Principles of Investment and Financing at GLS Group

GLS Bank

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Foreword

The GLS Bank was founded in 1974 with the motivation to direct money to where it serves people. The guiding principle in evaluating companies and countries is GLS Bank's understanding of sustainability: The focus of our actions is on people and their needs. To us, money is a means to shape the environment and society. If we do this well, economic profit is a consequence – yet not the purpose – of our actions.

We aim to shape a society where the natural foundations of life for current and future generations are preserved and their further development is promoted. Only in this way we can achieve a regenerative economy that strengthens social foundations and respects planetary boundaries once again. GLS Bank thus stands for the socio-ecological transformation, which is more urgent today than ever before.

Our entire banking business is based on social and ecological criteria. The investment and financing principles apply to all loans as well as to our investment and equity business – these build the core of our work as GLS Group. They are the social and ecological guidelines for our investment and financing decisions. We place particular emphasis on positive criteria – for us, positive are projects and companies that pursue sustainable, human, and forward-thinking goals. The strict adherence to exclusion criteria is a matter of course. With these, we have determined in a value-oriented and scientifically based manner which companies we do not invest in.

While the investment and financing principles set clear boundaries through positive and exclusion criteria, they also provide sufficient flexibility for companies that credibly commit to operating in harmony with the future visions of our sectors. These visions illustrate what a lifeworthy future can look like. We support this socio-ecological transformation towards a regenerative economy, particularly in the areas of energy, food, and mobility transitions.

The following sections first explain the working principles for the application of our investment and financing principles. This is followed by the criteria for financial market transactions in general and for investments in securities of countries. Subsequently, the exclusion criteria for companies at the business model level and the business practice level are presented in detail. These outline which activities are explicitly not invested in. In contrast, the positive criteria, which are explained next, highlight the types of projects and companies we support. The document concludes with the evaluation criteria relevant for assessing companies, particularly in the investment sector.

Operating principles

Individual case decisions

Individual case-by-case decisions are our deliberately chosen working principle. With these qualitative decisions, we prevent a one-sided and mechanical evaluation scheme. This is because the quantitative balancing of pros and cons can never fully capture the real circumstances of a company in its complexity.

Committees

GLS Sustainable Investment Committee: An interdisciplinary body (‘GLS Anlageausschuss’) composed of internal and external members that ensures compliance with the investment and financing principles in the investment business. They meet several times a year. The committee is autonomous in its decisions. The extensive analyses conducted by GLS Sustainability Research serve as the basis for their review. Only securities that pass this review step are included in the GLS investment universe.

Sustainability Lending Committee: An interdisciplinary body (Inhaltliche Kreditvorabstimmung’) with experts from within GLS Group that ensures compliance with the investment and financing principles in the credit business. The committee advises and decides on social and ecological conflicts of interest in the context of financing requests. This includes innovative and new fields of action as well as trade-offs, for example, when a project is positive but there are controversies regarding the parent company.

Business models and business practices

In practice, we distinguish between business models and business practices. A business model describes how an organization offers products or services to generate revenue. For example, a company that operates a solar power plant is active in the sector of renewable energy. Business practices refer to the question of how the company conducts its activities. Thus, a company that engages in practices such as accounting fraud is excluded due to this controversial business practice.

Revenue thresholds

In our exclusion criteria, we have defined the revenue share from a controversial business sector at which a company is excluded from financing or investment. For most criteria, our revenue thresholds are set at zero percent but can be up to a maximum of five percent of revenue.

However, this threshold does not mean that revenues up to five percent are generally tolerated. It merely allows us to make individual case decisions if a company can still be credibly assessed as sustainable overall and there are compelling reasons in favour of the company. This is the case, for example, if the controversial business activity is only very minimal or if the company is in the process of transformation. Violations above the revenue threshold always lead to automatic exclusion.

Controversy assessment

For some exclusion criteria, it is not possible or practical to set a clear revenue threshold. Here, the question of 'how' rather than 'what' is usually in the foreground. For example, wood (the *what*) can be a useful building material. The crucial factor is whether it is sourced from sustainable forestry or, for example, through deforestation of rainforests (the *how*). Similarly, chemicals can have a positive use, such as in medicine. In this context, the precautionary principle, less harmful alternatives, and disposal play a central role.

Accordingly, we use the formulation 'we consider as controversial' for certain criteria. Through our qualitative individual case decisions, we ensure that companies we deem responsible for violations in these areas are not included in the investment universe, nor granted loans.

Criteria for financial market transactions

Financial market transactions that can lead to the destabilisation of markets and, consequently, the destabilisation of economies, are excluded. Therefore, the following regulations apply to our activities in financial markets:

- no currency speculation
- no speculative investments in commodities and foodstuffs
- no investments in securities or the provision of financial services for companies that are based in or originate from countries listed on the EU list of non-cooperative jurisdictions for tax purposes[1]
- investments in derivative financial instruments permitted for risk mitigation purposes only.

Proprietary Investments

Our investment and financing policies also apply to the funds that we, as a bank, are required to invest ourselves, our proprietary investments. Exceptions to this may include investments in the cooperative network and securities issued by the Central Bank of Cooperatives.

Criteria for securities from countries

Countries included in the investment universe of GLS Bank are distinguished by their standards in social justice, respect for and active implementation of asylum and civil rights, and a commitment to environmental responsibility. The United Nations' Sustainable Development Goals serve as a base for this evaluation.

Country indicators

The evaluation is based on social and environmental indicators. Examples include:

- share of renewable energy
- share of organic farming
- development of public transport
- gender equality
- treatment of refugees
- avoidance of arms exports to crisis countries
- assumption of international responsibility.

Exclusion criteria for countries

In principle, GLS Bank does not invest in securities from countries where the following violations occur:

- implementation of the death penalty and torture
- restricted political rights and civil liberties (based on benchmarks set by Freedom House)
- expansion of nuclear energy[2]
- high levels of corruption (based on benchmarks set by Transparency International)
- non-signature of the Nuclear Non-Proliferation Treaty and the Geneva Conventions
- non-signature of the Paris Climate Agreement and the Convention on Biological Diversity
- countries rated as having very low or low peacefulness (based on the Global Peace Index)

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[1] https://www.consilium.europa.eu/de/policies/eu-list-of-non-cooperative-jurisdictions/

[2] Purpose specific bonds, such as Green Bonds, Social Bonds, and Sustainability Bonds, are permissible, provided that they do not finance nuclear energy.

