

Globalance Bank – Zurich, Switzerland

Reporting and Self-Assessment Template

The following table sets out the reporting and self-assessment requirements for Signatories of the Principles for Responsible Banking. Signatory banks need to report on their implementation of the Principles the first time within latest 18 months after signing and annually thereafter (in line with their annual reporting cycle).

How to use this template?

This template does NOT require your bank to produce an additional report. Rather, this template is designed for your bank to provide references/links to where in your existing reporting/public domains the required information can be found. The aim is to keep additional reporting burden to a minimum while ensuring transparency and accountability as set out in Principle 6.

Within this reporting template, there are six areas for self-assessment that are key to showing that your bank is fulfilling its commitments as a signatory of the Principles for Responsible Banking. They are highlighted.

1. Impact Analysis
2. Target Setting
3. Plans for Target Implementation and Monitoring
4. Progress on Implementing Targets
5. Governance Structure for Implementation of the Principles
6. Progress on Implementing the Principles for Responsible Banking

Only for these six highlighted items, it is required that:

- a) An assurer provides limited assurance of your self-assessment. You can do this by including it in your existing assured reporting. Where third-party assurance is not feasible, an independent review may be conducted.
- b) You provide your bank's conclusion/statement if it has fulfilled the respective requirements.

Accommodating different starting points:

Banks have different starting points and operate in different contexts. Your bank may not be able to provide all information required in this template the first time you report. That is fine. Your bank has up to four years from signing to bring its reporting fully in line with the requirements. Feedback, support and peer learning are available to all signatory banks to help them progress with both implementation and reporting.



PRINCIPLES FOR
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Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/ Link(s) to bank's full response/ relevant information
Principle 1: Alignment We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.		
1.1 <i>Describe</i> (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.	Our sole business is sustainable wealth-management for private clients. Ours are multi-asset-class-impact portfolios.	https://www.globalance.com/en/founding-philosophy/ https://bcorporation.eu/directory/globalance-bank
1.2 <i>Describe</i> how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.	Globalance is developing and applying its own proprietary impact-assessment methodology, the Globalance Footprint. The SDGs (and MDGs prior) have been fully integrated in the indicator-framework of the Globalance Footprint from its inception.	For example, Footprint of S&P 500 Index: https://fe.globalanceworld.com/EagJA8QsTQzk3JFsn/footprint See Sustainability Policy

Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis:

Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:

- Scope: The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.
- Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.
- Context & Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.
- Scale and intensity/salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services.
(your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))

Show that building on this analysis, the bank has

- Identified and disclosed its areas of most significant (potential) positive and negative impact
- Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts

a) Scope

Wealth Management (private clients and foundations) is our core business. Globalance invests in liquid and illiquid assets worldwide.

Our "Investor's Impact" is achieved through the sustainable investment policy of all our client assets. In the liquid sector, we focus on divestment and active selection of sustainable investments. Additional impact is created through the systematic exercise of voting rights and engagement. See our Globalance Engagement Report 2020.

b) Scale of Exposure

We invest in companies worldwide and across different technologies which can scale solutions with positive impact. We therefore do not invest into companies which harm these goals (i.e. fossil fuel industry, traditional cars, pharma with bad pricing strategies etc). We do not support old business models, instead we invest into game changer (future mover).

c) Context & Relevance

Our Globalance Footprint weighs materiality with regard to product impact.

d) Scale and intensity/salience of impact

We scale our portfolio as every client has the same assets. We do not offer unsustainable or traditional portfolios.

Identification of positive and negative impacts of our portfolio

It is important to understand that our product offering mainly consists of two products: 1) our discretionary mandate 2) our funds, which are actually two funds (Globalance Sokrates Fund & Globalance Zukunftbeweger Fund).

Full transparency of our portfolios.

i.e. our Globalance Zukunftbeweger Fund:

<https://fe.globalanceworld.com/de/6TCdJX7GbSdzuRSNy/climate>



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For all portfolios mentioned above, impact analysis is available on **Globalance World**.

Globalance World is a personalised **digital world map** that allows you to discover the impact and returns of your wealth. Dive in and assess in real-time how sustainable, future-fit and profitable your investments are.

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.

We have undertaken our impact analysis and identified the relevant impacts that are associated with our wealth management portfolios. The next step in our process will be to set targets to improve our portfolio impact and reduce negative impacts. Globalance contributes to the paradigm shift of the financial sector as an entrepreneurial "pure-play" initiative. We are recognized by third parties as pioneers for our innovative strength.

2.2 Target Setting

Show that the bank has set and published a minimum of two **Specific, Measurable** (can be qualitative or quantitative), **Achievable, Relevant and Time-bound** (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services.

Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.

Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.

Our impact assessment (Globalance World) is public and transparent for all our clients and non-clients.

The current results of our impact analysis shows that we need to improve portfolio impact (Scope 3). On the one hand, **Warming Potential** is too high with values between 2.4°C to 3.2°C. On the other hand, we have asset classes with low **Footprint Scores (below 58)**.

How is this target aligned with our internal teams?

Our internal developed goal-setting framework (Objectives and Key Results, OKR) contains this target for our investment team (Research + Portfolio Management), including our Head Investments (CIO).

(Our strategies qualify for "impact-driven investments" under the new EU disclosure regulation, Art. 9).

Given that we are an entrepreneurial project, launched in 2011, it is our main goal to gain relevance and influence by growing the total assets under our management. Both in 2019 and 2020 these have increased by 50%.

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.

We are in compliance with this requirement.

2.3 Plans for Target Implementation and Monitoring

Show that your bank has defined actions and milestones to meet the set targets.

Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.

Interdisciplinary Impact Working Group is tasked with finding new investments and continuously improve the aggregate impact-scores of single assets as well as entire portfolios.

Re-certification as a B Corporation is a key goal for 2021.

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.

2.4 Progress on Implementing Targets

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.

Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)

In 2020 we have undertaken the significant undertaking to build a comprehensive database for all financial and non-financial data of assets and portfolios. As a contribution to the paradigm-change in global finance, we have made this platform public and open source. This was a major goal for 2020 and the further development of impact-assessment methodologies for ever more asset classes is a goal for 2021 onwards. For verification, pls see www.globalanceworld.com

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets

We are in compliance with this requirement.



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Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 *Provide an overview* of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.

Empowerment of owners ("asset owners") through unmatched transparency is an important proof of our impact. In 2020, the digital impact platform "Globalance World" was launched.

3.2 *Describe* how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.

We are all about empowering clients to be responsible investors.

The key is personal relationships. In addition, we offer weekly sessions for clients to learn about issues related to sustainable investing.

In our communication, we provide extensive explanatory content, for example here:
<https://fe.globalanceworld.com/insights>

Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 *Describe* which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.

See our extensive reporting related to our B Corporation-Certification.

We participate in engagement pools, investors coalitions as well as investment partners (e.g. fund managers). Examples are:

CSP - Center for Sustainable Finance and Private Wealth (University of Zurich)

CDP

Also, locally, we select suppliers who match our sustainability commitments.

The key for our success are our client advisors whom we train extensively and deeply on matters of global sustainable development.

Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1 *Describe* the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.

Our commitment to sustainable investment is explicitly reference in our legal Charter. The same applies to our Boards responsibility to guide and oversee the implementation of these sustainability principles across our business.

Management is well aligned with our purpose as they are pioneers in sustainable investing. 70% of the company is owned by management team.

5.2 *Describe* the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.

As a values-led and purpose-driven pure play company, it starts with selectin employees who are aligned with our values.

The new Globalance Academy will accelerate and deepen our training for every employee.

All employees own shares of the company (instead of cash-payments, we allocate employee-shares). This helps align our long-term orientation and team buy-in.

5.3 Governance Structure for Implementation of the Principles

Show that your bank has a governance structure in place for the implementation of the PRB, including:

- a) target-setting and actions to achieve targets set
- b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.

See above: Board direction and oversight; Management with explicit goals as part of our OKRs.

Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.

We are in compliance with this requirement.



Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Progress on Implementing the Principles for Responsible Banking

Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).

Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.

Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.

Globalance is receiving multiple international awards confirming its leading position in sustainable finance:

<https://www.globalance.com/en/awards/>

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking

Our founding team has been recognized to be pioneering sustainable finance in the last 30 years. We founded robecoSAM and created the Dow Jones Sustainability Index. By founding Globalance as a new, pure play wealth management boutique, we set another milestone which helps advance the paradigm shift in finance.

Annex: Definitions

- a. **Impact:** An impact is commonly understood as being a change in outcome for a stakeholder. In the context of these Principles this means (aligned with GRI definition) the effect a bank has on people/the society, the economy and the environment and with that on sustainable development. Impacts may be positive or negative, direct or indirect, actual or potential, intended or unintended, short-term or long-term.
- b. **Significant Impact:** Impact that in terms of scale and/or intensity/salience results in a particularly strong/relevant change in outcome for a stakeholder. In the context of these Principles, the concept of *significant* impact is used to ensure banks focus where their actions/business (can) matter most for people, economy and environment and to provide a reasonable and practical threshold for what issues need to be considered/included, similar to the concept of "materiality".