital format – with further progress expected in the coming years – reflects its desire to facilitate access to information and reduce its environmental impact, in line with an ethical and sustainable financial model.
- Continuous improvement: the Institute systematically collects feedback and handles customer reports and any complaints. The information collected through these mechanisms feeds into the Institute's continuous improvement processes, enabling the ongoing enhancement of products and services. During 2025, the Institute received three complaints, relating to payment services and current account management. All complaints were addressed promptly and, where appropriate, corrective actions were implemented to prevent the recurrence of similar issues.

Through these initiatives, the Institute seeks to establish and maintain long-term relationships of trust with its clients, founded on transparency, fairness and responsibility. A commitment to quality represents a fundamental element of the ethical and responsible management model that characterises the Institute. Accordingly, the Institute has found no breaches of regulations and/or voluntary codes in terms of information on the services offered and marketing communications.

The IOR continuously monitors its reputation, ensuring timely and transparent communication to the market regarding sensitive or material events, with the support of leading specialised advisory firms where appropriate. The Institute analyses opinions and commentary appearing across social media and traditional media channels, taking into account both their relevance and their level of dissemination. Where material issues are identified, targeted actions are implemented, including official clarifications, direct responses and adjustments to communication practices.

With regard to health and safety, the Institute operates a management system which, while primarily designed to protect employees and workplaces, also contributes to safeguarding the health and safety of clients, particularly with respect to access to facilities and the use of banking services.

The Institute has considered the risk factors that could impact the health and safety of anyone accessing its premises or using its services, as described in the Internal Risk Assessment Document (DVR). This framework is established in accordance with the legislation in force within the Vatican City State[26], recognised technical standards (CEI, UNI and ISO) and, where applicable, the provisions of Italian Legislative Decree No. 81/2008. The system identifies and assesses all relevant risk factors, including occupational, environmental and organisational risks - that may affect the physical safety and health of employees, clients and suppliers.

Employees receive mandatory training on health and safety matters, including induction courses, fire safety training and other required programmes. In 2025, the Institute delivered targeted training programmes for employees responsible for health and safety functions, including designated safety officers, together with a dedicated first-aid course.

No accidents or reports of health and safety breaches directly involving customers occurred in the last year. No accidents or significant health and safety incidents involving employees were reported during the year.

The Institute's Health and Safety Management System is overseen by the competent authority of the VCS Governorate. No specific certifications were issued by third parties, and no specific internal audits were carried out in 2025.

With regard to data protection, the Institute maintains a comprehensive Cybersecurity Management System covering the entire lifecycle of the information processed, including client data. The system is designed in accordance with ASIF Regulation No. 1/2015 and aligned with internationally recognised standards, including the NIST Cybersecurity Framework and ISO 27001. The framework aims to ensure data protection, operational continuity and information confidentiality, thereby safeguarding both clients and employees. Regular cyber risk awareness programmes are organised for all staff to prevent incidents related to phishing or social engineering.

[26] Reference: Law no. LIV of 10 December 2007 and related technical regulations.

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CHAPTER **8**

TRANSITION TOWARDS A GREEN AND CIRCULAR ECONOMY

The Institute's commitment to sustainability is also reflected in initiatives aimed at reducing the consumption of raw materials, improving energy efficiency and ensuring the responsible management of waste. Further information is available inAnnex 1: Indicators.

> Energy consumption from renewable energy sources 38.7%.

Regarding the environmental impact generated by the use of materials, the Institute monitors the volume of resources used in production processes to identify strategies for optimising the use of raw materials.

Paper consumption represents an area in which the Institute has already achieved tangible environmental improvements. In 2025, office paper purchases decreased by 37%, from 1,140 reams in 2024 to 720 reams. This corresponds to a reduction in paper usage from approximately 2.8 tonnes to 1.8 tonnes. The reduction generated both cost savings and environmental benefits, particularly through lower transportation requirements. Using less paper also means saving toner, a high-environmental impact consumable. The toner used by the Institute is included in the printing service provided by the printing equipment supplier, which certifies that it uses responsible procurement and disposal processes.

These results form part of the Institute's broader process dematerialisation programme currently underway. Further details are available in Section 9 - Digital transformation and Innovation.

Electricity and heating/cooling services are supplied by the VCS Administration, which serves as the sole provider of these utilities for the State.

The Institute monitors energy consumption at its offices and technical premises – all located within the VCS – to minimise inefficiencies and contribute to the responsible use of energy. In this regard, it is important to emphasise that the electricity used by the Vatican City State is 100% from renewable sources, as certified by the competent government body.

The increase in electricity consumption during 2025 was mainly driven by: (i) growth in employee numbers, despite a reduction in per-capita energy consumption; and (ii) increased energy demand from data centre operations linked to non-routine activities.

Electricity consumption was partially offset by office modernisation works designed to maximise the use of natural light, reduce shadowed areas and improve the uniform distribution of daylight throughout the workplace, while respecting the architectural and historical constraints of the building that houses the Institute. The refurbishment of the Institute's office lighting system was completed during the final months of 2025, replacing conventional lighting with LED technology. In addition to reducing energy consumption, LED lighting provides improved light quality, thereby contributing to employee wellbeing and overall energy efficiency. The full benefits in terms of reduced electricity consumption for lighting are expected to become evident in subsequent reporting periods.

Building heating is provided through the use of a fossil fuel source (natural gas). Total energy consumption for heating in 2025 amounted to 1,296,000 kWh. The corresponding 2024 figure has been recalculated to ensure comparability[27].

With regard to mobility, the Institute's vehicle fleet remained unchanged during 2025 and consisted of three vehicles: one petrol vehicle, one petrol-electric hybrid vehicle and one fully electric vehicle. During the year, fossil fuel consumption for transport purposes decreased by approximately 1,100 kWh compared with 2024. There are no cars assigned to employees.

Total energy consumption in 2025 - including electricity, building heating and cooling, and the vehicle fleet - amounted to 2,125,194 kWh, compared with 1,964,880 kWh in 2024. As noted above, this increase was primarily attributable to higher electricity consumption.

The proportion of total energy consumption derived from renewable energy sources increased to 38.7% in 2025, compared with 33.2% in 2024.

Energy intensity, defined as the amount of energy consumed relative to the level of output produced, provides a useful indicator for tracking improvements in energy efficiency. For the IOR, the energy intensity indicator is calculated as the ratio between the organisation's total internal energy consumption and the number of employees. In 2025, energy intensity amounted to approximately 17,000 kWh per employee, representing an improvement compared with 18,713 kWh per employee in 2024.

For waste management, the Institute has a specialised supplier – with certifications and authorisations covering work processes, materials and equipment – for the sanitation of its premises and collection of the waste produced in the offices.

[27] In the previous reporting period, thermal capacity (kW) was disclosed rather than energy consumption (kWh). Accordingly, the 2024 figure was converted into energy consumption using the following methodology: thermal capacity × number of operating days in the year × daily hours of operation.

Waste is duly sorted for proper and responsible disposal and recycling, which is managed by the VCS's administrative services. During 2025, the Institute monitored waste generation in order to identify opportunities for improving waste management practices. Per-capita collection of recyclable waste amounted to 21 kg of plastic and 41 kg of paper, compared with 20 kg and 46 kg, respectively, in 2024.

The Institute's recyclable waste is all sent to recycling and managed responsibly, as certified by the relevant administrative body of the VCS.

With regard to other categories of waste, including wood and bulky waste, an increase was recorded in 2025 compared with the previous year. This was primarily attributable to the ongoing rationalisation of archives as part of the Institute's broader process dematerialisation programme. The quantity of non-hazardous waste generated amounted to approximately 3,570 kg, compared with 2,204 kg in 2024.

Despite the increase in waste volumes, the total cost of waste management decreased to approximately €12,700 in 2025, representing a reduction of 8.8% compared with the previous year.

The Institute consumes approximately 11,000 m^3 of water annually. Of this amount, approximately 4,700 m^3 consists of potable water used for sanitary and direct consumption purposes, while the remaining 6,300 m^3 is classified as technical water. Annual water consumption per employee is approximately 92 m^3.

