

BERENBERG WEALTH AND ASSET MANAGEMENT

IMPACT REPORT

BERENBERG SUSTAINABLE WORLD EQUITIES

August 2024





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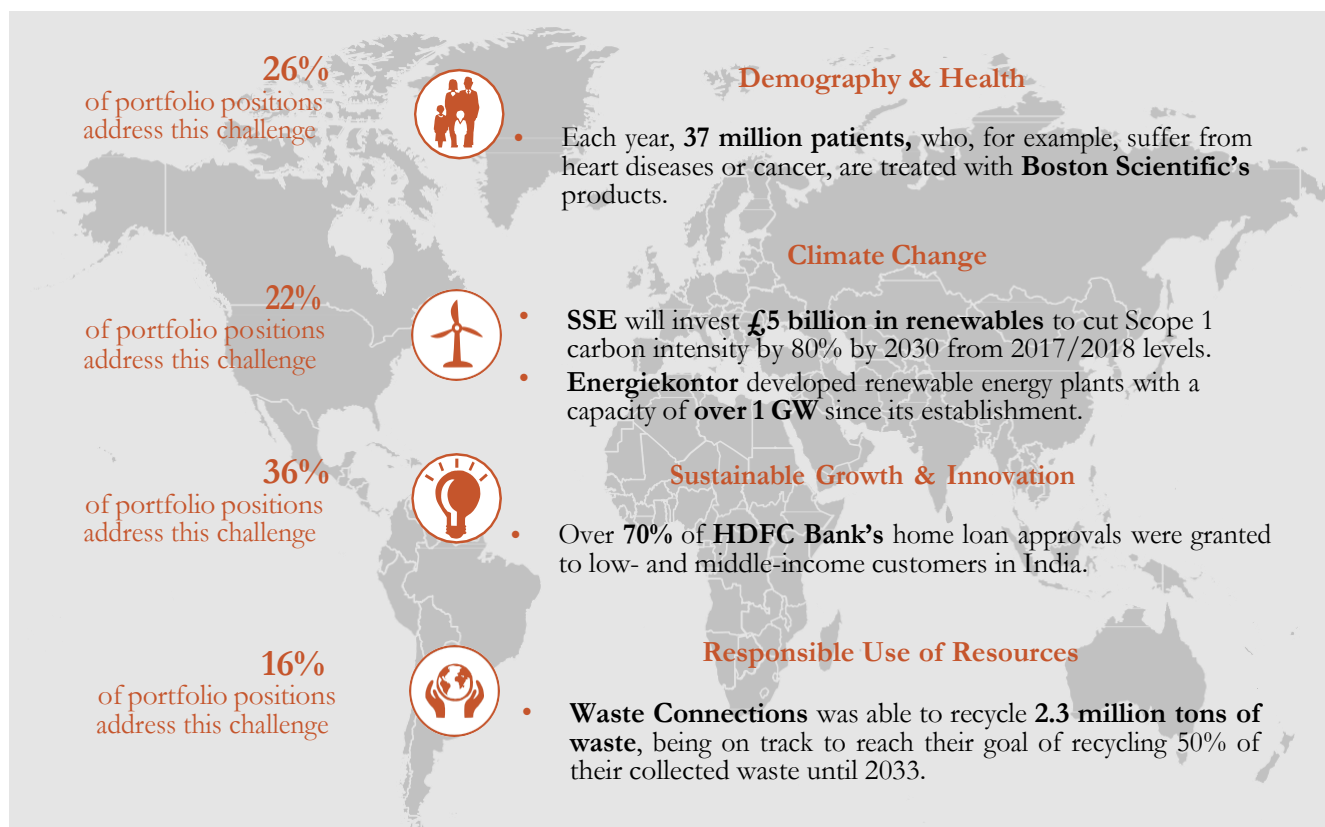
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Impact Spotlights¹

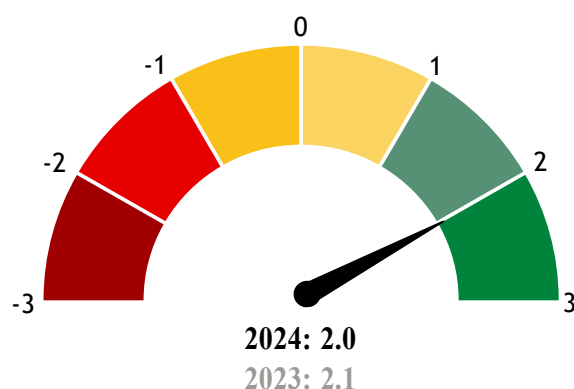
The Four Global Challenges

Through its products or services, every portfolio position contributes to the solution of one of the four defined global challenges within our impact framework.



