Globalance Bank AG Industry & Practices Disclosure

About Globalance Bank AG

Globalance Bank AG is an owner-led Swiss private bank.[1] It primarily manages the wealth and capital of private clients, families and foundations according to principles of long-term investment. Impact orientation is integral to its multi-asset class investment approach. Globalance Bank has developed an instrument for that purpose, one that creates transparency: the Globalance Footprint. This allows clients to understand the economic, societal and environmental impacts of all their assets. An interactive online-platform allows clients real-time access to relevant impact data and commentary covering their entire individual portfolios. In the interests of its clients, Globalance is completely independent, does not promote its own investment products and maintains full transparency on its fees.

In relation to investments, the company provides services for accounts and deposits for all asset classes including traceable and certified precious metals. In addition, the bank offers external asset management services.

Based on its industry, Globalance Bank AG completed the "Investment Advising" addendum of the BIA that specifically measures the performance of a company's investment activities from a social and environmental perspective. A few practices pertaining to their assets under management include approximations that:

- 100% have gone through a negative screen based on specific prohibitive industries
- 100% have received additional Environmental, Social and Governance (ESG) screens
- 45% are invested in positive impact investments

Interested parties may view more B Impact Assessment metrics on the company's B Corp Profile.

Because of its status as a private bank based in Switzerland and the regulatory environment and public perception surrounding Swiss banking institutions, Globalance Bank underwent a review of the company's practices related to bank secrecy and the company's social and environmental practices.

B Lab's Standards Advisory Council determined that Globalance Bank was eligible for B Corp Certification given its comprehensive and adequate management of issues related to bank secrecy and transparency, which are highlighted below. More information related to B Lab's review of the issue is available here under Banking in Switzerland.

[1] https://www.bcorporation.net/en-us/find-a-b-corp/company/globalance-bank/.

Company Practices to Prevent Criminal Activities from the Use of Globalance Bank's Services

Globalance Bank has adopted policies, implemented controls and internal procedures, conducted training programs and instituted compliance audits to ensure that it remains in full compliance with relevant laws and regulations.

Globalance is supervised by the Swiss Financial Market Supervisory Authority ("FINMA"). This involves strict routine compliance audits of the company's relevant practices, not only by one, but by two continuous audit processes – independent firms are responsible for internal and external audits and certifications. Additionally, the company adheres to the Wolfsberg Group Payment Transparency Standards and complies with Financial Action Task Force (FATF) Recommendation 16 and the following local regulations: Geldwäschereigesetz (GwG), Geldwäschereiverordnung (GwV-FINMA) and Agreement on the Swiss banks' code of conduct with regard to the exercise of due diligence (CDB 20).

The company has a programme that sets minimum Anti-Money Laundering and Counter-Terrorist Financing (AML/CTF) and Sanctions standards regarding the following components: appointed officer with sufficient experience/expertise, cash reporting, Customer Due Diligence (CDD), **enhanced customer due diligence**, beneficial ownership, independent testing, periodic review, policies and procedures, risk assessment, sanctions, Politically Exposed Person (PEP) screening, adverse information screening, suspicious activity reporting, training and education and transaction monitoring.

The company's AML/CTF and Sanctions policy is approved at least annually by the Board or equivalent Senior Management Committee.

Specifically, the company has policies and procedures that:

- Prohibit the opening and keeping of anonymous and fictitious named accounts;
- Prohibit the opening and keeping of accounts for unlicensed banks and/or Nonbank Financial Institutions (NBFI);
- Prohibit dealing with other entities that provide banking services to unlicensed banks;
- Prohibit accounts/relationships with shell banks;
- Prohibit dealing with another entity that provides services to shell banks;
- Prohibit opening and keeping of accounts for Section 311 of the USA Patriot Act designated entities;
- Prohibit opening and keeping of accounts for any unlicensed/unregulated remittance agents, exchanges houses, casa de cambio, bureaux de change or money transfer agents;
- Assess the risks of relationships with PEPs, including their family and close associates;
- Define escalation processes for financial crime risk issues;
- Specify how potentially suspicious activity identified by employees is to be escalated and investigated; and
- Outline the processes regarding screening for sanctions, PEPs and negative media.

The company also has a record retention procedure that complies with applicable laws. The company's retention period is 10 years.