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CHAPTER 9

DIGITAL TRANSFORMATION AND INNOVATION

The IOR implemented a range of initiatives aimed at the digital transformation of traditional work processes in order to enhance customer service, improve efficiency and reduce environmental impacts.

During 2025, the Institute accelerated its digital transformation programme with the aim of reducing paper-based documentation associated with client service and branch operations. A digital contract framework was introduced, providing a single contractual arrangement for the financial services offered by the Institute. Combined with the adoption of digital signature solutions, this innovation simplifies interactions with clients while improving the efficiency of internal processes.

From 2025 onwards, all documents subject to archiving are retained in digital format, except for specific categories of documentation for which physical archiving remains legally required.

The Institute also continued its initiative to reduce the physical space occupied by archived documentation. During 2025, approximately 6 tonnes of obsolete documentation were securely disposed of[28], enabling the reallocation of freed space to productive activities and contributing to a reduction in fire-related risks.

In addition, the Institute achieved a reduction of approximately 15% in printed paper documentation compared with the previous year.

The benefits arising from the Institute's dematerialisation and digital transformation initiatives are measurable through the reduction in office paper purchases and the expected long-term reduction in waste generation. For more information, see Section 8 Transition towards a green and circular economy.

To provide digital services to its customers, the Institute uses its web platform, the IorPortal. Its main advantages are:

- Accessibility: digital services are available on a 24/7 basis, enabling clients to initiate transactions at any time and from any location without the need to visit the Institute's premises. This aspect is particularly relevant for the IOR, which has clients all over the world, but only one location;
- Ease of use: transactions such as money transfers and orders to buy/sell financial products can be placed easily thanks to clear and intuitive functionalities;
- Time saving: reduced waiting time, allowing customers to complete transactions faster than through physical channels;
- Cost Efficiency: digital fund transfer services are offered at a lower cost to clients compared with branch-based transactions, reflecting the operational efficiencies generated through digital channels.
- Security: the digital service uses advanced identification and authentication technologies to protect customer data and prevent fraud.

The Institute actively promotes the adoption of digital banking services among its clients. In this regard, and with the objective of improving operational efficiency and enhancing the overall client experience, during 2025 the Institute developed the IOR App, enabling clients to authorise online access and transactions securely through their smartphones.

[28] For reference, a cumulative total of approximately 34 tonnes of documentation was disposed of during 2023 and 2024, largely as a result of extensive archive rationalisation and storage reorganisation activities undertaken during those years.

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CHAPTER 10

DATA PRIVACY AND CYBERSECURITY

The Institute protects the information it processes to ensure the privacy of the personal data of clients and employees.

> The Institute's Code of Conduct and internal policies are the guidelines for risk protection.

The IOR provides its customers with detailed information on how it processes their personal data in order to perform its functions and provide them with its services, in accordance with the regulations in force[29]. In accordance with the regulatory framework of the Vatican City State, the Institute applies data protection and information security measures aligned with internationally recognised standards. It should be noted that the European Union General Data Protection Regulation (GDPR) is not applicable within the Vatican City State.

Personal data protection and information security are managed through an integrated framework of policies, controls and monitoring activities consistent with the Institute's risk management model and guided by the principles of least privilege and need-to-know access.

The Staff Regulations govern the obligation of confidentiality and professional secrecy. The Institute has also adopted specific internal regulations, including: i) Policy on the Management of Specific Transactions and Confidential Information; ii) Personal Data Protection Policy, in the context of payment services[30], aimed at promoting awareness and ensuring the appropriate handling of personal data in accordance with applicable regulations and internal policies by employees and relevant third parties, including suppliers, consultants and external collaborators.

In addition, to ensure a high level of awareness of the risks associated with electronic data and the security measures in place to protect it, all IOR employees are subject to periodic online training sessions on data security.

The Institute processes users' personal data to:

- Fulfil the obligations deriving from the law, the regulations and the international agreements signed by the Holy See, in particular with regard to the prevention of money laundering and the financing of terrorism;
- Pursue purposes strictly connected with and instrumental to the management of client relationships (e.g. acquiring information before concluding a contract, and checking and assessing the results and performance of the relationships, as well as the risks associated with them);
- Prevent, detect and investigate cases of payment fraud; the provision of personal data for these purposes does not require the consent of the data subjects;
- Provide payment services, as defined in Article 4 (31) of ASIF Instruction no. 3; the provision of personal data for these purposes requires the consent of the data subjects;

[29] Regulation in force: Article 16(4) of Law no. XVIII of 8 October 2013 on Transparency, Supervision and Financial Intelligence, as amended by Law no. CCXLVII, of 19 June 2018, and Article 60 of ASIF Instruction no. 3, regulating payment services offered by entities professionally performing activities of a financial nature.

[30] Consistent with ASIF Instruction no. 3 / 2018 art. 60.

- Process data on clients' preferences and habits in the use of banking and financial services, including data collected through questionnaires, to better tailor products and services to the clients' current and future needs.

The Institute applies transparent procedures for data collection, use and protection. In particular, as part of the financial agreement signed by clients (e.g. opening of a current account, financial management, etc.), it provides detailed information on the processing of personal data. The Institute does not disclose or use clients' personal information for purposes other than those agreed upon and communicates directly with clients regarding any material changes to applicable regulations or data protection measures.

The Institute's control functions conduct periodic reviews of compliance with regulatory requirements, including those relating to personal data protection. The results of these reviews are reported to the Board of Superintendence.

In 2025, no complaints or reports of personal data breaches were received, nor were any privacy-related complaints made to law enforcement authorities.

The Institute also controls S.G.I.R. S.r.l., an Italian real estate company incorporated and headquartered in Italy, which is subject to Italian and European data protection legislation, including the General Data Protection Regulation (GDPR).

Cybersecurity and digital infrastructure protection

In accordance with Vatican regulations[31], the Institute has an IT Security Policy for the protection of IT assets, data and information to ensure the protection of sensitive information, client privacy and continuity of services.

The IT Security Policy defines roles and responsibilities, including: (i) the Board of Superintendence is responsible for the security policies and strategies and the IT and cybersecurity risk management process and ensures its compatibility with the Institute's strategic directives and risk management policies; (ii) the Director General oversees the implementation of security measures and actions for IT and cybersecurity risk management; (iii) the Chief Information Security Officer (CISO) defines and implements strategies to achieve the Institute's IT security objectives and oversees the management of IT and cybersecurity incidents; (iv) the Risk Management function oversees the Institute's integrated risk management process to ensure consistency of IT and cybersecurity risk with the Institute's risk appetite.

The IOR conducts cyber risk mapping at least annually to identify potential vulnerabilities in systems and applications. Cyber risk management processes are aligned with internationally recognised standards, including ISO 31000, ISO 27001 and ISO 27005.

Following a recent cybersecurity and information technology assessment conducted by a specialised external firm on behalf of the Institute, a number of enhancement actions were identified to further strengthen existing security measures. These actions aim to increase the Institute's average level of maturity in line with strict industry standards (NIST, ISO 27001, CMMI).

The Institute continues to invest in technology and to work with industry experts to continually improve its data protection practices to enhance customer confidence.

No information security incidents were recorded during 2025[32], and no such incidents occurred during the three-year period 2023-2025.

