

## **Details on the fund's ESG investment strategy**

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In addition to fundamental indicators, the Bürgerstiftungsfonds also systematically takes into account social, environmental and corporate governance indicators. The stock selection is based primarily on data from the recognised ESG data provider MSCI ESG Research LLC (MSCI).

The mixed fund focuses on equities and bonds of those companies and countries that pay particular attention to their environmental and social performance as well as corporate governance (ESG) and adhere to certain standards on the part of the state. The investable sustainability universe is created by using a multi-stage sustainability filter:

The first minimum criterion, which applies to investments in investment funds, sovereigns and companies alike, is an MSCI ESG rating of at least B. Alternatively, a comparable ESG rating from another provider can be used. Furthermore, investments will only be made in investment funds that follow an ESG approach.

- No investments will be made in securities of companies that are not in line with the following international principles:
- The ten principles of the United Nations Global Compact (UNCG), which relate to the protection of human and labour rights, environmental protection and anti-corruption.
- The core labour standards of the International Labour Organisation (ILO), which cover, among other things, working conditions, wages and the safety/health of workers.

Furthermore, no investments are made in the securities of states that commit serious violations of democracy or human rights and are therefore classified as “not free” according to the Freedom House Index. The next step is to pursue a zero-tolerance policy towards companies that generate sales from banned weapons and nuclear weapons. In addition, all companies are excluded where more than 5 percent of the turnover is attributable to one of the following business areas:

- The alcohol industry;
- The nuclear industry;
- The manufacture of biocides;
- The production, trade and provision of pornographic content;
- The production and distribution of palm oil;
- The gambling industry;
- The tobacco industry;
- The production of conventional and unconventional oil and gas;
- The arms industry;
- The arms industry; and
- The mining of thermal coal.

In the next step, companies whose controversial behaviour with regard to ESG aspects has serious and very serious consequences are not eligible for investment. For example, climate and environmental protection, product and data security, labour rights as well as corruption and bribery are considered.

After these selection steps, all remaining companies are subjected to a best-in-class test on the stock side to ensure that only stocks that belong to those with the best ESG ratings in their industry are included in the portfolio. The final, multi-filtered sustainability universe is finally combined with the fundamental key figures to identify the companies that are convincing in the areas of ecology, social affairs and responsible corporate governance as well as having economically attractive valuations.