The company verifies the identities of its customers and has policies and procedures for CDDs. CDDs must usually be completed before the opening of new accounts. Screening due to transaction monitoring must be completed within 20 working days. The company gathers and retains the following information when conducting CDDs: ownership structure, customer identification, expected activity, nature of business/employment, product usage, purpose and nature of relationship, source of funds and source of wealth. Additionally, the company identifies ultimate beneficial owners, authorised signatories, key controllers, controlling persons, grantors and protectors.

The company's due diligence process results in its customers receiving a risk classification. Specifically, the company has policies, procedures and processes to review and escalate potential matches from screening customers and connected parties for determinations of whether they are PEPs or controlled by PEPs.

The company has a process to review and update customer information based on Know your Customer (KYC) renewal and trigger events. Additionally, the company has a combination of automated and manual risk based policies, procedures and monitoring processes for the identification and reporting of suspicious activity. The company has policies, procedures and processes to review and escalate matters arising from the monitoring of customer transactions and activity.

The company has documented policies and procedures that are consistent with applicable Anti-Bribery and Corruption (ABC) regulations and requirements to reasonably prevent, detect and report bribery and corruption. The company has three lines of defence: the first line is the account manager/front office, including client support; second line is the risk and compliance function; and third line is the internal audit function. Mandatory ABC training is provided to the company's 1st and 2nd Line of Defence. The company's internal audit function, or other independent third party, covers ABC policies and procedures.

The company has policies, procedures or other controls reasonably designed to prohibit and/or detect actions taken to evade applicable sanctions prohibitions, such as stripping, or the resubmission and/or masking, of sanctions relevant information in cross border transactions. The company screens its customers, including beneficial ownership information collected, during onboarding and regularly thereafter against Sanctions Lists. The company uses among others, the following Sanctions Lists to screen for existing and new relationships, including Power of Attorneys, Settlors and other important relations, and for monitoring in and outgoing payments to and from clients: Consolidated United Nations Security Council Sanctions List (UN), United States Department of the Treasury's Office of Foreign Assets Control (OFAC), United Kingdom's Office of Financial Sanctions Implementation HM Treasury (OFSI) and European Union Consolidated List (EU).

The company does not have a physical presence in countries or regions where the UN, OFAC OFSI, EU and G7 member countries have enacted comprehensive jurisdiction-based Sanctions.

The company provides mandatory training to its Board and Senior Committee Management, 1st Line of Defence and 2nd Line of Defence on the following topics: identification and reporting of transactions to government authorities; examples of different forms of money laundering, terrorist financing and sanctions violations relevant for the types of products and services offered; internal policies for controlling money laundering, terrorist financing and sanctions violations; and new issues that occur in the market, for example, significant regulatory actions or new regulations.

In addition to inspections by the government supervisors/regulators, the company has an internal audit function, a testing function or other independent third party, or both, that assesses Financial Crime Compliance AML/CTF and Sanctions policies and practices on a regular basis.

Globalance has never been in breach and/or received any fines.

Globalance Bank's relationship with certain entities, including clients in controversial industries

The company DOES NOT speculate[2], instead, it makes informed investment decisions based on a solid case of positive impact. The company also refrains from investments with a risk of unintended negative impacts (for example, soft commodity trading). The Globalance Footprint assessment is critical for investment selection and assures that the company does not invest in industries that cause social and environmental harm. The company's assessment differs from B Corps impact-categories in that it is more granular and reflects the fact that many industries receive a positive score. Certain taxonomies are based on narrow and selective definitions of what constitutes sustainable impact. Globalance applies a wider definition to do justice to today's complexity of modern economies. For example, semiconductors, which are critical for renewable energy, smart mobility, etc., are considered by the company to be critical for positive impact, while other taxonomies might not consider the semiconductors to be "green."

Globalance Bank excludes companies that are rated as "very severe" by the Morgan Stanley Capital International environmental, social and governance (MSCI ESG) Rating.

The company requires that all client relationships be approved by senior management. Additionally, the company considers certain industries and customers to be at increased/high risk, which requires enhanced due diligence, including additional review, monitoring and information collection. The company's enhanced CDD procedures contain elements as set out in the Wolfsberg Correspondent Banking Principles 2014.

The company considers certain entities and industries to be increased/high risk, including the following: arms, defence and military - trade and production; casino and lottery establishments; sex trade; diamond trade and jewellers; tobacco manufacturers and distributors; commodity producers and traders; and atomic power. The company considers domestic PEPs and PEPs in international organisations, as well as, persons close to them to be an increased risk. Foreign PEPs, for example, heads of state, and persons close to them are listed in their own increased risk category.

