



BERENBERG
PARTNERSHIP SINCE 1590

BERENBERG WEALTH AND ASSET MANAGEMENT

ESG Policy

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Our Values and ESG Philosophy

At Berenberg, we have a long history, dating back to 1590 when our bank was founded in Hamburg, Germany. Being the second oldest bank in the world and Germany's oldest private bank, we have continued to carry on our strong commitment to clients and have a strong presence in global financial centres.

It is a part of our history to adapt to changing markets and to actively take future-oriented topics into account – both in the market and in society. Our willingness to embrace change and the courage to always question one's own actions in order to create new perspectives are what uphold such a long tradition at Berenberg. This is what made us who we are today: a trusted partner that addresses client needs with responsibility, insight, vision and expertise. In short: Accountability is our guiding principle. This principle guides us to act in responsible ways across everything we do and thus allows us to be sustainably positioned in the future.

At Berenberg Wealth and Asset Management (WAM), we believe that it is important to integrate Environmental, Social and Governance (ESG) aspects into the investment process. In our view, the social and environmental sustainability of business models and the integrity of management teams are crucial factors for creating long-term value. Therefore, we believe that taking ESG factors into account needs to go hand in hand with fundamental analysis in order to assess risk and return of investments and needs to be based on continuous, goal-oriented collaboration, both between our investment and ESG professionals as well as with the companies and issuers we invest in.

Our ESG Approach

At Berenberg WAM, we understand the value of integrating ESG factors into our investment decisions, as it helps us to better manage material ESG risks within our portfolios and to identify opportunities. The integration of ESG factors supports our portfolio management in adequately analysing risk and return.

To minimize certain risks arising from controversial business areas or problematic business practices, we use ESG exclusion criteria. We also place a strong focus on positive factors that promote and sustain earnings growth, such as good corporate governance. In addition to our own research, we use external ESG data to understand the sustainability profile of companies and issuers. We strive to identify material factors that are critical to improving long-term returns and the sustainability profile as part of a comprehensive ESG investment process.

Internally, we discuss ESG issues in open dialogue among our investment and ESG professionals allows us to integrate their industry experience and knowledge into our ESG approach and to develop and strengthen it continuously further.

Dialogues with companies are an important pillar for us in order to gain a better understanding of their sustainability and ESG capabilities and to communicate our views. Participation in



sector and investor initiatives is important for us in order to hold exchanges with other investors and companies, to engage jointly “with one voice” and, ultimately, to support positive change. We are part of overarching initiatives such as the United Nations Principles for Responsible Investment (PRI) and the International Corporate Governance Network (ICGN), but also support initiatives that address specific aspects of a sustainable business, such as the KnowTheChain initiative and the Access to Medicine Foundation.

Our ESG Governance

At Berenberg Wealth and Asset Management, the ESG Office and the ESG Committee are responsible for the development, implementation and monitoring of our ESG strategy.

The ESG Office is responsible for our ESG strategy and integration, verifies compliance with the set standards and is responsible for internal knowledge building regarding ESG-related topics. Within its areas of responsibility, our ESG Office closely collaborates with all relevant teams in Wealth and Asset Management.

The ESG Committee forms the ESG governance and oversight body within Berenberg Wealth and Asset Management, meets at least quarterly and is composed of Wealth and Asset Management members and executives. The committee reviews the progress of our ESG activities and discusses their further development, taking into account current trends as well as regulatory changes in the market. Key tasks of the ESG Committee include the revision and final approval of ESG policies, the review of our active ownership activities, as well as the monitoring and discussion of external developments and resulting development opportunities.

At the Bank level, a cross-divisional ESG working group is entrusted with monitoring regulatory developments from a Berenberg-wide and WAM perspective as well as with implementing necessary steps for regulatory alignment. In addition, a Sustainability Board at Bank level was established in 2022 to strengthen our bank-wide sustainability governance and centrally manage sustainability developments.