The Net Impact Score²

Through the application Berenberg Net Impact Model, we obtain a Net Impact Score at the portfolio level, which can range from -3 to 3. A score higher than 0 indicates a net positive impact in relation to the four defined global challenges.

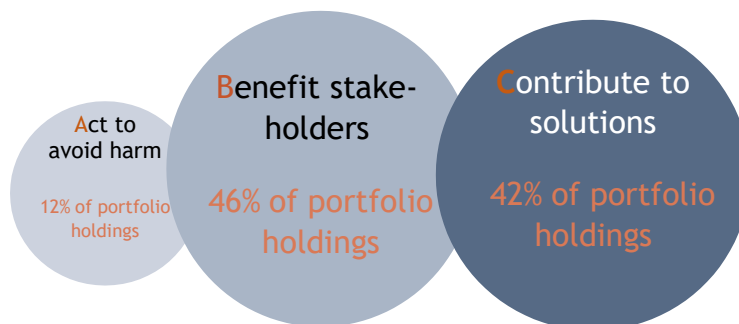


¹ The Berenberg Net Impact Model is applied to the portfolio as of 31 March 2024. All calculations and graphic representations are our own.

² We showcase the comparison between the Net Impact Scores as of the portfolios from 31 March 2024 and 31 March 2023.

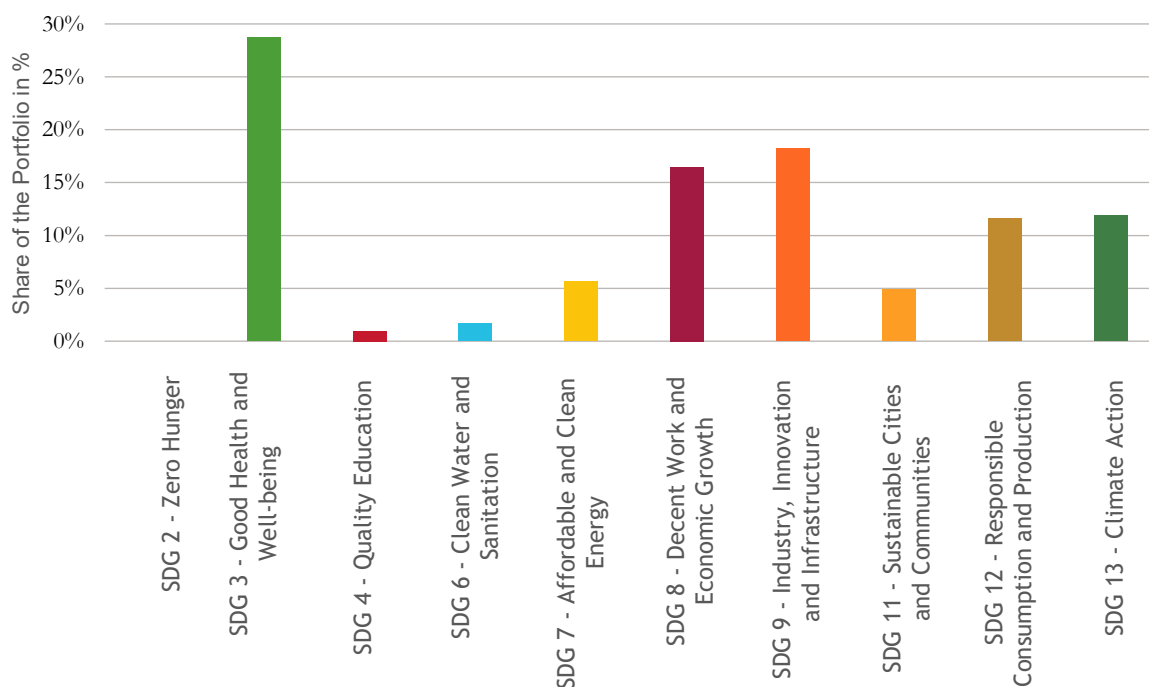
The ABC Model

Within the classification scheme of the ABC model by the Impact Management Project (IMP)³, we evaluate the criticality of companies' or issuers' solutions and classify them into the categories "Act to avoid harm" (A), "Benefit stakeholders" (B) and "Contribute to solutions" (C), with C being the category generating the strongest impact.