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[2] The term speculation refers to pure financial decisions with no or little attention to the fundamental value and/or real-world impact of a security and instead focus purely on price movements. (see https://en.wikipedia.org/wiki/Speculation; https://en.wikipedia.org/wiki/Intrinsic_value_(finance)).

DISCLOSURE MATERIALS

Certified B Corporations must complete a Disclosure Questionnaire to identify potentially sensitive issues related to the company (e.g. historical fines, sanctions, material litigation, or sensitive industry practices).

This component does not affect the company's score on the B Impact Assessment. If the company answers affirmatively to any items in the Disclosure Questionnaire and B Lab deems them to be material, the company must:

1) Be transparent about the disclosure issues identified on the company's public B Impact Report
2) Describe how the company has addressed this issue.
3) Demonstrate that management systems are in place to avoid similar issues from arising in the future.

In all cases, the Standards Advisory council reserves the right to refuse certification if the company is ultimately deemed not to uphold the spirit of the community.

In addition to the voluntary indication of sensitive issues in the Disclosure Questionnaire, companies pursuing Certification also are subject to background checks by B Lab staff. Background checks include a review of public records, news sources, and search engines for company names, brands, executives/founders, and other relevant topics.

Sensitive issues identified through background checks may or may not be within the scope of questions in the Disclosure Questionnaire, but undergo the same review process and are subject to the same possible review by the Standards Advisory Council, including ineligibility for B Corp Certification, required remediation, or disclosure.

This document contains a copy of the company's completed Disclosure Questionnaire and related disclosure documentation provided by the company.

Certified B Corporation
bcorporation.net

DISCLOSURE QUESTIONNAIRE

Company Name: Globalance Bank AG
Date Submitted: May 10, 2022

Industries & Products	Yes	No
Please indicate if the company is involved in production of or trade in any the following. Select Yes for all options that apply.		
Animal Products or Services		√
Biodiversity Impacts		√
Chemicals		√
Company Explanation Of Disclosure Item Flags		√
Disclosure Alcohol		√
Disclosure Firearms Weapons		√
Disclosure Mining		√
Disclosure Pornography		√
Disclosure Tobacco		√
Energy and Emissions Intensive Industries		√
Fossil fuels		√
Gambling		√
Genetically Modified Organisms		√
Illegal Products or Subject to Phase Out		√
Industries at Risk of Human Rights Violations		√
Monoculture Agriculture		√
Nuclear Power or Hazardous Materials		√
Payday, Short Term, or High Interest Lending		√
Water Intensive Industries		√
Tax Advisory Services		√

Supply Chain Disclosures	Yes	No
Please indicate if any of the following statements are true regarding your company's significant suppliers.		
Business in Conflict Zones		√
Child or Forced Labor		√
Negative Environmental Impact		√
Negative Social Impact		√
Other		√

Outcomes & Penalties	True	False
Please indicate if the company has had any formal complaint to a regulatory agency or been assessed any fine or sanction in the past five years for any of the following practices or policies. Check all that apply.		
Anti-Competitive Behavior		√
Breaches of Confidential Information		√
Bribery, Fraud, or Corruption		√
Company Explanation Of Disclosure Item Flags		√
Company has filed for bankruptcy		√
Consumer Protection		√
Financial Reporting, Taxes, Investments, or Loans		√
Hazardous Discharges Into Air/Land/Water (Past 5 Yrs)		√
Labor Issues		√
Large Scale Land Conversion, Acquisition, or Relocation		√
Litigation or Arbitration		√
On-Site Fatality		√
Penalties Assessed For Environmental Issues		√
Political Contributions or International Affairs		√
Recalls		√
Significant Layoffs		√
Violation of Indigenous Peoples Rights		√
Other		√

Practices	True	False
Please indicate if the following statements are true regarding whether or not the company engages in the following practices. Check all that apply. If the statement is true, select "Yes." If false, select "No."		
Animal Testing		√
Company/Suppliers Employ Under Age 15 (Or Other ILO Minimum Age)		√
Company Explanation Of Disclosure Item Flags		√
Company prohibits freedom of association/collective bargaining		√
Company workers are prisoners		√
Conduct Business in Conflict Zones		√
Confirmation of Right to Work		√
Does not transparently report corporate financials to government		√
Employs Individuals on Zero-Hour Contracts		√
Facilities located in sensitive ecosystems		√
ID Cards Withheld or Penalties for Resignation		√
No formal Registration Under Domestic Regulations		√
No signed employment contracts for all workers		√
Overtime For Hourly Workers Is Compulsory		√
Payslips not provided to show wage calculation and deductions		√
Sale of Data		√
Tax Reduction Through Corporate Shells		√
Workers cannot leave site during non-working hours		√
Workers not Provided Clean Drinking Water or Toilets		√
Workers paid below minimum wage		√
Workers Under Bond		√
Other	√	**More Details >>**