Exclusion criteria: controversial operating sectors

Non-renewable energy

From the extraction of fossil fuels to their transport and energy generaton, the energy industry faces numerous sustainability issues. Therefore, we examine whether companies generate revenue through the value creation of a product considered critical (e.g., energy from coal combustion)[3].

1. Nuclear power

Companies operating in the following sectors are excluded (zero percent revenue tolerance):

- uranium mining
- construction of nuclear power plants
- electricity production from nuclear fission.

Companies generating more than five percent of their revenue in the following sectors are excluded:

- manufacturing of components and provision of services for nuclear power plants.

If a company's revenue in such a sector is below five percent, decisions are made on a case-by-case basis.

Practical considerations: it is often difficult to determine whether a product is specifically manufactured for nuclear power plants, has an essential use for plant operations, or is installed in a nuclear power plant without specific adaptation. It is much easier to research whether a company extracts uranium than to determine if the cables produced by a company are suitable for use in nuclear power plants and are in fact installed there. Therefore, for revenues below five percent, we decide on a case-by-case basis whether there is a violation in terms of the exclusion of components for nuclear power plants. If a company generates more than five percent of its revenue from such products or services, we generally exclude it. Additionally, we generally exclude clear core components such as nuclear fuel rods, the production of heavy water specifically for nuclear power plants, the manufacture of Castor containers, etc.

2. Energy from coal

Companies operating in the following sectors are excluded (zero percent revenue tolerance):

- coal mining, including thermal and metallurgical coal as well as coal from all extraction techniques, such as mountaintop removal, underground mining, and open-pit mining
- further processing of coal into energy carriers; this includes all types of fossil coal, such as lignite, hard coal, or coking coal.

Companies generating more than five percent of their revenue in the following sectors are excluded:

- energy generation from coal.

If a company's revenue in such a sector is below five percent, decisions are made on a case-by-case basis. A prerequisite is that the company has a strategy to exit coal energy generation by 2025 at the latest. Companies without an exit strategy or with long-term exit strategies are generally excluded.

Practical considerations: many companies that today generate energy from renewable sources almost exclusively have historically undergone an extensive transformation process and long represented the opposite of what the GLS Group considers investable and financeable. In recent years, several of them have made an almost complete shift towards renewable energy and now impress with progressive business practices. Often, the sale of legacy fossil assets can still take some time. Considering low, single-digit percentage revenues and a credible exit strategy, a revenue threshold allows the investment committee to recognise the consistent transformation of such a company in the context of our qualitative case-by-case decision-making.

3. Energy from oil

Companies operating in the following sectors are excluded (zero percent revenue tolerance):

- extraction and exploration of oil, especially through hydraulic fracking, fracking of oil sands, open-pit mining of oil sands, oil sands in general, and oil shale
- trading of crude oil
- refining and processing of oil into energy carriers
- essential products and services for the fracking industry.

Companies generating more than five percent of their revenue in the following sectors are excluded:

- operation of pipelines for the transport of oil
- energy generation from oil.

If a company's revenue in such a sector is below five percent, decisions are made on a case-by-case basis.

Practical considerations: in areas or regions primarily supplied by renewable energy and not connected to a national grid (e.g., islands), it may happen that generators powered by oil need to be used to balance peak loads in the electricity grid. If there is no sufficient reason for maintaining oil capacities, the involved companies are not included in the investment universe.

[3] In addition to the exclusions listed in this chapter, the exclusions of the Paris Aligned Benchmark are also taken into account.

4. Energy from natural gas

Companies operating in the following sectors are excluded (zero percent revenue tolerance):

- extraction and exploration of natural gas in general, and specifically through Arctic deep-sea drilling and fracking
- essential products and services for the fracking industry.

Companies generating more than five percent of their revenue in the following sectors are excluded:

- operation of pipelines for the transport of natural gas
- energy generation from natural gas.

If a company's revenue in such a sector is below five percent, decisions are made on a case-by-case basis.

Lending business:

For the following projects within the lending business, financing may be considered on a case-by-case basis:

- use of natural gas as redundancy, peak load, or in combined heat and power (CHP) for district heating and neighbourhood projects, if a renewable energy alternative would not be feasible at the time of financing.

Weapons and military equipment

The financing of weapons and armaments is excluded, as these contribute to the escalation of conflicts, the violation of human rights, and the intensification of environmental impacts.

Weapons, core components of weapons and armaments

Companies operating in the following sectors are excluded (zero percent revenue tolerance):

- production and distribution of controversial weapons and their key components, as well as related services. Our definition covers weapons that are banned or regulated by international treaties, or which are otherwise considered particularly controversial. This includes nuclear weapons, biological weapons, chemical weapons, anti-personnel mines, cluster munitions, depleted uranium ammunitions, and incendiary weapons (e.g., white phosphorus).
- production and distribution of conventional weapons and their key components, as well as related services. This also includes autonomous weapon systems and civilian firearms.

Companies generating more than five percent of their revenue in the following sectors are excluded:

- production and distribution of other military equipment and their key components and services, which have significant strategic value for the military or are specifically tailored to military needs and cannot be used for civilian purposes.

If a company's revenue in such a sector is below five percent, decisions are made on a case-by-case basis.

Practical considerations: distinguishing dual-use products and assessing the relevance of components can often be challenging and is handled differently by various experts. Therefore, decisions for such products are made on a case-by-case basis. It is generally easier to determine whether a company manufactures a complete weapon than to ascertain whether the cables or coatings produced by a company are suitable for use in weapons, specifically adapted for such use, and ultimately incorporated into weapons.

Example: A company produces three different coatings for the military. The total revenue from these products is less than five per cent, and none of the coatings are classified as part of a weapon or as key components of armaments.

- coating 1: meets the military's colour requirements. It was specifically mixed for the end customer. It is not clear whether it is a dual-use product or not. However, we do not consider the product to be strategically relevant, so revenue under five per cent is acceptable.
- coating 2: is particularly robust and suitable for various weather conditions. This product is specifically tailored to the needs of the military, as other customer groups do not require this level of robustness. However, we do not consider the product to be strategically relevant, so revenue under five per cent is acceptable.
- coating 3: consists of radar-absorbing materials. This product is specifically tailored to the needs of the military. We consider the product to be strategically relevant, as the vehicle being coated would otherwise appear on radar. In this case, a zero per cent threshold is applied – the company is not eligible for the GLS investment universe.