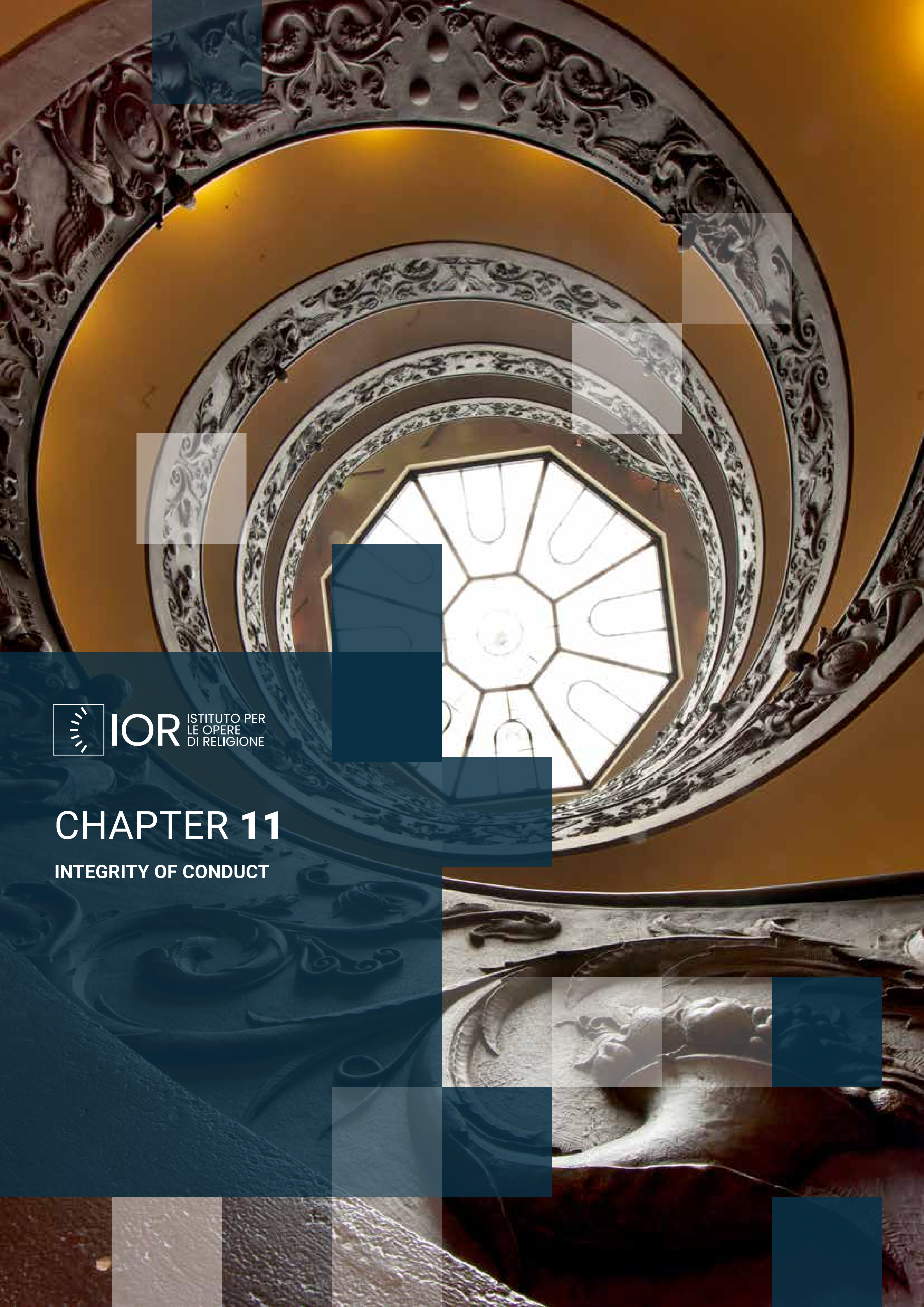
[31] ASIF Regulation no. 1/2015 Article 23, Title III, Chapter 1 on the prudential supervision of entities that professionally carry out financial activities; ASIF Instruction no. 3, regulating payment services offered by entities professionally performing activities of a financial nature; ASIF Instruction no. 4, concerning measures for management of operational and security risks relating to payment services and connected reporting duties.

[32] Security incidents are defined as cybersecurity-related events, including cyberattacks, cyber fraud and other information security breaches.

IT security principles applied by the Institute to data protection	
1. Protection of information assets	The Institute is committed to protecting data relating to its business, employees, customers and third parties through technical, organisational and procedural measures, considering information assets as fundamental in relation to strategic objectives.
2. Security strategies	The strategy focuses on the confidentiality, integrity and availability of information.
3. Security measures	The Institute implements security measures on processes/assets, regularly assesses their effectiveness and takes corrective action. The measures are proportionate to the risk and to the value of the information.
4. Security of the design phase	The Institute implements measures according to the value of the information and the associated risks.
5. Documentary security framework	The Institute defines security measures through internal regulations, documenting requirements, assigning responsibilities and ensuring that the effectiveness of the measures is verified. To this end, the Institute has established procedures in the areas of secure access management, secure software development, incident management, business continuity management and third-party management.
6. Training and awareness	The Institute organises training and awareness programmes to raise staff awareness of IT security risk. The IOR also provides training initiatives for its clients.
7. Need to know	Access to information is governed by the principle of "least privilege", based on the criticality of the data and the role of the requester.
8. Segregation of roles	The Institute applies segregation-of-duties controls designed to prevent the concentration of critical activities and responsibilities within a single individual.

Throughout 2025, the broader financial sector continued to experience an increase in attempted fraudulent attacks. Within this context, the Institute identified 16 fraudulent payment card transactions involving cards issued by the Institute, for a total value of approximately €8 thousand. These losses were almost entirely covered by the insurance protection associated with the security protocols adopted by the Institute. Accordingly, the overall impact of these events remained limited.

Key initiatives implemented during the year to strengthen protection for both clients and the Institute included: (i) enhancement of anti-fraud controls relating to payments; (ii) strengthened monitoring of security requirements applied by third-party service providers, particularly in the areas of cybersecurity and operational resilience; (iii) cybersecurity awareness and security training for employees; (iv) dissemination of cybersecurity risk awareness communications to clients via email.



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CHAPTER 11

INTEGRITY OF CONDUCT

The IOR conducts its activities in accordance with the highest standards of ethical conduct. The areas of particular relevance to the IOR, outlined below, are: anti-money laundering and terrorist financing, corruption, employment inequalities and tax compliance.

Anti-money laundering and counter-terrorist financing

The IOR is committed to preventing the use of its products and services for purposes related to money laundering or terrorist financing, while promoting a strong culture of compliance and adherence to applicable international and internal regulatory requirements. To this end, the Institute maintains robust customer due diligence procedures, ensures the proper retention of documentation relating to transactions and actively contributes to the identification and reporting of suspicious activities. The Institute also cooperates with counterparties and correspondent institutions in fulfilling customer due diligence obligations.

In accordance with the regulatory framework[33] of the Vatican City State concerning the prevention of money laundering and terrorist financing - which is aligned with European and international standards - the IOR has adopted an Anti-Money Laundering and Counter-Terrorist Financing Policy, supported by dedicated procedures and an Internal Control System proportionate to the scale and complexity of its activities. This framework is designed to identify, assess, monitor and mitigate money laundering and terrorist financing risks. The Internal Control System is structured according to the three lines of defence model, comprising first-level controls performed by operational functions, second-level controls carried out by risk monitoring and assessment functions, and third-level controls performed by the Internal Audit function to evaluate the effectiveness and adequacy of the design and operation of the control framework.

Within the Vatican City State, the Supervisory and Financial Information Authority (ASIF) exercises supervisory responsibilities in relation to the prevention of money laundering and terrorist financing. ASIF issues binding regulations and guidelines applicable to the IOR, assesses the adequacy and effectiveness of the controls adopted through supervisory inspections and may impose administrative sanctions where appropriate. ASIF is also responsible for receiving and analysing suspicious transaction reports.

The anti-money laundering safeguards are implemented from the staff hiring phase, which is inspired by the principles of Catholic ethics, meritocracy and work ethics and is carried out in accordance with the Staff Regulations, the Code of Conduct, the Anti-Corruption Policy and, more generally, the entire regulatory framework in force at the Institute. The Institute's recruitment procedures include documented screening processes, integrity checks and measures designed to mitigate conflicts of interest, including restrictions on the hiring of close relatives. On taking up employment, staff are required to acknowledge and comply with the Institute's internal policies covering Staff Regulations, Compliance, Anti-money laundering, Anti-corruption and conflicts of interest.

The Institute's anti-money laundering and counter-terrorist financing regulations and procedures

[33] It was introduced through Law No. XVIII on Transparency, Supervision and Financial Intelligence of 8 October 2013, subsequently amended by Law No. CCXLVII of 19 June 2018, implementing the principles of Directive (EU) 2015/849 of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing.

are communicated to all employees, including executives, middle managers and staff members, through dedicated communications and publication on the Institute's intranet portal. Further details are provided in Annex 1: Indicators.