The Sustainable Development Goals (SDGs)

We map our portfolio holdings according to their contribution to ten of the most investible Sustainable Development Goals by the United Nations. More information on the SDGs can be found in the dedicated SDG chapter.



³ See "IMP – A Guide to Classifying the Impact of an Investment", available at <https://impactfrontiers.org/norms/abc-of-enterprise-impact/>

Impact at Berenberg – An Introduction

At Berenberg Wealth and Asset Management (WAM), the funds in our category “*Impact focused*” apply a holistic approach to sustainability, and we combine several ESG instruments to provide a sound approach to impact⁴. We integrate ESG aspects in our investment process through exclusions, analysis, and active ownership activities such as engagement. As an additional step exclusive to the funds in our “*Impact focused*” category, we apply positive selection as part of our impact framework.

The Baseline: ESG Integration

As a solid foundation, the funds in our category “*Impact focused*” use ESG integration tools such as exclusions, screening and ESG analysis. Generally, we recognise that the integration of ESG helps our portfolio management to adequately analyse risks and returns. We incorporate ESG criteria by analysing ESG risks and opportunities using our own research and third-party providers. The open dialogue between 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. In addition to our general ESG exclusions, which apply to the Berenberg WAM product platform⁵, the *Impact focused* investment funds apply additional exclusion criteria in order to further mitigate the risk of potential adverse effects and to avoid clear negative impact investments.

Inducing Positive Change through Active Ownership

Active ownership activities such as direct company engagement are part and parcel of our ESG and impact-focused approach and key tools in understanding company behaviour when it comes to sustainability 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 – as an active investor, we also help to improve the sustainability profile of companies in the long term and reduce risks. We believe that our active ownership approach can create positive change in the issuer or company and can, ultimately, benefit society or the environment and help to overcome global challenges.⁶

⁴ For further information on our internal ESG categories please refer to our Berenberg WAM ESG Policy and our website www.berenberg.de/en/esg-publications

⁵ Further information on the application scope of our exclusions can be found in our publicly available Berenberg WAM Exclusion Policy, available at www.berenberg.de/en/esg-publications

⁶ For more information, see our Berenberg WAM Engagement Policy as well as our Active Ownership Report, available at www.berenberg.de/en/esg-publications

Adding a Focus on Impact: Our Approach to Positive Selection

For the funds of our category “*Impact focused*”, we apply an additional impact framework, which consists of targeting specified global challenges with our investments as well as a proprietary impact measurement and analysis tool. We use this impact approach to exclusively invest in portfolio holdings that generate a measurable positive impact on the environment and/or society through their products and services.

Our impact approach has developed over time, reflecting our long-standing experience within this segment. Apart from continuously monitoring ongoing market developments, we conduct our own studies and compose white papers on relevant ESG- and impact-related topics, which has helped to form our approach and confirmed our impact-related perspectives. We strive to further evolve our approach and do not shy away from challenging our views.

Confirmed by the findings of our survey from 2018⁷ and its updates from 2021⁸ and 2022⁹, we identified the Sustainable Development Goals (SDGs) that are investible as well as important. Based on these findings, we developed a set of four key global challenges, which are at the heart of our impact framework:

- ❖ Demography & Health;
- ❖ Climate Change;
- ❖ Sustainable Growth & Innovation; and
- ❖ Responsible Use of Resources.

Every portfolio holding in our impact-focused investment funds undergoes in-depth impact analysis, within which we assess the portfolio holdings’ contributions to the respective challenges. We also map them to the SDGs based on their contribution.

A further aspect within our impact-related framework is our proprietary Berenberg Net Impact Model, in which we holistically analyse and assess the positive as well as potentially negative impact of our portfolio holdings. We discuss the details of the methodology in the next chapter.

This report entails information on our approach to impact as well as portfolio-related information for the Berenberg Sustainable World Equities fund that was launched in 2018.