Our Active Ownership Approach

Engagement

Engagement is part and parcel of our ESG approach and a key tool in understanding company behaviour when it comes to ESG issues. Having an open dialogue with companies and other issuers encourages transparency and allows us to gain better insights. We regularly engage with companies and consistently monitor our engagement results. Through our engagement, we are not only able to make investment decisions in regards whether we buy, sell or hold, but also help as an active investor to improve the sustainability profile of companies and issuers in the long term and reduce risks. Therefore, the engagement process and its results are central elements of our investment decisions and the basis of long-term, successful investments.



Through sector and investor initiatives, we selectively go into collaborative engagement. This helps to build expertise but can also enhance influence in order to ultimately induce positive change. Through our participation and support of initiatives such as the PRI, ICGN, KnowTheChain and the Access to Medicine Foundation, we can leverage our resources and address relevant ESG issues.

Please refer to our Berenberg WAM Engagement Policy at www.berenberg.de/en/esg-publications for further details.

Proxy Voting

We see the exercise of voting rights (i.e. Proxy Voting) as an important tool for positively influencing companies with regard to corporate governance structures and, at the same time, for strengthening shareholder rights. By exercising voting rights, we want to ensure that companies operate sustainably in the long term and that they adhere to good corporate governance standards.

To this end, we develop and provide recommendations for agenda items of general meetings of portfolio holdings in our public funds based on our comprehensive Berenberg WAM Proxy Voting Policy. Our Proxy Voting Policy is, deliberately, not to be thought of as a hard set of rules, but rather a set of guidelines on which we base our analysis. Every vote recommendation is preceded by an initial analysis through our external proxy voting service provider and a further in-depth analysis by our ESG Office and the responsible portfolio management entities. If questions arise during this analysis, we take them up directly with the company as part of our engagement and, if possible, incorporate the findings obtained into our final recommendation. Since the voting rights for the holdings in our mutual funds legally reside with the fund administrator, we pass on our recommendations to the administrator, which takes these recommendations into account when voting.

Please refer to our Berenberg WAM Proxy Voting Policy at www.berenberg.de/en/esg-publications for further details.

Active Ownership Reporting

In order to meet our responsibilities regarding transparency, we publicly report on our Active Ownership approach and related activities through our annual Berenberg WAM Active Ownership report, which is publicly available at www.berenberg.de/en/esg-publications.

“As long-term investor we integrate ESG factors, as we see them as essential for adequately assessing risks and opportunities from investments. Actively engaging companies on ESG issues may not only benefit investment results but also society and the environment.”

Matthias Born – CIO Equities & Head of Investments, Berenberg WAM



Our Exclusion Policy

At Berenberg WAM, based on our ethical and moral beliefs as well as risk assessments, we avoid investments in specific products, sectors and countries as well as business activities in funds, mandates and strategies.

This includes companies directly involved in *very severe* ESG controversies. In the case of *severe* ESG controversies, we will engage directly with respective companies¹. Such ESG controversies include alleged company violations of existing laws, single incidents such as environmental pollution, accidents, regulatory action, or allegations linked to, for example, health and safety fines or related lawsuits. With this, we follow up on indications that reveal a high level of controversy and, possibly as a result, an increased level of risk.

Some of our clients have their own beliefs on how to consider ESG and sustainability factors. Therefore, we offer to integrate client-specific ESG restrictions in special mandates and special.

Please refer to our Berenberg WAM ESG Exclusion Policy at www.berenberg.de/en/esg-publications for further details.

“Our clients increasingly expect us to contribute to the creation of economic wealth that is long-lasting, more socially inclusive and less dependent on finite resources and the natural environment.”

Prof. Dr. Bernd Meyer, CFA – Head of Multi Asset & Chief Strategist, Berenberg WAM

Our ESG Investment Strategies

ESG consideration can differ from one asset class to another for different reasons such as the availability, type and quality of data as well as the current methodological approaches and market conditions.