The Institute ensures the continuous training of its employees on the evolution of money laundering risks and emerging financial crime typologies. To this end, training programmes are organised at least annually for both client-facing personnel and employees involved in risk monitoring and control activities. Training programmes are tailored to the needs identified through AML/CFT reviews and are updated in response to regulatory developments or organisational changes. In 2025, 12 training modules were conducted in the area of controls (Compliance, AML/CFT, Risk, Audit) for a total of 300 training hours.

At the international level, the Holy See - and, with regard to the financial sector, the IOR - has received positive recognition from MONEYVAL for its framework for the prevention of money laundering and terrorist financing. In its 2021 Mutual Evaluation Report, MONEYVAL assessed the measures and controls adopted as "substantially effective", concluding that the overall framework was largely compliant with the FATF Recommendations, while identifying areas for further enhancement. Further progress was recognised in the 2024 Regular Follow-up Report, which recorded improved assessments across all areas previously subject to recommendations.

Fight against corruption

The Institute's approach to anti-corruption is based on applicable laws and regulations and takes into account international best practice.

The IOR Code of Conduct is one of the four main regulations of the Institute, together with its Statutes, General Regulations and Staff Regulations. The Code provides that the objectives of the Institute shall be pursued by means of conduct based on principles of honesty, fairness, integrity and transparency, in full and substantial compliance with regulations and professional ethics.

In 2020, the IOR adopted its Anti-Corruption Policy, which lays down the principles for detecting and preventing potential incidents of corruption in order to protect the Institute's integrity and reputation, and clearly communicate these principles to all stakeholders.

The Policy states that the Institute is committed to combating corruption in all its forms. Corruption is defined as the offer or acceptance, directly or indirectly, of money or other benefits capable of influencing the recipient, in order to induce or reward the performance, or omission, of a function or activity.

Anti-corruption policies and procedures are communicated to all employees through dedicated internal communications and publication on the Institute's intranet portal. Further details are provided in Annex 1: Indicators.

Oversight of this matter is assigned to the Head of Compliance, AML and CFT.

The Institute is committed to preventing, wherever possible, situations that may give rise to actual or potential conflicts of interest.

The IOR has identified the following areas where the risk of corruption is highest, i.e. which may be instrumental to the commission of corrupt behaviour:

- Employee recruitment;
- Gifts, hospitality and entertainment expenses;
- Charitable contributions and donations;
- Facilitation payments;
- Opening of accounts;
- Relationships with third parties (suppliers and others who provide their services to the IOR);
- Relationships with public officials;
- Acquisition, management and disposal of assets.

During 2025, the Internal Audit Function – the third-level internal control function – reviewed the following processes: (i) opening of accounts; and (ii) the acquisition, management and disposal of financial assets. For both processes, the related risks were assessed as being adequately managed and controlled, and no significant findings were identified.

In accordance with the Institute's Anti-Corruption Policy, written agreements with third parties contain a specific anti-corruption clause which gives the Institute the right to suspend or terminate the relationship if it has knowledge or a reasonable suspicion that the third party is involved in corrupt acts. Third parties include (but are not limited to): intermediaries, consultants, contractors, direct subcontractors, suppliers and other third parties performing similar tasks or functions.

The Institute maintains a Register of Suppliers with stringent eligibility requirements, including possession of the necessary licences and authorisations to conduct business activities and adherence to international anti-corruption conventions. Registration on the Register requires suppliers to accept the Institute's standard contractual terms and conditions, which include specific anti-corruption clauses and an extract from the IOR Anti-Corruption Policy. In addition, all suppliers are subject to initial screening and ongoing monitoring to verify the absence of sanctions, legal proceedings, adverse media, Politically Exposed Person (PEP) status, and any material issues affecting their financial soundness.

There were no incidents of bribery involving IOR employees or third parties in 2025. During the same period, there were no dismissals or disciplinary actions against employees due to corruption incidents. During 2025, no legal actions (pending or completed) were brought against the IOR for anti-competitive behaviour, antitrust violations or monopolistic practices.

It should also be noted that IOR controls S.G.I.R. S.r.l. Unipersonale, a company incorporated under Italian law and headquartered in Rome, which manages real estate assets located in Italy that have been acquired through bequests or donations from institutions and private individuals. S.G.I.R. is committed to the transparent management of real estate assets and expressly rejects any practice involving the promise, granting or acquisition of property on terms other than prevailing market conditions, as well as any conduct that may improperly advance personal interests or those of S.G.I.R. or its parent company, the IOR.

Whistleblowing

The Institute has implemented a Whistleblowing Policy[34] through which employees, collaborators and third parties may report violations, unlawful acts, fraud or irregularities. Reports should contain as much relevant detail as possible regarding the facts and circumstances being reported.

The Institute has established specific safeguards to protect all parties involved in the reporting process, ensuring the confidentiality of information and of the whistleblower's identity, with a view to preventing retaliation or discriminatory treatment. Reports are handled by the Head of Internal Audit, who is responsible for conducting the necessary investigations and assessments. Any person who becomes aware of a potential breach or unlawful conduct may also report the matter directly to the Supervisory and Financial Information Authority (ASIF). Since the adoption of the Whistleblowing Policy in 2016, no whistleblowing reports have been received.

Tax Compliance

The Institute operates in compliance with the laws and regulations of the Holy See and the Vatican City State, its Statute and Canon Law. In matters not governed by Vatican legislation, Italian law applies following its incorporation into the Vatican legal framework.

Within this regulatory context, the Institute's annual profits are not subject to taxation by the Vatican City State. The IOR has no foreign branches for its operations and has a single office in the Vatican City State.

The Institute is subject to the application of the international agreements described below:

Tax Convention with Italy: Since 2016, the Institute has applied the Holy See-Italy Tax Convention, enabling clients who are tax resident in Italy to fulfil their tax obligations through a tax representative appointed by the Institute, who withholds and remits the relevant taxes to the Italian tax authorities.

FATCA: Since 2015, the Institute has been subject to the Foreign Account Tax Compliance Act (FATCA). Pursuant to the agreement between the Holy See and the United States, the Institute is required to report information relating to accounts held by U.S. persons to the U.S. Internal Revenue Service (IRS).

Qualified Intermediary (QI): In 2021, the Institute obtained Qualified Intermediary (QI) status from the U.S. Internal Revenue Service (IRS), confirming the adoption of procedures aligned with international standards and enabling a more efficient management of tax-related obligations.

Taxation in other jurisdictions: Clients who are not tax resident in Italy are required to declare income in their respective countries of tax residence in accordance with applicable national tax legislation.

[34] Whistleblowing refers to the reporting of misconduct, fraud or irregularities in the workplace by an individual who has become aware of such conduct and reports it to the designated function responsible for handling reports concerning persons within the Institute or parties engaged in business relationships with the Institute.

Responsibility for tax management is assigned to the Operations Area through a dedicated tax function within the Back Office, Middle Office and Tax Department.

The types of tax risk that may arise in the context of the Institute's processes in relation to the application of the international agreements described above (FATCA, the Holy See-Italy Tax Convention and the QI Agreement) are identified as follows:

- Operational compliance risks may arise across both business processes and tax compliance processes and relate, for example, to the accuracy and timeliness of activities performed.
- Interpretative risks, associated with both routine and non-routine transactions, concern judgements and decisions relating to the application of tax requirements and obligations. To mitigate these risks, the Institute engages proactively with external tax and fiscal advisers, as well as with custodian banks. At present, no material areas of tax uncertainty or disputed interpretations have been identified.
- Process governance risks relate to the appropriate allocation of roles, responsibilities and authorities among the functions involved in tax management, including the Back Office, Middle Office and Tax Department, as well as the control functions.

To support effective tax risk management, the Institute has adopted a "Tax Compliance Procedure", which governs the alignment of internal policies and procedures with external regulatory requirements, the provision of advisory support to internal functions, the promotion of a culture of tax integrity, and the preparation of tax-related reporting and information flows.

IOR maintains an open and constructive dialogue with foreign tax authorities. During 2025, no tax disputes arose, and there are no outstanding tax disputes relating to prior financial years.