⁷ See Berenberg WAM Study “Understanding the SDGs in Sustainable Investing”, available at www.berenberg.de/en/esg-publications

⁸ See Berenberg WAM Study “Berenberg ESG Survey: Exploring investor sentiment”, available at www.berenberg.de/en/esg-publications

⁹ See Berenberg WAM Study “Berenberg ESG Survey: SDG and Climate Investing – Exploring Investor Sentiment”, available at www.berenberg.de/en/esg-publications

Navigating the Challenges of the Current Impact Landscape

Over the last years there has been an intensifying discussion around the concept of “impact investing”, its definition and meaning, its standardization, its measurement as well as its effectiveness. The discussions have been fuelled, among other things, by regulatory initiatives such as the EU Sustainable Finance Disclosure Regulation (SFDR), which became effective in 2021. Although the SFDR is a disclosure regulation with the intention to increase transparency and comparability around sustainability consideration in financial products, it has, in market practice, been widely used as a label: Article 9 funds within the SFDR tend to be perceived as “dark green” or “impact products” and Article 8 funds tend to be perceived as “light green”, with potential implications for fund flows.¹⁰

This development has led to widespread confusion and criticism regarding inhomogeneous ambition levels among funds within the same SFDR article classification. Academics and industry associations have repeatedly called for a more nuanced impact-related terminology to avoid misinterpretations¹¹. We value the stakeholder discussions that can, ultimately, lead to the strengthening of impact investing.

We see numerous questions. Where is the impact of impact investments actually generated? There are two ways to think about this: first, there is the impact of the investor on a company, e.g., the provision of capital and the influence exercised through active ownership activities. Second, there is the impact of the companies on society and the environment through their products and services. Usually, in public capital markets, impact refers to the second level. Once the definition of impact has been made, the next question arises: how to measure impact? Despite widespread discussions, a uniform standard is still lacking, also because impact measurement must fulfil many characteristics: impact should be considered holistically, the models should be comprehensible yet understandable, and the effort required should be in proportion to the added value offered by the information.

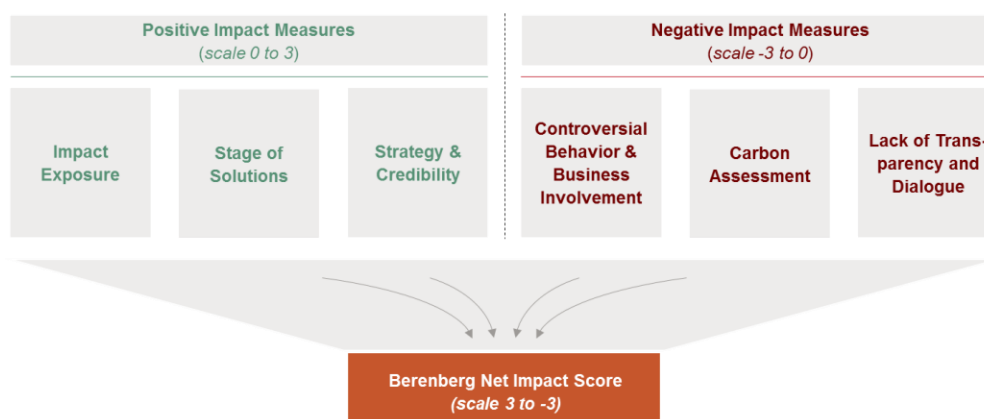
Albeit the lack of clarity, we want to continue to meet the challenges and contribute to the discussion with our approach, as we believe that a credible approach to impact can create substantial added value for clients. Due to ongoing and pending debates and regulatory clarifications, we chose to take a cautious approach. We believe that transparent communication on the opportunities and limits of impact investing in public capital markets is essential to avoid misleading or overpromising claims towards impact and may contribute to further developing the landscape. Within our internal categorization, we deliberately chose the classification “Impact focused”, to semantically distinguish from the traditional understanding of the term impact investing, which mostly referred to investments in specific social and/or environmental projects or social enterprises with limited access to capital.

¹⁰ See Busch (2023), “SFDR Article 9: Is It All About Impact?”

¹¹ See Busch et al (2022), “Classification Scheme for Sustainable Investments.”

Berenberg Net Impact Model – Our Methodology

We use our proprietary Berenberg Net Impact Model to comprehensively quantify the positive and potentially negative impact that our portfolio holdings generate in relation to the four defined global challenges of Demography & Health, Climate Change, Sustainable Growth & Innovation and Responsible Use of Resources. We defined specific measures in the positive as well as the negative impact space, with which we aim to holistically capture the net impact of our portfolio holdings. For each holding, every impact measure is analysed individually and given a score, which is summed up at the issuer or company level and finally aggregated at the portfolio level. These scores are based on quantitative and qualitative measures.