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Conventional agriculture

GLS Bank excludes companies involved in conventional agriculture due to the numerous environmental and social issues associated with this method. Large quantities of chemical-synthetic pesticides and fertilisers are often used, which pollute the environment, poison soils and water bodies, and negatively impact biodiversity. Additionally, the cultivation of monocultures is frequently practised, which depletes the soil and makes it susceptible to diseases. GLS Bank advocates for sustainable agriculture with high animal welfare standards (see Positive criteria).

1. Pesticides and chemical fertilisers

Companies operating in the following sectors are excluded (zero per cent revenue tolerance):

- manufacture of chemical-synthetic fertilisers and/or chemical-synthetic pesticides for agriculture. This includes, for example, insecticides, herbicides, and fungicides.[4]
- use of chemical-synthetic fertilisers and/or chemical-synthetic pesticides for agriculture. This includes, for example, insecticides, herbicides, and fungicides.

Permissible are plant protection and pest control products, as well as mineral fertilisers, that are allowed for organic farming according to EU Regulation (EU 2021/1165).

2. Factory farming

Companies operating in the following sectors are excluded (zero per cent revenue tolerance):

- intensive animal husbandry in industrial systems according to the definition of factory farming by the Food and Agriculture Organization (FAO) and operations that exceed the permissible size and legal requirements for the construction of stables without an environmental impact assessment.[5]

3. Genetic engineering

Companies operating in the following sectors are excluded (zero per cent revenue tolerance):

- research and development of or on genetically modified organisms (plants, animals, microorganisms).
- cultivation or production of genetically modified organisms (plants, animals, microorganisms).
- this includes producers of genetically modified organisms (GMOs) that alter the genetic material of seeds or animals and produce, process, or sell them. This also applies to the use of novel genetic engineering methods such as CRISPR gene editing.

For applications in closed systems (i. e. in medical applications, development and production of pharmaceuticals or in industrial processes, such as in laboratory settings where it is unlikely that genetically modified organisms will be released into the environment, we make decisions on a case-by-case basis. We also make individual decisions for the further processing of substances or products produced by genetically modified organisms.[6]

Chemicals

Industrially produced chemicals are used in most economic sectors: for industrial purposes, consumer goods, or medical products. At various stages of the value chain, these chemicals can also enter the environment. Many of these chemicals have a severe impact on animals, plants, and human health.

Some chemicals are essential for certain production fields or products that are crucial to everyday life and indispensable for the energy transition. For example, the recycling of lead-acid batteries can be classified by sustainability rating agencies as the use of restricted chemicals. Since we view the recycling of batteries as a crucial contribution to the success of a circular economy, the investment committee may decide to include it on a case-by-case basis. For this reason, we use the phrase 'we consider controversial' here (see evaluation methodology in the section on working principles).

1. Chemicals regulated by international agreements

We consider the production and use of chemicals that fall under the following conventions and EU legislation as controversial:

- Stockholm Convention (persistent organic pollutants, e.g., DDT, PCBs, dioxins)
- OSPAR Convention (persistent, bioaccumulative, toxic substances, e.g., biocides, phthalates)
- Montreal Protocol (ozone-depleting chemicals, including chlorine- and bromine-containing as well as halogenated organic compounds)
- restricted substances according to REACH Regulation

In individual cases, a company may be included based on the evaluation criteria listed below.

[4] For the use of pesticides and fertilisers, a five per cent revenue tolerance applies exclusively for investments. In individual cases and after careful consideration, inclusion may occur, particularly if the revenues originate from subsidiaries and do not constitute a significant contribution to value creation. This applies, for example, to banks that hold direct investments in the agricultural sector. In such cases, we reserve the right to subscribe to purpose-specific bonds (Green Bonds or Social Bonds).

[5] We use the definition of the FAO and the german legal regulations for environmental impact assessment in the construction of stables (maximum size: 500 calves, 600 cattle, 560 sows, 1,500 fattening pigs, 15,000 laying hens or fattening turkeys, 30,000 broiler chickens).

[6] Companies must comply with the provisions of the Cartagena Protocol.

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2. **Health-hazardous and environmentally polluting chemicals**

We consider the production and use of chemicals that fall under the following regulations and NGO assessments as controversial:

- substances of Very High Concern (SVHC) according to the REACH Regulation
- chemicals listed on the SIN List (Substitute It Now) by the International Chemical Secretariat, including PFAS, endocrine disruptors, bisphenols, and brominated flame retardants.[7]

In individual cases, a company may be included based on the evaluation criteria listed below.

Evaluation criteria related to the mentioned chemicals:

- hazard assessment: type of chemical, purpose of use, closed or open industrial process
- compliance with explicit and implicit obligations under international agreements and the REACH Regulation[8]
- use of best available techniques according to BAT reference documents of the European Commission
- roadmap for the replacement of the hazardous substance.

Natural resources

Natural resources are the foundation for life on Earth. They provide food, water, energy, building materials, and raw materials. Their sustainable protection and use are our duty to ensure the quality of life for present and future generations.

1. **Deforestation and conversion of natural forests and ecosystems**

The deforestation of primary forests is one of the major drivers of the climate crisis. It is accompanied by significant biodiversity loss and the discrimination and displacement of indigenous peoples. Its main purpose, besides timber use, is the creation of agricultural land for commodities such as soy, palm oil, natural rubber, and meat from pasture-raised livestock.

Since there are no data points available in the research databases, we apply the phrase 'we consider as controversial' for activities that are indirectly or directly involved in the deforestation of primary forests, and base exclusions on our individual research.

We consider companies operating in the following sectors as controversial:

- illegal logging and clear-cutting of primary forests
- deforestation in primary forests, especially in the tropics[9]
- cultivation of forestry and agricultural products as well as livestock farming in tropical forest areas[10]
- processing and distribution of products from high-risk sectors such as palm oil, soy, natural rubber, sugarcane, timber, beef, pulp, and paper.

In individual cases, a company can be evaluated based on the criteria listed below.

Evaluation criteria related to deforestation:

- Company policies and management systems designed to ensure transparency regarding deforestation risks and to prevent deforestation within the company's own operations and supply chain.
- relevance of the product to the business operations
- certifications and transparency initiatives (e.g., FSC, CDP Forest)
- development of alternative products that do not rely on controversial raw materials.

2. **Mining and conflict minerals**

Mining activities can destroy large areas of habitats and ecosystems, lead to soil erosion, and degrade water quality in rivers and lakes as well as air quality in the surrounding area.