With regard to activities involving jurisdictions other than the Vatican City State, IOR holds an investment in S.G.I.R. S.r.l., a real estate company headquartered in Rome and wholly owned by the Institute. Given the non-materiality of the subsidiary, the Institute does not prepare consolidated financial statements in accordance with IAS/IFRS principles The Institute also owns three properties located in Italy and fulfils its tax obligations in Italy, including the filing of income tax returns and the payment of the related IRES (Corporate Income Tax) and IMU (Municipal Property Tax).

Human resources and compliance with labour laws

During 2025, the Institute continued to strengthen and develop its human capital in a manner consistent with its ethical mission and institutional purpose. Human Resources policies form part of a broader organisational development programme aimed at responding more effectively to operational and regulatory requirements, the evolution of the service model, and the management of key operational and compliance risks.

Within this framework, the Institute's main areas of focus included:

- the recruitment of new employees to support operational continuity and organisational sustainability, through a rigorous, structured and transparent recruitment and selection process;
- the further development of the employee performance, development and incentive framework, aimed at recognising individual contributions, supporting the achievement of organisational objectives and mitigating managerial succession and continuity risks;
- the enhancement of professional training programmes and the introduction of a new model designed to strengthen specialist skills and expertise; and

- the expansion of religious training initiatives, in line with the Institute's identity and founding values.

Workforce Dynamics and Organisational Structure.

In 2025, IOR continued to enhance its organisational structure through the establishment of new operational units and the recruitment of specialised professionals. These initiatives were undertaken to further improve client service, strengthen risk management capabilities and ensure alignment with the evolving regulatory and supervisory environment, in accordance with the principles of sound and prudent management.

During the year, 13 employees were recruited, with an average age of 31 years. All new hires possessed specialised skills and professional experience aligned with the requirements of their respective roles. Recruitment activities included both junior professionals and experienced specialists, contributing to the strengthening of the Institute's key strategic functions.

As at 31 December 2025, the Institute employed a total workforce of 115 employees, with an average age of 44 years and an average length of service of 10 years. These figures reflect a balanced workforce profile, combining organisational stability, skills development and generational renewal.

Recruitment and Remuneration Policies.

The Institute's recruitment and selection activities continue to be guided by rigorous principles of merit, competence and transparency. These activities are conducted in accordance with the Staff Regulations, the Code of Conduct, the Anti-Corruption Policy and the broader framework of internal rules and procedures, thereby supporting the management of reputational and compliance risks.

The recruitment and selection process comprises multiple assessment stages and involves progressively higher levels of responsibility, enabling a comprehensive evaluation of candidates from a technical and professional, behavioural, ethical and values-based perspective. For each recruitment process, a detailed report is prepared documenting the entire process, from the identification of staffing requirements through to the onboarding of selected candidates, thereby ensuring full traceability and transparency.

The Institute mainly uses two channels to post job vacancies:

- the publication of vacancies on professional networking platforms; and
- the publication of vacancies through university career and placement services.

For management positions and, on an exceptional basis, for highly specialised roles that are difficult to source through standard recruitment channels, the Institute may engage external recruitment and executive search consultants.

Employee Performance Evaluation, Development and Incentives.

During 2025, the Institute continued to enhance its employee performance evaluation and incentive framework with the objective of supporting professional development, recognising distinctive competencies and strengthening individual contributions towards the achievement of the Institute's objectives.

The performance evaluation and incentive system is based on a combination of quantitative indicators, linked to the objectives of the Institute and its organisational units, and qualitative indicators, designed to assess individual competencies, behaviours and achieved results. Objectives are formally agreed and communicated, and the process includes regular feedback sessions designed to encourage performance improvement and professional development.

This approach enables any incentive awards to be linked both to the achievement of organisational objectives and to individual performance, thereby supporting long-term value creation while remaining aligned with the principles of sustainability, balanced organisational performance and sound risk management.

Remuneration and incentive policies are founded on the principles of fairness, sustainability and consistency with the responsibilities assigned to each role. These policies are closely integrated with the annual performance evaluation framework and are designed to recognise individual performance in a responsible manner that is consistent with the Institute's risk profile.

At the end of 2025, the Institute also initiated activities to develop managerial succession plans. These plans constitute an organisational governance tool aimed at ensuring continuity in key leadership positions and mitigating the risk of management gaps over the medium to long term. The succession planning framework supports the identification and development of internal talent and provides a structured and transparent basis for decision-making relating to appointments and leadership transitions.

Professional training.

In 2025, the Institute delivered approximately 4,400 hours of training, reaffirming its commitment to skills development as a key driver of organisational resilience, effective risk management and operational sustainability. Training activities mainly concerned the areas of Finance, Commercial Operations and Controls (Risk Management, Compliance, AML, Audit), Cybersecurity, and religious training (the latter being discussed in the following section).

Specialist training programmes included both technical courses and professional updates for subject-matter experts, as well as awareness-raising and training initiatives delivered to all the staff. Particular emphasis was placed on enhancing awareness of cyber and operational risks.

At the end of 2025, the Institute introduced a new competency development framework, which will be implemented during 2026. The objective is to establish learning and development as a strategic management tool that supports the continuous alignment of processes, roles and competencies across the organisation.

A Competency Framework was also developed to provide a structured, consistent and shared reference model for the competencies considered material to the Institute. The framework has been designed in alignment with the Institute's mission, founding values and the institutional, regulatory and operational environment in which it operates.

Religious training.

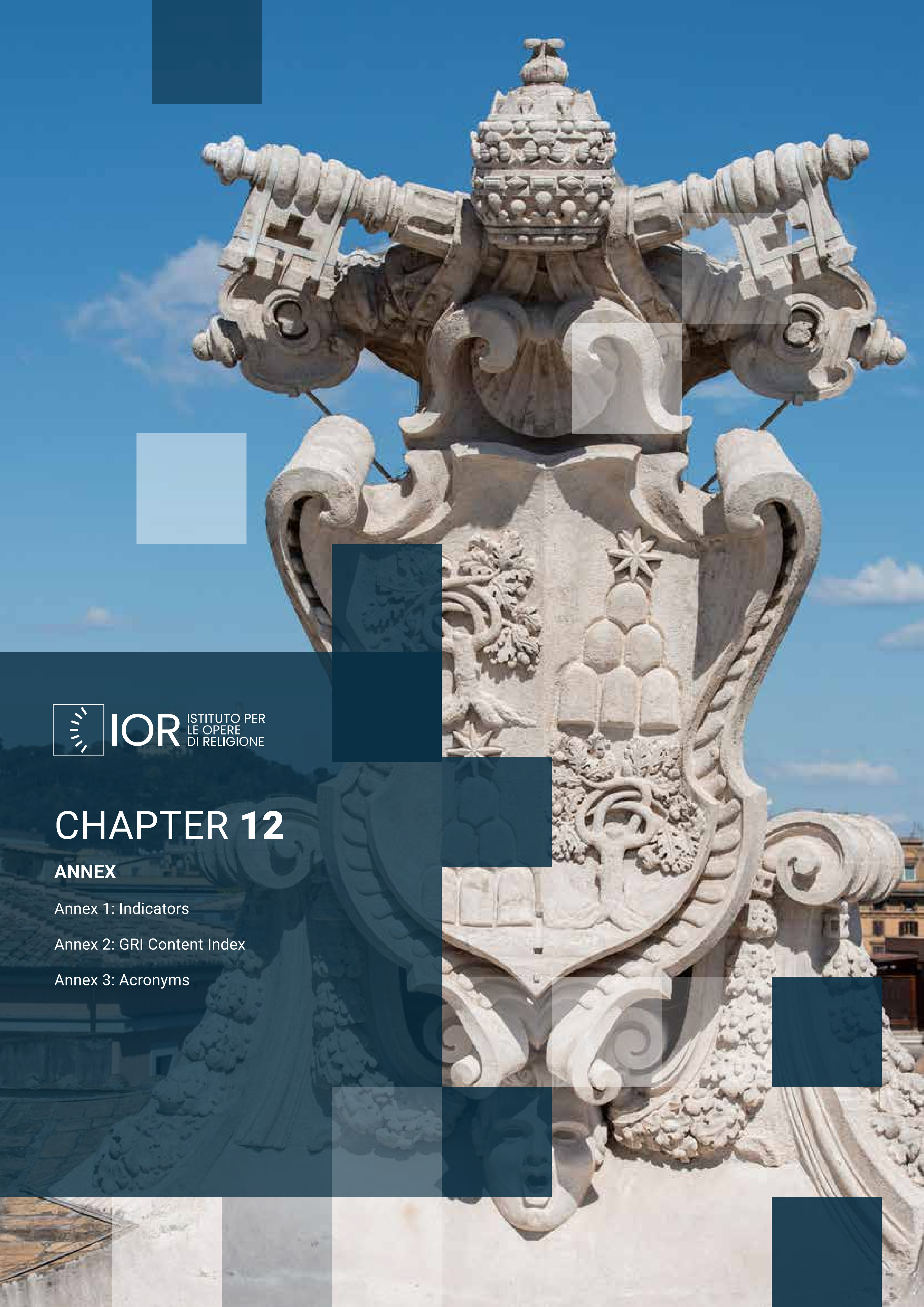
During 2025, the Institute continued to foster religious and spiritual religious training in line with its mission and values. Activities included Eucharistic celebrations, significant ecclesial events and opportunities for personal and spiritual enrichment, including the Jubilee of Holy See employees, a pilgrimage and meetings with the Prelate. These initiatives reflect the Institute's commitment to the integral development of the person, promoting shared values, a strong sense of belonging and a professional ethos inspired by the Church's Social Doctrine.

