BERENBERG

PARTNERSHIP SINCE 1590

BERENBERG WEALTH AND ASSET MANAGEMENT

ESG Exclusion Policy

March 2019

Introduction

At Berenberg Wealth and Asset Management ("Berenberg WAM"), we believe that it is important to integrate Environmental, Social and Governance ("ESG") issues in the investment process. Part of that includes excluding companies (i.e. equities and corporate bonds) and countries (i.e. sovereign debt) based on our ethical/moral reasoning which has in the last decades been developed and refined in Berenberg.

Therefore at Berenberg WAM, we generally exclude in all our listed funds/discretionary strategies and mandates the producers of cluster munitions and anti-personal mines. Our stand is strong on this as the production of cluster munitions and anti-personal mines is illegal in many jurisdictions around the world and is also unacceptable in certain international conventions, such as "The Ottowa Treaty (1997)" and "The Convention of Cluster Munitions (2008)". We also in general exclude any soft commodities, as our aim is not to speculate on food prices.

Additionally, we also avoid other certain types of products, sectors and states as part of our ESG exclusions which is generally applied throughout all our dedicated ESG funds/portfolios (unless specified otherwise by the clients for discretionary mandates). We have clients that define their own exclusion criteria based on their individual ethical and moral understanding. Therefore, we are also able to manage special mandates from clients that requests for other types of ESG restrictions.

Exclusion List

We are able to provide clients with detailed exclusion filters following their own requests on various screening criteria. At Berenberg WAM, we apply extended exclusion criteria for investments in our dedicated ESG portfolios/mandates. However this is a starting point and clients are able to define individual exclusion criteria/parameters. Our experienced ESG teams are able to support our clients by providing them with advice on how to implement/choose these ESG exclusion criteria in their dedicated discretionary mandates.

We exclude the following sectors/products in our investment universe for our dedicated ESG portfolios/mandates:

Energy

As part of the transition to a low carbon economy, we exclude companies that have their revenue of more than 10% from the mining of thermal coal. We also apply the same parameter for nuclear power activities. However, our exclusion is stricter for the extraction of oil sands which we deem would be more detrimental to the environment. Thus, we exclude companies with more than 5% of their revenue which is derived from oil sand extraction.

Arms and Weapons

We exclude companies that have their revenue of more than 5% from companies that produce weapons for the arms industry. However, we have a total exclusion on all companies that produce weapons for retail purposes i.e. for civilians.

Tobacco, Alcohol and Adult Entertainment

Tobacco has been considered to be unhealthy and has serious long-term health repercussions on users due to its addictive nature. Therefore, we exclude companies that have their revenue of more than 5% derived from manufacturing tobacco products such as cigarettes, cigars and even chewing tobacco. We also exclude all companies that derive more than 5% of revenue from adult entertainment and exclude all manufacturers of distilled alcohol products.

Controversial Behavior

We strongly exclude companies that violate the United Nations Global Compact Principles (UNGC) and International Labor Organizations (ILO) Conventions. This includes violations on human rights, labor, environment and strong corruption issues.

Table 1: Exclusion Criteria for Equities and Corporate Bonds in our Dedicated ESG Funds/Portfolios

Parameters	Our exclusion criteria
X Generally excluded across all Berenberg platforms	Soft commodities | Landmines | Cluster bomb systems
>10% share of turnover	Thermal coal | Nuclear energy
>5% share of turnover	Arms industry | Tobacco products | Oil sands | Pornography
X	Alcohol distilleries | Firearms
X	**Violations of UN Global Compact Principles and International Labor Organization Conventions** **Human rights** (general human rights concerns, civil liberties, rights of indigenous people, etc.) **Labor** (child & forced labor, union and collective bargain issues, etc.) **Environmental** (issues related to climate change and environmental impact, supply chain, etc.) **Corruption and bribery**

Source: Berenberg

Countries/Sovereign Debt

At Berenberg WAM, we consider all three individual E, S and G issues in countries when deciding whether to invest in those respective countries government bonds (federal and local).We exclude countries in our ESG Funds/Mandates that are not party to environmental conventions such as the Kyoto Protocol and the Basel Convention. We also do not invest in countries that have more than 33% of share of nuclear powered electricity. Countries that we deem to have serious violations on political stability and peace, human rights and religious freedoms are also excluded from investments. Furthermore, we would also not invest in countries that still carry on capital punishment (i.e. countries that still practice the death penalty) and possess nuclear weapons.

Table 2: Exclusion Criteria for Sovereign Debt in our Dedicated ESG Funds/Portfolios

Parameters	Our exclusion criteria
>33%	Nuclear Share of Electricity
X	Practice of the death penalty Violation of Kyoto protocol Violation of Basel convention No political stability and peace Possession of nuclear weapons Violations of civil liberties and political rights No religious freedom Serious cases of corruption

Source: Berenberg

How we decide on the Exclusion List

At Berenberg WAM, we have a dedicated process when choosing or updating the exclusion list. This process involves the ESG office, portfolio managers and the ESG committee members at WAM. The ESG committee members are responsible on the oversight for all ESG related strategies and implementation and the members convene on an ad-hoc basis.

The ESG office discusses with the portfolio managers if or when a criteria/parameter needs to be updated or changed. The portfolio managers together with the ESG office then examine the reasoning behind the exclusion of the companies and countries taking into account ethical/moral issues including examining ESG aspects such as investment risk and also the benefits for clients. The reviewed screen is then sent to the ESG committee for a final approval before implementation.

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