Conflict minerals are mineral resources extracted in regions affected by armed conflicts and where human rights violations occur. These minerals are often a significant source of funding for armed groups involved in these conflicts, contributing to the perpetuation of violence and instability.

Excluded are companies operating in the following sectors (zero percent revenue tolerance):

- general mining
- deep-sea mining
- construction of new mines
- mountaintop removal mining
- extraction and trade of conflict minerals.[11]

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[7] For example, carcinogenic, mutagenic, or reproductive toxic chemicals.

[8] Substances must not adversely affect human health and the environment; protection of employees, consumers, and the environment; proactive communication and information. Exceptions based on SCIP database entries of the REACH Regulation ANNEX XVII, ANNEX XIV.

[9] Definition according to Forests & Finance: 'natural tropical forests in Southeast Asia, Central and West Africa, and parts of South America'.

[10] See footnote 9.

[11] The EU Regulation 2017/821 pertains to tin, tantalum, tungsten, their ores, and gold. The extraction of these four minerals is particularly often associated with armed conflicts and human rights violations. Companies importing these raw materials into the EU (so-called upstream) must be able to demonstrate that the extraction of the minerals meets international OECD standards and must implement a supply chain policy and risk management in accordance with the OECD approach. These regulations do not apply to downstream processing.

We consider the following as controversial:

● processing of conflict minerals.

In individual cases, inclusion can occur if these goods are indispensable for sustainability transformation, such as for the production of wind turbines or battery storage. Here, we expect transparency and compliance with relevant legal regulations (Dodd-Frank Act, EU Directive) and company policies for the supply chain.

3. Bioenergy from non-sustainable sources

Bioenergy, even though it is considered renewable energy, must be evaluated on a case-by-case basis. If the materials come from non-sustainable sources, this can lead to land use conflicts, increased greenhouse gas emissions, and deforestation.

Excluded are companies that generate more than five percent of their revenue in the following sectors:

● energy generation from biomass, if it does not come from residual and waste materials or products of organic farming (e.g., cover crops).

If a company's revenue is below five percent, a decision will be made on a case-by-case basis.

Addiction and pornography

Addiction is a complex and serious health issue that can occur when a person develops a strong dependence on a substance or behaviour. It can take various forms, including alcohol, drug, or gambling addiction, and can have negative consequences on one's health, social life, and overall quality of life.

1. Tobacco products

Tobacco is damaging to health because it contains a variety of harmful chemicals and toxins that enter the body when smoked. These substances can lead to serious health problems. Additionally, smoking tobacco can be addictive. Furthermore, the tobacco industry significantly contributes to environmental pollution, the destruction of ecosystems, and the waste of natural resources.

Excluded are companies operating in the following sectors (zero percent revenue tolerance):

● manufacture of tobacco products

● manufacture of e-cigarettes and their components.

Excluded are companies that generate more than five percent of their revenue in the following sectors:

● trade and distribution of tobacco products.

If a company's revenue is below five percent, a decision will be made on a case-by-case basis.

Practical considerations: even though we generally reject the trade and distribution of tobacco products, there are a few exceptions where it seems sensible to include the company in our investment universe. For example, there are railway companies that generate almost all their revenue from rail transport but also sell tobacco products in their company-owned station kiosks.

2. Alcohol

The consumption of alcohol carries a range of risks, even though it is socially accepted in Germany. Excessive alcohol consumption can cause serious health problems, lead to social issues, and, with regular use, can also result in addiction. Therefore, a responsible approach to alcohol is essential.

Investments:

Excluded are companies that generate more than five percent of their revenue in the following sectors:

● manufacture of alcoholic beverages

● trade and distribution of alcoholic beverages.

If a company's revenue is below five percent, a decision will be made on a case-by-case basis.

Lending business:

For companies that generate revenue in the following sectors, decisions will be made on a case-by-case basis:

● manufacture of organic alcoholic beverages

● trade and distribution of organic alcoholic beverages.

An important prerequisite for financing is that the company only conducts advertising measures for responsible consumption.[12] However, the attitude of a company and its handling of potential risks can usually only be assessed through personal contact with the company.

Practical considerations: We consider investments, such as stocks of large brewery companies, to be significantly more critical than lending to smaller companies. Due to the growth pressure that publicly traded companies face, there is a systematic incentive to sell more alcoholic beverages, coupled with aggressive marketing strategies – with corresponding consequences for society. Therefore, for investments, we only accept the manufacture and sale of alcoholic beverages as a minor component (see case 1). In the lending business, we can make a more reliable assessment of advertising measures and company strategy, which is why financing is possible under certain conditions (see case 2).

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[12] See the Code of Conduct of the German Advertising Council.

- case 1 (Securities): if a supermarket, for example, also sells alcoholic beverages and these account for less than five percent of total revenue, no exclusion occurs. If the revenue exceeds five percent, the company is excluded.
- case 2 (Lending): a small brewery requests financing. It is organically certified and adheres to the Code of Conduct of the German Advertising Council for commercial communication of alcoholic beverages. In this case, lending can be approved.

3. Gambling

Excluded are companies that generate more than five percent of their revenue in the following sectors:

- provision of gambling services (e.g., casinos, betting shops, online betting)
- production and distribution of gambling devices (e.g., slot machines).

If a company's revenue is below five percent, a decision will be made on a case-by-case basis. Gambling services that clearly serve a social purpose may be permissible on a case-by-case basis.

4. Pornography

As GLS Group, we stand for the right to sexual self-determination and a positive and educated approach to sexuality. For this reason, we do not fundamentally view pornography negatively. Rather, we want to ensure that the conditions under which pornographic content is created, and the content itself are compatible with our values. This includes a responsible portrayal of diverse sexuality, avoiding sexism, racism, and glorification of violence, as well as ensuring voluntary and non-exploitative conditions in production.

Investments:

Excluded are companies that generate more than five percent of their revenue in the following sectors:

- production and provision of pornographic material.

If a company's revenue is below five percent, a decision will be made on a case-by-case basis.

Lending business:

For the following projects in the lending business, financing can be approved on a case-by-case basis:

- feminist and queer pornography projects
- theatre productions or art representations that promote self-determined sexuality without elements of exploitation or self-exploitation.

Practical considerations: in the lending business, we can ensure alignment with our values much more reliably through personal contact with companies and projects than for investments. Therefore, in the investment sector, only a minor component is accepted; this mainly concerns companies in the telecommunications industry that provide access to pornographic material (e.g., through TV channels).