The ethical and values-based dimension is a defining characteristic of the Institute and informs its activities through a commitment to the highest standards of conduct. These principles are also embedded in human capital management processes, particularly recruitment and selection. In addition to technical qualifications and professional experience, candidates are assessed on qualities such as integrity, discretion and professional rigour.

Disputes.

The Institute continuously monitors compliance with its Staff Regulations and conducts specific investigations where potential irregularities are identified. Where misconduct or breaches of internal rules are substantiated, the relevant disciplinary procedures are initiated. To support this process, a Disciplinary Affairs Commission operates within the Institute, comprising the Heads of Human Resources and Organisation, Legal and Corporate Affairs, and Internal Audit.

No new legal disputes between the Institute and its employees were initiated during 2025. There is no evidence of any cases of discrimination – on the basis of race, colour, gender, political opinion, nationality or social origin – having led to formal proceedings or court cases. Professing the Catholic faith is a requirement for candidates for recruitment, in line with the IOR's founding principles and mission, and therefore is not an element of discrimination.



IOR ISTITUTO PER LE OPERE DI RELIGIONE

CHAPTER 12

ANNEX

ANNEX

Annex 1: Indicators

The key disclosures are presented below, together with references to the sections of this Report in which they are addressed.

Section 4 Catholic investments

The allocation of IOR investments as of 31 December 2025 is shown below.

Geographical Area	Unit	Proprietary Portfolio	GPM Portfolio	Third-party assets under custody
Western Europe	%	72.4	78.5	78.5
North America	%	15.9	15.4	19.3
Supranational Issuers	%	7.3	5.5	1.5
Asia and Pacific	%	2.3	0.6	0.6
Eastern Europe	%	1.2	0	0.1
South and Central America	%	0.9	0	0
Africa and Middle East	%	0	0	0
Central Asia	%	0	0	0
Total	**%**	**100**	**100**	**100**

Product sector	Unit	Proprietary Portfolio	GPM Portfolio	Third-party assets under custody
Government Issuers	%	42.6	69.1	82.8
Banks	%	23.5	5.7	4.2
Liquidity	%	7.2	2.4	0.0
Supranational Issuers	%	7.3	5.5	1.5
Cyclical consumption	%	2.7	2.2	0.8
Technological	%	2.2	4.8	1.3
Insurance	%	2.0	1.0	1.5
Communication	%	2.2	2.2	0.2
Non-cyclical consumption	%	1.5	1.4	0.5
State-owned non-guaranteed issuers	%	1.9	0.2	0.4
Capital goods	%	1.5	1.4	1.2
Brokerage and Asset Managers	%	1.5	0.2	0.0
Transport	%	0.7	1.1	0.0
Other financials	%	0.3	0.2	0.0
Industrialists	%	0.1	0.2	0.1
Local authorities	%	0.3	0.2	0.7
Commodity investment funds	%	0.4	0.1	0.4
State-owned guaranteed issuers	%	0.2	0.5	0.0
Natural Gas	%	0.2	0.0	0.0
Electricity	%	0.2	0.2	0.7
Real estate investment funds	%	0.2	0.1	0.0
Other utility goods	%	0.0	0.0	0.2
Land investment funds	%	0.2	0.9	0.8
Other investment funds	%	1.1	0.4	2.6
Total	**%**	**100**	**100**	**100**

The compliance of IOR investments is shown below:

Compliance of investments with FCI policy	Unit	% Compliance	
		31/12/2025	31/12/2024
Proprietary Assets	%	100	100
of which temporary derogation	%	2.2	2.2
GPM customer portfolios	%	100	100
of which temporary derogation	%	0.3	0.3
Third-party assets under custody	%	97.6	97.4
of which temporary derogation	%	0.1	1.1

Derogations are only permitted following a structured process of assessment of the rationale, are limited in time, number and value and are strictly monitored.

Section 5 Economic value generated and distributed

Generated value	Unit	2025	2024
Generated value	€/mln	67.6	50

Breakdown of Generated value	Unit	2025	2024
Distributed value	**€/mln**	**49.3**	**37.4**
- Employees	€/mln	15.6	15.0
- Suppliers	€/mln	9.5	8.8
- State, Community, public Entities	€/mln	0.0	0.0
- Holy Father	€/mln	24.3	13.6
Retained value	**€/mln**	**18.3**	**12.6**

Value for the Universal Church	Unit	2025	2024
Asset under Management (AuM)	€/mln	3,307	3,044
Value Generated by Asset Management	€/mln	163	177
Available value net of commission	€/mln	142.5	157
Available Value in support of the Universal Church, aligned with the IOR Investment Policy	€/mln	142.5	157

The analysis does not include asset management accounts held by lay Vatican employees, members of the diplomatic corps accredited to the Holy See and a limited number of other clients. For these clients, the value generated amounted to €5.6 million in 2025. Data are reported at constant exchange rates as at year-end.

Holy Masses Fund	Unit	2025	2024
Balance	€	452,000	763,000
Donations received	€	40,000	93,000
Donations for Holy Masses	€	-188,000	-404,000
Total	**€**	**304,000**	**452,000**

Missionary Works Fund	Unit	2025	2024
Balance	€	11,000	93,000
Donations received	€	8,000	37,000
Transfer from the Institute's profit on distribution	€	300,000	200,000
Donation for Missionary Works	€	-334,000	-319,000
Total	**€**	**-15,000**	**11,000**

Section 7 Quality and customer experience

Training hours delivered	Unit	2025	2024
Security and IT	**Hours**	**58**	**360**
IT	Hours	0	78
Security and Business Continuity	Hours	58	282
Finance	**Hours**	**1,277**	**576**
Finance and Investiment	Hours	1.277	576
Controls	**Hours**	**342**	**309**
Compliance and AML	Hours	134	143
Audit	Hours	124	40
Risk Management	Hours	43	76
Operations	Hours	42	51
Commercial	**Hours**	**590**	**266**
Financial Advisory Services	Hours	590	266
More	**Hours**	**520**	**60**
Human Resources	Hours	384	0
Organisation	Hours	23	0
Accounting and Budgeting	Hours	3	0
Purchases	Hours	0	60
Health and Safety	Hours	110	0
Training Delivered	**Hours**	**2,787**	**1,571**
Religious training	Hours	1,615	1,060
Total Training	**Hours**	**4,402**	**2,630**

Section 8 Transition towards a green and circular economy

Materials purchased: printing paper	Unit	2025	2024
Quantity	No. of Reams	720	1,140
Weight	Kg	1,750	2,770

Renewable energy (A)	**Unit**	**2025**	**2024**
Electricity consumption	kWh	823,056	652,680
Heating energy consumption	kWh	0	0
Energy consumption by corporate fleet - cars	kWh	454	760
Cooling energy consumption	n.a.	n.a.	n.a.
Steam energy consumption	n.a.	n.a.	n.a.
Total	**kWh**	**823,510**	**653,440**

