

Sustainability-related disclosure pursuant to Article 10 of Regulation (EU) 2019/2088 (Disclosure Regulation)

The subject of this document is mandatory information on the environmental and/or social characteristics of this fund. It is not promotional material. This information is required by law in order to transparently explain the environmental and/or social characteristics promoted by the fund.

GLS Bank Klimafonds

WKN / ISIN: A2DTNA / DE000A2DTNA1; A2DTNB / DE000A2DTNB9; A2QCXS / DE000A2QCXS0

This fund is managed by the capital management company Universal-Investment-Gesellschaft mbH.

Description of the environmental and/or social characteristics

The fund aims to achieve the highest possible return on capital employed and make a positive contribution to climate protection through targeted investments in companies that are particularly sustainable and climate-friendly.

The fund invests primarily in equities and bonds issued by domestic and foreign companies, supranational institutions and countries that are particularly climate-friendly. The basis for this is, on the one hand, the investment and financing principles of GLS Gemeinschaftsbank e.G. Both exclusion criteria and positive criteria are taken into account. Exclusion criteria include both controversial business segments (including nuclear energy, coal energy, armaments and weapons, biocides and pesticides, genetic engineering in agriculture, organochlorine mass products, factory farming, embryo research and addictive substances) and controversial business practices (including violations of human rights, labour rights, animal testing, controversial environmental behaviour and controversial business practices).

Positive criteria include forward-looking social and environmental business segments: renewable energies, food, agriculture and forestry, housing, education and culture, social affairs and health, financial services, development and microfinance, mobility and sustainable economy. From this selection, GLS Bank Klimafonds mainly invests in companies that have a high level of climate transparency, record low CO₂ emissions for their business segment or have defined a good climate strategy and savings targets. Countries that are increasingly taking measures to promote climate protection will also be given special consideration in the investments.

Explanation on the achievement of environmental and/or social characteristics

This fund promotes environmental and social characteristics within the meaning of Article 8 of the Disclosure Regulation.

The stocks are selected in a multi-dimensional, integrated selection process. Only stocks that correspond to GLS Gemeinschaftsbank e.G.'s understanding of sustainability in the three dimensions - human, environmental and economic - are included in the GLS investment universe. From this selection, GLS Bank Klimafonds mainly invests in companies that have a high level of climate transparency, record low CO₂ emissions for their business segment or have defined a good climate strategy and savings targets. Countries that are increasingly taking measures to promote climate protection will also be given special consideration in the investments.

The criteria of the sustainability assessment are based on the current state of affairs. The starting point is the sustainability of the business model as defined in the positive criteria. If this is generally the case, a more detailed examination is carried out to determine whether the stocks violate any exclusion criteria. At the same time, the extent to which the positive criteria are met is examined in detail. The analysed stocks are submitted to the GLS Investment Committee. This independent committee of sustainability experts decides on the inclusion of stocks in the fund's investment universe. A team of financial specialists then examines and evaluates the economic sustainability of the companies. This is to ensure that the fund only invests in stocks that meet the fund management's requirements with regard to sustainability and climate criteria. The fund focuses primarily on long-term investments in companies selected on the basis of these criteria.

The investment and financing principles explicitly include criteria that call for sustainable corporate governance. Companies that qualify for the investment universe must meet high standards in the fields of corporate policy, social responsibility, resource-conserving business management, development policy goals and product responsibility.

In the field of corporate policy, particular emphasis is placed on the separation of important corporate bodies (Executive Board, Supervisory Board), independence of oversight bodies as well as transparency regarding remuneration structures at Executive Board level, the existence of social and environmental standards (e.g. environmental management systems, anti-corruption systems), sustainable procurement structures, transparency and fair dealings with all stakeholders.

In the field of social responsibility, particular emphasis is placed on responsible working conditions for all employees, the provision of apprenticeships, socially responsible measures and social commitment.

In the field of resource-conserving business management, the company's environmental management is evaluated in terms of whether the company achieves a reduction in its use of resources and implements energy-efficient solutions.

In the field of development policy objectives, the payment of adequate wages, tax honesty or the creation of socially acceptable alternatives to child labour are examined.

In the field of product responsibility, innovations that contribute to solving social or environmental challenges are viewed positively. These may be products that have a longer life or are repairable or that promote responsible use and consumption and products and services for disadvantaged people or for people in emerging and developing countries.

The strict restrictions that are observed in the investment strategy of the mutual fund are not reflected in market indices or, if applicable, in sustainability indices with regard to asset allocation. An adequate benchmark index therefore cannot be defined.

Methods for evaluation, measurement and monitoring

A variety of data sources are used for the social and environmental evaluation of this fund. These include rating reports from established ESG research agencies (e.g. vigeoEiris), information from 'controversy databases' (e.g. RepRisk) or reports from non-governmental organisations (e.g. Facing Finance or Südwind-Institut).

This information is compiled by an internal team of analysts and condensed into a company profile which is presented to the GLS Investment Committee. All invested stocks are continuously checked for social and environmental controversies.

A traffic light system was installed internally for this purpose. Serious controversies are presented to the GLS Investment Committee. The latter decides whether the stocks should be removed from the GLS investment universe or whether an improvement in the social and environmental quality of the company should be achieved through dialogue with the company (engagement).

Case-by-case decisions are the deliberately chosen working principle. Although this is less systematic, it prevents a mechanical and one-sided evaluation scheme. From GLS Bank's point of view, this means that the quantitative calculation of plus and minus points can never capture the real circumstances of a company in all their complexity.

Disclaimer

The disclosure of information in Article 10(1)(d) of Regulation (EU) 2019/2088 is related to the disclosure of information under Article 11 of that Regulation. This means that information on the fulfilment of environmental or social characteristics to date still cannot be provided.

As at: 10.03.2021