Animal welfare

Animal testing, fur, and leather from exotic animals

It aligns with the values of GLS Bank to treat animals with respect and dignity. Animals can experience pain, suffering, and joy, and it is our responsibility to respect and ensure their well-being.

Excluded are companies operating in the following sectors (zero percent revenue tolerance):

- production of products made from fur and leather of exotic animals and wild animals
- conducting animal testing as a service
- production of non-medical products that are tested on animals.

Animal testing as part of necessary medical research (e.g., for the development of pharmaceuticals) and animal testing required by regulatory approval processes for medical products do not constitute a violation.

Excluded are companies that generate more than five percent of their revenue in the following sectors:

- trade of products made from fur and leather of exotic animals and wild animals.

If a company's revenue is below five percent, a decision will be made on a case-by-case basis.

Exclusion criteria: controversial business practices

We define business practices as actions taken by a company or organisation within its business activities. This includes the social and environmental conditions under which products or services are produced or provided, and whether a company adheres to ethical rules of business conduct. Business practices describe the ‘how’ of a company. Controversial business practices can occur in any company, regardless of its business sector.

We gather information from public and non-public sources.[13] Additionally, we research whether there are controversies within a company. If there is a potential or actual violation of international agreements, national laws, or principles of ethical business conduct listed below, a case-by-case decision will be made based on the following evaluation criteria:

- how extensive is the controversy?
- is the controversy a systematic or structural problem within the organisation?
- how transparent is the company in dealing with the controversy?
- what measures has the company taken to address and prevent future issues?

Companies with proven and systematic significant violations are generally excluded.

Violation of human rights

A violation is considered to be the breach of internationally recognised human rights agreements, such as the UN Universal Declaration of Human Rights, the UN Convention on the Rights of the Child, the UN Guiding Principles on Business and Human Rights, and the Council of Europe Convention on preventing and combating violence against women and domestic violence (Istanbul Convention). These include, among other things, the following aspects that are particularly relevant in the business context:

- endangerment of health, physical integrity, or life, especially through direct physical violence or its commissioning
- slavery and modern slavery
- massive violation of self-determination rights.
- discrimination, meaning the disadvantaging of vulnerable groups, including but not limited to:
  - o gender, gender identity, or sexual orientation
  - o ethnicity, race, nationality and social origin, including external characteristics such as skin colour, ancestry, language, or migration background
  - o religion or belief
  - o disability or mental impairment.
- legal or illegal acquisition or concession of land rights under the following circumstances:
  - o land grabbing, meaning the illegitimate appropriation of land without the free, prior, and informed consent of the affected population. This particularly concerns indigenous populations and other vulnerable groups. In this context, the use of forest areas, grazing lands, and fishing grounds is also critical.[14]
  - o controversial activities undertaken in occupied territories.

Practical considerations: an example of this is the construction and operation of large dams, which demonstrably disregard the rights of the local population.

If there are controversies involving essential suppliers, these will be examined, and a case-by-case decision will be made. Here, we assess the severity of the controversy, transparency, and measures taken to address or prevent such controversies in the future.

Violation of labour rights

A violation is considered to be the breach of internationally recognised labour rights agreements, particularly the ten core labour standards of the International Labour Organization (ILO)[15] and the OECD Guidelines for Multinational Enterprises, as well as the non-compliance with local laws. This includes, among other things, the following aspects:

- systematic endangerment of the health or life of workers
- exploitative child labour and violations of the UN Convention on the Rights of the Child
- any form of forced labour and debt bondage
- restriction of workplace freedom of association and collective bargaining rights
- discrimination against workers.

[13] For example, ESG databases from sustainability rating agencies, NGO reports.

[14] The Tirana Declaration.

[15] Convention 87 (Freedom of Association and Protection of the Right to Organise), Convention 98 (Right to Organise and Collective Bargaining), Convention 29 (Forced Labour) and the 2014 Protocol to the Forced Labour Convention, Convention 105 (Abolition of Forced Labour), Convention 100 (Equal Remuneration), Convention 111 (Discrimination in Employment and Occupation), Convention 138 (Minimum Age), Convention 182 (Worst Forms of Child Labour), Convention 155 (Occupational Safety and Health), Convention 187 (Promotional Framework for Occupational Safety and Health).

If there are controversies involving essential suppliers, these will be examined, and a case-by-case decision will be made. Here, we assess the severity of the controversy, transparency, and measures taken to address or prevent such controversies in the future.

Controversial environmental practices

A violation is considered to be the disregard of environmental laws and international environmental protection agreements.[16] This also includes projects with a severe negative impact on the environment and biodiversity, as well as the overexploitation of natural resources. This includes, among other things, the following aspects that are particularly relevant in the business context:

- severe air, water, and soil pollution
  - e.g., the discharge of toxic wastewater into bodies of water or the lack of filtration systems for hazardous emissions.
- negative impacts on ecosystems and biodiversity, such as:
  - construction and operation of dams with significant environmental impacts, especially large projects over 20 MW
  - drainage and degradation of wetlands and peatlands[17]
  - introduction of non-native, invasive species and organisms into ecosystems
  - trade in endangered plants and animals, according to the Washington Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).[18]
- Overexploitation of natural resources
  - overfishing of seas and inland waters, as well as the use of harmful fishing practices, such as trawling, and farming methods like shrimp farming in mangrove forests
  - illegal or illegitimate extraction of water from bodies of water or groundwater sources, especially in arid regions
  - illegal sand mining, e.g., on coasts.

If there are controversies involving essential suppliers, these will be examined, and a case-by-case decision will be made.

Controversial business ethics

A violation is considered to be the breach of local laws and generally accepted codes of conduct for business operations. This includes, among other things, the following particularly relevant aspects:

- corruption (acceptance of bribes and bribery of third parties as well as facilitation payments)
- antitrust violations such as cartel formation and price-fixing
- accounting fraud
- tax evasion or massive tax avoidance practices[19]
- money laundering
- industrial espionage
- fraud against customers or business partners
- massive data protection violations
- systematic and intentional consumer deception (e.g., greenwashing)
- active lobbying against environmental or social laws
- unfair trading practices in the food trade[20]
- biopiracy: appropriation of genetic resources or knowledge about them[21]
- predatory lending
- land speculation.

If there are controversies involving essential suppliers, these will be examined, and a case-by-case decision will be made.