Non-renewable energy (B)	**Unit**	**2025**	**2024**
Electricity consumption	kWh	0	0
Heating energy consumption	kWh	1,296,000	1,304,640
Energy consumption by corporate fleet - cars	kWh	5,684	6,800
Total	**kWh**	**1,301,684**	**1,311,440**

Energy Consumption	**Unit**	**2025**	**2024**
Total energy consumption within the organisation: renewable (A) and non-renewable (B)	kWh	2,125,194	1,964,880
Renewable energy (electricity)	%	38.7	33.26
Non-renewable energy (fuel)	%	61.3	66.74

Energy Consumption	**Unit**	**2025**	**2024**
Total energy consumption within the organisation (A)	kWh	2,125,194	1,964,880
Employees (B)	n.	115	105
Energy intensity (A/B)	kWh	18,480	18,713

Total energy consumption within the organisation	**Unit**	**2025**	**2024**	**Difference 2025 vs. 2024**
Annual consumption	kWh	2,125,194.0	1,964,880	8.2%

Certifications - waste collection and workplace health suppliers
UNI EN ISO 9001 Quality Management System - ISO9001 Certificate no. IT96/0079
ORGANISATION AND MANAGEMENT MODEL pursuant to Legislative Decree 231/01 as amended and CODE OF ETHICS
UNI EN ISO 14001 Environmental Management System - ISO14001 Certificate no. IT06/0283
UNI ISO 45001 Health and Safety Management System - ISO45001 Certificate no. IT13/0504
SA 8000 Social Accountability Management System - SA8000 Certificate no. IT18/0023
UNI EN 13549 Cleaning services: basic requirements and recommendations for quality measurement systems - UNI EN 13549 Certificate no. GITI-356-MQ
PdR UNI 125:2022 Gender Equality Management System - UNI/PDR 125:2022 Certificate no. GITI-729-PdR125
ESG Rating Certification – ESG Score B: Good Level of Environmental, Social and Governance Sustainability Performance

Waste by Type - Governorate Management VCS	Unit	2025	2024
Cartridges, ribbons for printers and machinery (EWC 08 03 17)	kg	40	62
Office Equipment (computers, paper shredders, etc.) (EWC 16 02 14)	kg	265	438
Monitor (EWC 16 02 13)	kg	21	0
Other Categories – paper and cardboard packaging (EWC 15 01 01)	kg	0	0
Other types - alkaline batteries (EWC 16 06 04)	kg	0	17
Other Categories – mixtures of concrete, bricks, tiles and ceramics (EWC 17 01 07)	kg	2400	0
Other Categories – wood (EWC 17 02 01)	kg	180	288
Other Categories – insulation materials (EWC 17 06 03)	kg	0	9
Other types - gypsum-based construction material (EWC 17 08 02)	kg	0	248
Other Categories – mixed construction and demolition waste (EWC 17 09 04)	kg	140	0
Other types - bulky (EWC 20 03 07)	kg	524	328

Main waste details	Unit	2025	2024
Plastic	kg	2,475	2,054
	kg/no. employees	22	20
Paper*	kg	4,875	4,821
	kg/no. employees	42	46
Total	**kg**	**7,350**	**6,875**
	kg/no. employees	**64**	**66**

* In addition, paper waste generated through the Institute's digital transformation initiatives amounted to 6 tonnes in 2025 and 34 tonnes in aggregate during 2023 and 2024.

Water consumption	Unit	2025	2024
Water consumed	m^3	11,045	11,405
- of which potable	m^3	4,745	4,745
- of which technical	m^3	6,300	6,300

Estimated consumption

Waste for Disposal	Unit	2025	2024
Total non-dangerous waste	kg	**3,570**	**2,204**
Landfill	kg	0	0
Incineration with energy recovery	kg	0	0
Incineration without energy recovery	kg	0	0
Other disposal operations (waste storage for subsequent disposal as above)	kg	3,570	2,204
Total dangerous waste	**kg**	**155**	**71**
Landfill	kg	0	0
Incineration with energy recovery	kg	n.a.	n.a.
Incineration without energy recovery	kg	n.a.	n.a.
Other disposal operations (preliminary storage of waste for subsequent disposal)	kg	155	71

Environmental management expenditure attributable to IOR	Unit	2025	2024
Waste management, disposal (excluding wastewater)	€	12,669	13,785
Plant maintenance	€	n.a.	n.a.
Environmental monitoring and certification	€	n.a.	n.a.
Environmental training	€	n.a.	n.a.

Section 11 Integrity of conduct

Training and Communication on Anti-Money Laundering, Counter-Terrorist Financing and Anti-Corruption	2025	trained members	2024	trained members
	Unit	%	Unit	%
Members of the Executive Committee to whom the organisation's anti-corruption, anti-money laundering and counter-terrorist financing policies and procedures have been communicated	7	100%	9	100%
Members of the Executive Committee who have completed training on anti-corruption, anti-money laundering and counter-terrorist financing	7	100%	9	100%
Employees to whom the organisation's anti-corruption, anti-money laundering and counter-terrorist financing policies and procedures have been communicated	115	100%	106	100%
Executives	12	100%	11	100%
Middle Managers	26	100%	26	100%
Employees	77	100%	69	100%
Total employees who have completed training on anti-corruption, anti-money laundering and counter-terrorist financing	115	100%	106	100%
Executives	12	100%	11	100%
Middle Managers	26	100%	26	100%
Employees	77	100%	69	100%

Annex 2: GRI Content Index

This section presents the Global Reporting Initiative (GRI) Standards adopted by IOR to report sustainability-related information.

The GRI Standards provide an internationally recognised framework for sustainability reporting that ensures consistency, transparency and reliability in the communication of sustainability performance. The GRI framework, published by the Global Sustainability Standards Board (GSSB), is currently the most widely used sustainability reporting standard[35].

The GRI Standards provide an integrated and systematic approach to sustainability that enhances an organisation's strategy through transparent and structured reporting of economic, environmental and social impacts. These standards promote effective risk management and boost stakeholder confidence.

The sustainability disclosures are prepared with reference to the following GRI Standards:

1) GRI Sustainability Reporting Standards (2021)[36];
2) Sector Standard G4: Financial Services Sector Disclosures[37].

Statement of use	IOR has reported the information cited in this GRI content index for the period 01.01.2025 - 31.12.2025 with reference to the GRI Standards.
GRI used	GRI 1 - Fundamental Principles - Version 2021
Relevant GRI sector standards	Financial Services Sector Supplement: G4 Version

35 Source: KPMG, The Move to Mandatory Reporting: Survey of Sustainability Reporting 2024.
36 Source: Consolidated set of GRI Standards 2021, GRI
37 Source: GRI, G4 Financial Services Sector Disclosures.

4. Catholic investements

GRI Standard	Disclosure	Position	Omission	
			Omitted Requirements	Explanation
GRI 3: Material Topics 2021	3-1 Process to determine Material Topics 3-2 List of material topics 3-3 Management of Material Topics	3. Sustainability for the IOR 4. Catholic investments	-	-
GRI G4 Sector-specific Guidance for Disclosures on Management Approach: Product Responsibility: Product portfolio	(former FS1) Policies with specific environmental and social components applied to business lines	4. Catholic investments	-	-
	(former FS2) Procedures for assessing and screening environmental and social risks in business lines		-	-
	(former FS3) Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions		-	-
	(former FS4) Processes for improving staff competency to implement the environmental and social policies and procedures as applied to business lines		-	-
	(former FS5) Interactions with clients/investees/ business partners regarding environmental and social risks and opportunities		-	-
GRI G4 Sector Supplement Indicators: Product Responsibility: Product portfolio	FS6 Percentage of portfolio for business lines by specific region, size and by sector	4. Catholic investments	-	-
	FS7 Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose		-	-
	FS8 Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose		-	-
GRI G4 Sector Supplement Indicators: Product Responsibility: Active Ownership	FS10 Percentage and number of companies held in the institution's portfolio with which the organisation has interacted on environmental or social issues	4. Catholic investments	-	-
	FS11 Percentage of assets subject to positive or negative environmental or social screening		-	-