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bcorporation.net

B Corp Certification - Disclosure Questionnaire Documentation

PROVIDED BY:	Globalance Bank AG	UPDATED AS OF:	May 10, 2022

DISCLOSURE QUESTIONNAIRE CATEGORY	ther
TOPIC	Private Banking as a potenially Controversial Industry
SUMMARY OF ISSUE	"Globalance Bank AG is an owner-led Swiss private bank offering sustainable wealth management portfolios only. The bank manages wealth of private clients, families and foundations according to principles of long-term investment. The company does not provide lending. In addition to investments, the company provides services for accounts and deposits; trusteeships; external asset management; and the purchase and sale of precious metals. The company has written enhanced due diligence policies and procedures in place for industries it considers to be increased/high risk, including the following industries: arms, defence and military for trade and production; casino and lottery establishments; diamond trade and jewelers; and politically exposed persons (PEPs). The company also has policies for the life insurance industry and for precious metals. B Lab has identified the above listed items as controversial industries. Additionally, the company has enhanced policies for customers in the sex trade, atomic power and tobacco manufacturing and distributor industries. As a bank operating in Switzerland, the company was required to complete the Swiss Banking Controversial Issue Standards and disclosure on this topic, which is also available on their B Corp profile. As part of that disclosure, the company has confirmed that: - 100% of assets under management have gone through a negative screen based on specific prohibitive industries; and - 100% of assets under management has received additional ESG screens.
SIZE/SCOPE OF ISSUE (e.g. $ financial implication, # of individuals affected)	"Within its wealth management, Globalance invests into one potentially controversial asset class, which is precious metals. - 2.6% (as of 5 May 2022) of the company's average invested capital is in precious metal. In general, Globalance applies 3% revenue margin tolerance allowed for investment in high risk industries to account for third party data errors.

B Corp Certification - Disclosure Questionnaire Documentation

PROVIDED BY: Globalance Bank AG	UPDATED AS OF: May 10, 2022

IMPACT ON STAKEHOLDERS	"Swiss Private Banking in General: Swiss bankings' history of bank secrecy that protects the identities of individual clients and creates a lack of transparency has at times enabled the avoidance of taxes, fraud, money laundering activities and use by and enrichment of individuals, such as dictators and potential criminals, with potentially ill-gotten wealth. B lab has identified issues, such as corruption, bribery and other illegal activity, as potential issues for defence, casino and extractives industries, and for governments tied to human rights violations. The purchase and sale of precious metals, diamonds and other gemstones poses a human rights risk due to the possibility that they are sourced from conflict-affected and high risk areas, where they may be used to finance conflict and/or be associated with human rights abuses in the supply chain. Life insurance companies have potential issues with the amount of value generated by whole life insurance policies and payout transparency with policyholders.
IMPLEMENTED MGT PRACTICES	"Management Practice at Globalance: The company has stringent Know Your Customer (KYC) procedures. Globalance has one single fund with ""green gold"" in its investable universe. The company selected this fund after detailed due-diligence, which invests in gold which is produced in a specific mine in the US and complete chain of custody is documented and secured. The company's investments in green gold are done indirectly by a fund manager who is fully licenced and files the necessary documentations with the Swiss regulator. The company is also in the process of vetting a gold refinery in Austraila for investment. Globalance has policies and procedures in place regarding the listed high risk industries, the company does not invest in these industries, nor are critical exponents from these industries allowed to be customers. Specifically, the company has no relationships with risk countries, arms & defence, casinos, sex trade, diamonds, tobacco and politically exposed persons. The company currently has no relationships with insurance wrappers. The company has excluded investments in atomic power since inception and does not intend to ever work with it. The company also have no spot transactions and commercial transactions for precious metals which Globalance would need to identify. The company's submitted policies to B Lab are audited once a year by the Swiss regulator, the last time being in 2021.