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[16] Including: IUCN Protected Areas, IUCN Threatened Species, High Conservation Values (HCV), and UNESCO World Heritage Sites.

[17] Convention on Wetlands (Ramsar Convention).

[18] CITES list.

[19] In particular, if the headquarters of the company or of its subsidiaries is listed on the FATF Grey List or on the EU list of non-cooperative jurisdictions for tax purposes.

[20] According to Directive 2019/633.

[21] According to the Nagoya Protocol.

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Positive criteria

Companies and organisations that are included in the GLS financing or investment portfolio must operate in at least one positive business area or distinguish themselves through outstanding business practices. Provided there is no violation of an exclusion criterion, an evaluation and weighing of interests will be conducted in relation to our mission statement and evaluation criteria. In addition to the positive criteria as guidelines, we also work with industry-specific requirements in the credit sector. Information on these can be found on the sector pages at www.gls.de. The positive criteria apply to the investment portfolio as well as to commercial loans of 10,000 euros or more.

Positive operating sectors

1. Nutrition

We aim for a transition of the food system. This means environmentally friendly, resource-conserving, and fair production and processing, trade, and consumption of organic foods. Additionally minimising food waste, promoting animal welfare and further developing a health-promoting and sustainable diet.

We positively evaluate according to organic farming standards:[22]

- arable and vegetable farming
- humane animal husbandry
- food processing
- food distribution[23]
- catering services.

We positively evaluate the operation, new construction, renovation, and maintenance of:

- products and services that contribute to more resource-efficient agriculture, e.g., digitised harvest and soil monitoring, automatic weed detection, more efficient irrigation systems.

2. Housing

Everyone needs a place to live. We want affordable housing for all, both communal and individual living, built and used sustainably and resource-efficiently, with solid infrastructure and public transport connections, places for social interaction, urban greenery, and a strong sense of community.

We positively evaluate the operation, new construction, renovation, and maintenance financing of:

- communal housing projects such as housing cooperatives, building groups, and 'Mietshäuser Syndikat'[24] projects
- residential properties of non-profit, municipal, and private sector sponsors[25], as well as private individuals.

Practical considerations: In investment business, we refinance housing, among other things, through mortgage covered bonds. Positive evaluations are given to cover pools with high energy standards and a significant proportion of residential properties.

3. Renewable energy

Electricity and heat supply are basic human needs. Our core concern is to create a market that is solidarity-based and focused on this fundamental need. We aim for the energy transition and the fastest possible phase-out of nuclear and fossil fuels. To achieve this, we primarily need the expansion of renewable energy, the associated infrastructure, and the reduction of energy consumption.

We positively evaluate:

- the construction and operation of renewable energy installations:
  - o plants for electricity generation from wind, solar, and water
  - o plants for heat generation from solar and geothermal energy, as well as biomass[26]
  - o district heating networks, neighbourhood supply
  - o energy storage solutions
  - o technologies for sector coupling and green hydrogen
- manufacturing of renewable energy systems, including components
- products and services for the energy transition (e.g., software solutions for load management, green electricity trading)
- infrastructure for renewable energy (e.g., power grids).

4. Education and culture

Education and culture shape people's experiences and perceptions. Alongside personal and familial environments, they lay the foundation for future-oriented and value-driven actions, as well as individual development paths. With this understanding, the GLS community develops and supports pathways for societal change through forward-looking educational and cultural institutions.

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[22] Agricultural enterprises that operate in accordance with Regulation (EU) 2018/848 or comparable standards, or are in the process of conversion. In the absence of organic certification, a case-by-case decision can be made in line with the exclusion criteria, for example, for cultivation practices based on indigenous knowledge such as permaculture or agroforestry systems, particularly in the Global South.

[24] A cooperative, non-profit initiative in Germany that assists communities in securing long-term affordable housing through a legal, collective property arrangement.

[25] With appropriate social-ecological standards.

[26] Based on residual and waste materials or products from organic farming.

We positively evaluate operators, institutions, and investors in the following areas:

- early childhood care and education
- schools
- universities
- vocational and adult education
- arts, culture, and philosophy
- social engagement.

We also positively evaluate:

- products and services for education and culture.

5. Health and social care

Attentive care, counselling and support, as well as good medical treatment, are essential for a healthy and self-determined life. This includes care and nurturing for the body, mind, and spirit.

A diverse and accessible range of services makes it possible to meet individual needs.

We positively evaluate:

- participation
  - o outpatient and special residential forms of integration assistance
  - o inclusion enterprises
  - o inclusive businesses
  - o workshops for people with disabilities
- living in old age
  - o outpatient care services, semi-residential offerings
  - o outpatient assisted living
  - o residential care facilities
  - o residential care communities
- child and youth welfare
  - o outpatient services
  - o (semi-)residential living forms
- health
  - o basic medical care
  - o integrative medicine
  - o rehabilitation facilities
  - o therapeutic services, outpatient and inpatient
  - o addiction support.

We also positively evaluate the following products and services:

- manufacture of pharmaceuticals (e.g., generics)
- medical and orthopaedic technology
- medical products (e.g., bandages)
- health prevention, diagnostics, and hygiene (e.g., laboratory analyses)
- accessibility, especially for people with dis_abilities[27]

6. Sustainable economy

Future-oriented companies focus on closed-loop systems, resource conservation, and renewable raw materials with their products and services. By adopting responsible production and consumption practices, they also take on social responsibility in the supply chain, form fair partnerships, and make inclusive offerings available. This includes not only companies from the core sectors of the GLS Group, but also companies active in the following sustainable business models.

We positively evaluate products and services for:

- environmental and climate protection
  - o innovative technologies for CO_2 reduction and nutrient recovery
  - o climate protection measures (e.g., peatland restoration), promotion of biodiversity
  - o measures for climate change adaptation
- sustainable and circular building
  - o construction of residential and commercial properties for our core sectors
  - o building materials and components (e.g., insulation materials)
  - o products and services for heating and cooling technology as well as energy supply
- mobility
  - o bicycle-related products, services and mobility (charging infrastructure, small and commercial vehicles)
  - o car sharing and electric cars for fleet use
  - o Public, local and long-distance passenger transport as well as freight transport by rail
- daily needs
  - o fair and ecologically produced goods (e. g. natural cosmetics clothing and natural textiles, household goods)
  - o services[28] provided by self-employed individuals, freelancers & small businesses[29]

[27] Barriers in everyday life and negative attributions hinder a dis_abled person. With the underscore, we want to show: the circumstances are the problem, not the dis_ability itself.
[28] Definition of "everyday services": these include, among others, consulting and planning services, trades and crafts, and personal care services.
[29] Definition of "small businesses": up to 49 employees and an annual turnover or annual balance sheet total of no more than EUR 10 million.