5. Economic value generated and distributed

GRI Standard	Disclosure	Position	Omission	
			Omitted Requirements	Explanation
GRI 3: Material Topics 2021	3-1 Process to determine Material Topics 3-2 List of material topics 3-3 Management of Material Topics	3. Sustainability for the IOR 5. Economic value generated and distributed	-	-
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	5. Economic value generated and distributed	-	-
	201-2 Financial implications and other risks and opportunities due to climate change		-	-
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure Investments and services supported		-	-
	203-2 Significant indirect economic impacts		-	-

6. Supporting the Universal Church

GRI Standard	Disclosure	Position	Omission	
			Omitted Requirements	Explanation
GRI 3: Material Topics 2021	3-1 Process to determine Material Topics 3-2 List of material topics 3-3 Management of Material Topics	3. Sustainability for the IOR 6. Supporting the Universal Church	-	-
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	6. Supporting the Universal Church	-	-
GRI G4 Sector-specific Guidance for Disclosures on Management Approach	(former FS15) Policies for the fair design and sale of financial products and services	7. Service Quality and Customer Experience 6. Supporting the Universal Church	-	-
	(former FS16) Initiatives to enhance financial literacy by type of beneficiary	7. Service Quality and Customer Experience 6. Supporting the Universal Church	-	-

7. Quality and customer experience

GRI Standard	Disclosure	Position	Omission	
			Omitted Requirements	Explanation
GRI 3: Material Topics 2021	3-1 Process to determine Material Topics 3-2 List of material topics 3-3 Management of Material Topics	3. Sustainability for the IOR 7. Quality and customer experience	-	-
GRI 416: Customer Health and Safety 2016	416-1 Assessment of health and safety impacts of products and services	7. Quality and customer experience	-	-
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		-	-
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling		-	-
	417-2 Incidents of non-compliance concerning product and service information and labelling		-	-
	417-3 Incidents of non-compliance concerning marketing communications		-	-

8. Transition towards a green and circular economy

GRI Standard	Disclosure	Position	Omission	
			Omitted Requirements	Explanation
GRI 3: Material Topics 2021	3-1 Process to determine Material Topics 3-2 List of material topics 3-3 Management of Material Topics	3. Sustainability for the IOR 8. Transition towards a green and circular economy	3-3 Management of Material Topics	Governance aspects are under evaluation
GRI 301: Materials 2016	301-1 Materials used by weight or volume	8. Transition towards a green and circular economy	-	-
	301-2 Recycled input materials used		-	-
GRI 302: Energy 2016	302-1 Energy consumption within the organization		-	-
	GRI 302-2: Energy consumption outside the organisation		-	-
	302-3 Energy intensity		-	-
	302-4 Reduction of energy consumption		-	-
	302-5 Reductions in energy requirements for products and services		-	-
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts		-	-
	306-2 Management of significant waste-related impacts		-	-
	306-3 Waste generated		-	-
	306-4 Waste diverted from disposal		-	-
	306-5 Waste directed to disposal		-	-

9. Digital Transformation and Innovation

GRI Standard	Disclosure	Position	Omission	
			Omitted Requirements	Explanation
GRI 3: Material Topics 2021	3-1 Process to determine Material Topics 3-2 List of material topics 3-3 Management of Material Topics	3. Sustainability for the IOR 9. Digital Transformation and Innovation	-	-
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	8. Transition towards a green and circular economy	-	-
GRI 416: Customer Health and Safety	416-1 Assessment of health and safety impacts of products and services	7. Quality and customer experience	-	-

10. Data privacy and cybersecurity

GRI Standard	Disclosure	Position	Omission	
			Omitted Requirements	Explanation
GRI 3: Material Topics 2021	3-1 Process to determine Material Topics 3-2 List of material topics 3-3 Management of Material Topics	3. Sustainability at IOR 10. Data Privacy and Cyber Security	-	-
GRI 418: Customer privacy 2016	418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data		-	-

11. Integrity of conduct

GRI Standard	Disclosure	Position	Omission	
			Omitted Requirements	Explanation
GRI 3: Material Topics 2021	3-1 Process to determine Material Topics 3-2 List of material topics 3-3 Management of Material Topics	3. Sustainability for the IOR	-	-
GRI 205: Anti-corruption 2016	205-1 Operations assessed for corruption risks	11. Integrity of conduct	-	-
	205-2 Communication and training about anti-corruption policies and procedures		-	-
	205-3 Confirmed incidents of corruption and actions taken		-	-
GRI 206: Anti-competitive behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices		-	-
GRI 207: Taxation 2019	207-1: Approach to tax	11. Integrity of conduct	-	-
	207-2 Tax governance, control and risk management		-	-
	207-3 Stakeholder engagement and management of concerns related to tax		-	-
	207-4 Country-by-country reporting		-	-
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	11. Integrity of conduct	-	-

Annex 3: Acronyms

AML: Anti-Money Laundering
ASIF: Supervisory and Financial Information Authority
AUM: Assets Under Management
CDP: Carbon Disclosure Project
CEI: Italian Electrotechnical Committee
CFA: Chartered Financial Analyst
CFT: Counter Financing of Terrorism
CMMI: Capability Maturity Model Integration
CRM: Customer Relationship Management
CSRD: Corporate Sustainability Reporting Directive
SDC: Social Doctrine of the Church
DVR: Risk Assessment Document
EWC: European Waste Catalogue
EFRAG: European Financial Reporting Advisory Group
ESG: Environmental, Social, Governance
ESRS: European Sustainability Reporting Standards
FATCA: Foreign Account Tax Compliance Act
FCI: Faith Consistent Investments
GAFI: Groupe d'Action Financière
GDPR: General Data Protection Regulation
GHG: Greenhouse Gas
GPM: Customer Assets Under Management
GRI: Global Reporting Initiative
GSSB: Global Sustainability Standards Board
ICCPR: International Covenant on Civil and Political Rights
IFRS: International Financial Reporting Standards Standard
IMU: Italian Municipal Property Tax
IOR: Istituto per le Opere di Religione
IRS: Internal Revenue Service
ISO: International Organization for Standardization
ISSB: International Sustainability Standards Board
KIID: Key Investor Information Document
KPI: Key Performance Indicator
LED: Light Emitting Diode
KIID: Key Investor Information Document
KPI: Key Performance Indicator
NIST: National Institute of Standards and Technology
OECD: Organisation for Economic Co-operation and Development
OFAC: Office of Foreign Assets Control
PEP: Politically Exposed Person
RDV: Respect for Human Life
SASB: Sustainability Accounting Standards Board
VCS: Vatican City State
SDV: Sanctity of Life
S.G.I.R: Società Per Gestioni Di Immobili Roma [Rome Property Management Company]
tCO2e - tonnes of CO2 equivalent
UNI: Italian National Standardisation Body
WACI: Weighted Average Carbon Intensity

PHOTO CAPTIONS AND CREDITS

Cover
Michelangelo, The Last Judgement, fresco, 1536–41. Detail showing the group of trumpet-blowing angels. Sistine Chapel, Vatican Palace (cover image).

Page 7
Vatican Gardens, Italian-style Garden, 1930s.

Page 13
The Galleon Fountain, 17th century. Vatican Gardens, ascent to Innocent VIII's Belvedere Pavilion. Night-time view of the illuminated fountain.

Page 25
Michelangelo, The Last Judgement, fresco, 1536–41. Central section of the fresco depicting Christ the Judge and the Virgin Mary surrounded by the Apostles, Saints and Blessed. Sistine Chapel, Vatican Palace.

Page 33
The Vatican Pinacoteca building by Luca Beltrami, 1932. Elevation facing the Square Garden.

Page 51
The Galleon Fountain, 17th century. Vatican Gardens, ascent to Innocent VIII's Belvedere Pavilion. Night-time view of the illuminated fountain.

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The Triton Fountain, 1930s. Vatican Gardens, Rose Garden.

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Partial aerial view of St Peter's Square and Colonnade looking towards the Vatican Apostolic Palace.

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The spiral staircase at the entrance to the Vatican Museums, designed by the architect Giuseppe Momo and decorated with bas-reliefs by the sculptor Antonio Maraini (1932).

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Coat of Arms of Pope Alexander VII Chigi (1655–1667). Detail of the Colonnade of St Peter's Square.

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Stato della Città del Vaticano

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