We offer various ESG investment strategies with different degrees of ESG consideration to account for diverse client needs across equity, fixed income and multi asset. We currently distinguish between the following categories²:

- Our *ESG screened* strategies are based on exclusions and restrictions of certain activities to circumvent material ESG risks. Strategies in this category apply the general Berenberg WAM ESG exclusion criteria.
- Our *ESG integrated* strategies apply a combination of ESG instruments in order to exclude or limit certain activities, to consider ESG risks and opportunities in the investment analysis, and to positively influence issuers engagement and proxy voting activities³.
- Our *ESG targeted & Impact focused* strategies apply specific ESG approaches such as

¹ In ESG integrated and ESG targeted & Impact focused strategies.

² These categories are Berenberg WAM internal and are based on internal assessments and criteria.

³ Limited to portfolio holdings in public funds, through the provision of vote recommendations to the funds' administrator.



positive screening based on ESG or impact criteria. Extended ESG exclusion criteria are applied to further restrict investments in activities that do not support positive impact. *ESG targeted* strategies implement a specific ESG target. *Impact focused* strategies only include companies, issuers, and project-related investments such as Green Bonds, that generate measurable positive impact on society or the environment and contribute to solving global challenges.

	ESG screened	ESG integrated	ESG targeted & Impact focused
General exclusion criteria (e.g. controversial and conventional weapons, thermal coal mining and nuclear power)	★	★	★
ESG controversy monitoring	★	★	★
ESG risk and opportunity analysis		★	★
Engagement with companies and issuers		★	★
Provision of vote recommendations ⁴		★	★
Extended exclusion criteria (e.g. alcohol, pornography, gambling, countries with death penalty) to further support positive impact			★
Specific ESG targets			★ <i>ESG targeted</i>
Impact focused investments and Impact Engagement			★ <i>Impact focused</i>

* For equity investments in public funds dependent on local restrictions

Our Positive Impact Approach

For *Impact focused* strategies, investments are selected with the intention of generating added value for the environment and society in addition to a financial return. The positive impact of the investments on the environment and society thus plays a key role in the investment decision. To this end, investments are made in companies, issuers and project-related bonds that make an active contribution to overcoming global challenges.

To cover as many of the United Nations' Sustainable Development Goals (SDGs) as possible and at the same time ensure their investability, we focus on four global challenges or core topics

⁴ For holdings in mutual funds through the provision of vote recommendations to the fund management company.



defined by our ESG Office in cooperation with portfolio management:

1. Demography & Health
2. Climate Change
3. Sustainable Growth & Innovation
4. Responsible Use of Resources

We review investments of the relevant strategies for a positive contribution to one or more of the four global challenges. For this purpose, a proprietary impact measurement model was developed, in which the individual investment is analysed for positive and negative indicators and assigned a Net Impact Score based on this.

“We live in a time where we face massive economic, social, and environmental challenges. In our Impact focused strategies, we complement the integration of ESG factors with the inclusion of companies and issuers that help to solve global challenges with their products and services.”

Dr. Rupini Rajagopalan – Head of Berenberg WAM ESG Office

Our Reporting

We report regularly on our ESG activities, both at the consolidated level and at the product specific level. At the consolidated level, this includes regular updates of all relevant policies and guidelines, an annual Active Ownership Report, and news on our ESG approach. These information and documents are available in their current version at www.berenberg.de/en/esg-publications. At the product level, specific ESG information is included in monthly fund factsheets and annual Sustainability or Impact Reports for relevant products. This reporting is available at www.berenberg.de/en/funds.

We are working to continuously expand product specific reporting on ESG and sustainability factors, taking into account regulatory requirements, and to make it available to our clients in a structured and consistent manner.

Moving Forward

Although at times it may be difficult to precisely measure or quantify the impact ESG has on valuations, we believe that ESG factors play an important role when it comes to the selection of securities. We believe that companies that demonstrate good governance and work on understanding the risk and opportunities their business has in relation to ESG factors, will ultimately support their overall performance.

Therefore, as we develop and strengthen our ESG policy and strategies, we will continuously evolve and aim to provide our clients with investment advice and portfolios that are not only aligned with their preferences but also, in the long-term, sustainable.



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