- energy efficiency and resource conservation
  - systems to produce sustainable technologies
  - products designed for circularity, e.g., using secondary raw materials
  - products that replace single-use items (e.g., deposit-refund systems)
- environmental technology and recycling
  - recycling of raw materials
  - waste and wastewater treatment
  - environmental technology services
- protection of people and infrastructure
  - emergency medical services and crisis and disaster protection
  - fire and burglary protection
- communication and IT
  - access to communication
  - data protection and information security
  - green IT, e.g., software solutions for significant energy savings.

Practical considerations: A part of the mobility transition is also the shift away from fossil-fuelled combustion engines. This requires not only emission-free vehicles but also the necessary and appropriate infrastructure. Therefore, we invest, for example, in a company that develops and produces smart grids, energy storage systems, and charging stations for electric vehicles.

7. Financial sector – banks and insurance companies

Banks play a central role in their core business areas of lending, asset management, and proprietary investments in the realisation of projects: with their loans and investments, they enable private individuals to build houses, companies to set up new production facilities, and governments to expand infrastructure. By tying their allocation of funds to ecological and social conditions, they can indirectly mitigate climate change, prevent environmental destruction, and foster a more communal coexistence among people – just as we do at GLS Bank with our loans and investments.

We positively evaluate:

- banks with strict social-ecological guidelines
- securities that finance specific projects:
  - mortgage covered bonds with a focus on housing construction
  - public covered bonds with a focus on public infrastructure
  - Green, Social, and Sustainability Bonds (GSS Bonds) with a positive assessment of the use of proceeds
- socially and ecologically oriented investment funds with:
  - an independent sustainability committee
  - strict exclusion and credible positive criteria
  - credible motivation and history
- insurance companies
  - coverage of private risks for individuals (health insurance, casualty/accident insurance)
  - coverage of private risks against events (liability, natural events).

Practical considerations: When assessing the sustainability of a financial institution, we evaluate, on the one hand, the social-ecological commitments it has published for its various core business areas, how comprehensive these are, and what loopholes they leave, such as the distinction between project finance and corporate credits. On the other hand, we examine the actual loans granted – if possible, as very few banks and insurance companies publish these. Proprietary investments also usually remain opaque. For investments made, the best reference point is often the annual reports of the investment funds, if the bank in question offers such. The transparency of covered bonds and GSS Bonds is usually better; often, GSS Bonds have already been reviewed by third parties. When evaluating investment funds, we also pay attention to social-ecological criteria. It is crucial to have both an independent body that monitors the sustainable orientation of the investments and the investment principles and specific securities in the funds. Since it is not possible to conduct a comprehensive individual assessment of each security in the funds, the overall orientation of the fund and the credibility of the actors are essential in the evaluation.

8. Financial sector – development and microfinance

By development finance, we understand the financing of entrepreneurial activities in the so-called Global South[30] to provide reliable and needs-based basic services on site.

Microfinance describes basic financial services such as loans, savings, and insurance offerings for people who otherwise have no or limited access to these services.

Long-term and sustainable investments are aligned with the needs of the local population and ecologically responsible. Suitable investments apply comprehensive social and ecological criteria, have a local presence, regularly evaluate developmental impact, and provide accompanying advisory services. To minimise harm, an assessment of risk factors, particularly those that can contribute to the over-indebtedness of borrowers, is important.

We positively evaluate:

- microfinance institutions tailoring their financial services to the needs of the local people
- investment funds focused on countries in the Global South with comprehensive criteria
- companies and organisations with a development orientation.

Practical considerations: In Germany, GLS Bank exclusively finances organic agriculture. In the Global South, however, the reality of life, especially in rural areas, is different. Here, most people live in smallholder households. For them, access to financial services is often particularly difficult. In this context, we positively evaluate microfinance funds that invest in the development and expansion of smallholder, independent activities through microfinance institutions – even if the smallholders do not have an internationally recognised organic certification. However, we are aware that here as well, sustainable agriculture must also be ecologically responsible.

Positive business practices

The positive societal impact of a company's products and services is essential for our evaluation. Additionally, we also desire a societal shift in industries and business areas that do not directly contribute to solving global challenges. We positively evaluate pioneers who demonstrate outstanding commitment to integrating social and ecological sustainability into their daily business practices, provided there is no violation of exclusion criteria.

Based on extensive research, data from sustainability rating agencies, reports from NGOs, and the respective sustainability reporting, we assess the sustainability performance and strategy of companies. Our evaluation is based on our assessment criteria, which cover the areas of environment, social, and corporate governance.

Practical considerations: An exemplary company produces process management software for businesses. An exclusion criterion is not affected, but it also does not contribute to a positive business area However, the company performs outstandingly in industry comparison regarding the use of energy-efficient server infrastructures. Additionally, there are highly convincing measures and programmes in place for equality and inclusion. The company also provides detailed reports on its customer relationships and excludes cooperation for military purposes. Therefore, it is eligible for the GLS investment universe.

Evaluation criteria

In addition to the exclusion criteria, which form the outer boundaries for our financing and investments, and the positive criteria, which ultimately provide the reason for financing or investment, there are other criteria that we expect every company to meet: the evaluation criteria.

These help us to evaluate a company holistically and are an essential basis for our individual decisions. Human rights, environmental protection, and governance, as well as specific industry risks, are examined on a case-by-case basis. For example, while guidelines and processes for compliance with human rights are always relevant, we check for the presence of a policy regarding animal testing for a pharmaceutical manufacturer, but not for a wind turbine manufacturer.

[30] We are aware that words and categorisations have an impact. We view the terms Global South and Global North critically, as such a division of the world into two halves represents an undifferentiated perspective. Nevertheless, we use the term 'so-called Global South' as a less loaded alternative to other derogatory categorisations.

Social responsibility

Social responsibility means consistently aligning corporate actions with the needs of employees and society.

We insist on the following:

- **human rights:**
  - o fundamental commitments to the implementation of human rights based on the United Nations Guiding Principles on Business and Human Rights, both within the company and with key suppliers, appropriate to the company's size and circumstances.
  - o policies and processes for fulfilling human rights due diligence obligations, particularly in business operations in conflict regions with a high risk of human rights violations
  - o policies and processes that identify, prevent, and mitigate the impacts of business activities on human rights, and through which accountability is maintained. This applies in particular to the protection of civil society actors from persecution and repression.
  - o policies and processes for remedying potential negative human rights impacts.
- **equal opportunities and anti-discrimination:**
  - o fundamental commitments to equal treatment and equal opportunities regardless of gender, sexual orientation and identity, disability, origin, as well as racist or antisemitic attributions, appropriate to the company's size and circumstances.
  - o policies and measures to eliminate all forms of discrimination and actively promote diversity, equal opportunities, and fairness.
  - o a zero-tolerance policy towards physical, sexual, and verbal violence and discrimination in the workplace.
  - o work-life balance: providing flexibility and work-time models for employees to balance work and family life, particularly adhering to the ILO Maternity Protection Convention.
  - o policies, measures and processes
    - such as training and development programs, particularly to promote women, ensure gender-equitable pay, and achieve a minimum of 40% women in leadership positions[31]
    - for non-discriminatory access for customers, e.g., through appropriate product offerings and access options (language, accessibility).
    - to ensure fair recruitment processes.[32]
- **working conditions:**
  - o the application of a maximum working time (maximum 48 hours per week plus twelve hours of overtime per week).
  - o the payment of living wages (collaboration with (local) non-governmental organisations to calculate the living wage[33] is particularly desirable).
  - o the provision of appropriate working conditions for home office and remote work.
  - o creation and long-term securing of training and employment opportunities, especially for socially disadvantaged employees.
  - o protection of the rights of all migrant workers and their family members.[34]
  - o policies, measures and processes
    - for the socially responsible implementation of redundancies
    - to ensure safety and health in accordance with ILO 155, both for the company's own operations and for key suppliers
    - for handling and addressing employee complaints and resolving violations and conflicts, preferably in consultation with the relevant trade union
    - for investigating compliance violations and providing anonymous whistleblowing systems appropriate to the company's size and circumstances
    - to monitor and, if necessary, correct compliance with labour standards.

We positively evaluate:

- a comprehensive range of training and development opportunities
- concepts for a healthy work-life balance, easy options for individual working time reduction, a low number of weekly hours company-wide, a four-day week, six-hour days, etc.
- embedding employee participation beyond legal requirements
- appropriate remuneration and a low pay gap between the board and the workforce.

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[31] Leadership positions: board, executive committee, senior management.

[32] Oriented towards the ILO Fair Recruitment Initiative.

[33] The level of family income for a working week (according to maximum working hours) should be sufficient to meet basic needs and

provide disposable income.

[34] Compliance with the international convention on the protection of the rights of all migrant workers and their family members. 17

Environmentally friendly business management

Environmentally friendly business management makes an important contribution to respecting planetary boundaries. In this area, we assess the environmental performance of companies, such as their handling of climate, biodiversity, and natural resources.

We expect:

- **climate protection and energy:**
  - o setting targets, implementing measures, and reporting on the reduction of Scope 1, 2, and 3 emissions in line with 1.5-degree compatibility
  - o energy management with a focus on renewable energy and energy savings
  - o transitioning electricity and heating systems to renewable energy sources.
- **environmental protection and resources:**
  - o setting targets, implementing measures, and reporting on the reduction of
    - the plastic footprint, differentiated by type and use (e.g., microplastics)
    - the consumption of renewable and non-renewable resources
    - harmful emissions (e.g., particulate matter, heavy metals, toxic chemicals)
  - o policies and measures for responsible and proactive management of water resources, especially in regions with water scarcity and in potential conflict situations with surrounding communities or stakeholders
  - o consideration of international environmental agreements, including
    - the Cartagena Protocol on Biosafety
    - the twelve principles of the World Commission on Dams for the construction of hydroelectric power plants
    - the Basel Convention on the Control of Hazardous Wastes

Transparency and environmental risks:

- o transparent environmental management
- o the assessment and management of social and ecological risks in the construction of facilities and in production
- o conducting environmental impact assessments and avoiding negative environmental impacts in large projects.

We positively evaluate:

- responsible sourcing (e.g., FSC certification for wood)
- high proportion of recycled materials, take-back systems, repair, and reuse of products
- the eco-design of products and services (e.g., replacement of problematic substances in production, durability, and reparability)
- advanced mobility concepts
- the replacement of animal proteins with plant-based alternatives.

Corporate governance

Sustainable corporate management includes embedding ethical standards and the principles of good corporate governance appropriate to their size and sector-specific risks.

We expect:

- **sustainable corporate management**
  - o integration of social, environmental, and ethical standards into the company's mission statement, strategy, communication, management, and working methods
  - o separation of CEO and Chair of the Board roles, independent supervisory board and audit committee, disclosure of executive remuneration.
  - o policies and measures against corruption and bribery, as well as adherence to tax honesty, including the implementation of government regulations such as the Fourth EU Anti-Money Laundering Directive (AMLD).

- **transparency:**
  - o regular sustainability reporting on social and environmental issues according to recognised standards[35], appropriate to the company's size and circumstances
  - o disclosure of
    - the corporate structure, including subsidiaries and shareholdings
    - government subsidies and payments to state entities in the respective country by the company
    - lobbying activities, especially advocacy at the legislative level and in the shaping of international norms and standards
    - the use of legal action, e.g., in the context of investor-state dispute settlement (ISDS) proceedings against states, specifying the objective and explaining the connection to, for example, their climate and environmental policies. The same applies to tax matters.
- **supply chain and procurement**
  - o policies and measures to prevent violations of
    - violations of human and labour rights, with particular attention to the exploitation of women and children, as well as the informal sector
    - controversial environmental practices, especially those with impacts on climate and biodiversity
    - controversial business practices, especially corruption and bribery
  - o this includes considering, contractually stipulating, regularly reviewing, and reporting on environmental, social, and governance criteria
    - throughout the entire supply chain, especially with key suppliers
    - with subcontractors
    - in the procurement and selection of service partners.

We positively evaluate:

- deeper transparency in the supply chain, publication of suppliers beyond legal requirements, especially traceability/clarity of the supply chain
- extensive data transparency and corporate alignment, e.g., through accounting according to the economy for the common good or publication of primary data
- ambitious sustainability goals linked to executive competence and remuneration.

[35] For example GRI as well as topic- and sector-specific metrics such as SBTI, CDP Climate, CDP Forest, etc.

Disclaimer

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