The positive impact measures do not only capture the contribution of the business model to one of the four global challenges, but also consider the stage of impact as well as the company's strategy and credibility. In our view, this provides a more holistic and forward-looking view on a company's positive impact. Within specified assessment frameworks for each pillar, we award scores between 0 and 3.

- ❖ The pillar *Impact Exposure* quantifies the extent to which a portfolio holding addresses one of the four global challenges through its product and service offering. The measure relies on several financial metrics such as revenue exposure to one of the global challenges, as well as future-orientated financial metrics such as R&D spending, capex investments and sector-specific key performance indicators.
- ❖ The pillar *Stage of Solutions* integrates the ABC approach as defined by the Impact Management Project (IMP)¹². The criticality of a company's or issuer's solutions are analysed and classified into the categories "Act to avoid harm" (A), "Benefit stakeholders" (B) and "Contribute to solutions" (C), with C being the category generating the strongest impact.
- ❖ On a company level, the pillar *Strategy & Credibility* considers the depth and ambition of sustainability-related commitments and targets as well as achieved

¹² See "IMP – A Guide to Classifying the Impact of an Investment", available at <https://impactfrontiers.org/norms/abc-of-enterprise-impact/>

performance that underlines the company's credibility. In a forward-looking way, this pillar seeks to capture how far companies have embedded their sustainability and impact-related efforts into their cultures, their DNA and overall business strategy. This measure relies on publicly available information regarding the company's sustainability key performance indicators.

Similarly, the negative impact measures capture aspects on the product level as well as the company's operational level. Here, we seek to quantify the negative externalities generated by the issuer or company. Within specified frameworks, we award scores between -3 and 0.

- ❖ In the pillar *Controversial Behaviour & Business Involvement* we analyse (potentially) existing controversial behaviour and conflicts as well as involvements in and exposure to controversial business sectors and activities. The measure relies on the data and analysis frameworks of two of our external ESG data providers, which are complemented with our own research as well as potential adjustments in case of productive engagement activities.
- ❖ The pillar *Carbon Assessment* quantifies and evaluates a company's CO₂ impact as well as possibly existing counter measures such as carbon reduction initiatives. We rely on data from our external data provider and use publicly available company information. The specified framework for this measure sets a threshold for maximum carbon intensity, accounts for benchmark comparisons and sector-specific CO₂ levels.
- ❖ The pillar *Lack of Transparency & Dialogue* assesses the overall level of company transparency regarding ESG and impact data as well as openness to dialogue in the context of engagement activities.

The result of the model application is a Net Impact Score in a range of -3 to 3, whereas a score higher than 0 indicates a net positive impact in relation to the four global challenges. The maximum Net Impact Score of 3 demonstrates a strong positive impact and no or sufficiently offset negative impact.

Comprehensive and valid data is crucial to our Berenberg Net Impact Model. We mainly rely on publications from portfolio holdings and data from our external ESG data providers. We additionally integrate information which we gather through our engagement activities, from sell-side research or other relevant sources.

For our assessments and scoring methodology, we specify clear scoring frameworks to arrive at objective and comprehensible scoring results. However, there remains a discretionary part within the model for which we, at this point, cannot establish specified and reasonable thresholds. We realise that this could be a potential shortcoming of the model, however, we also see benefits in establishing a methodology which is not entirely rigid and is thus able to reflect the unique opportunities or challenges in specific business models. We discuss our view on this and our envisioned outlook for future developments in the "Outlook" section.



Demography & Health

The Challenge of Demography & Health

The United Nations' Sustainable Development Goal 3 aims at improving the life-long health and well-being of all people. Although major advances in medicine have been made over the past decades, inequality regarding the healthcare levels of different countries remains high, and new challenges arise as the global population becomes wealthier and lives longer. Similarly, the Goal of ending hunger and malnutrition (SDG 2) persists and its hurdles change throughout the decades.

The trend is clear: The World Health Organisation estimates that the share of people aged 60 years and older will rise from 12% in 2015 to 22% of the world's population in 2050.¹³ With it, typically age-related diseases such as cancer, dementia and cardiovascular diseases now represent the by far most common causes of death. Chronic diseases such as type 2 diabetes and hypertension, which are often lifestyle-related, are also on the rise.¹⁴ At the same time, medical treatments and innovations need to be distributed more equally. Regarding nutrition, the United Nations estimates that, in 2019, an estimated 2bn people did not have regular access to safe, nutritious, and sufficient food.¹⁵

Contributing to the Solution — Our Portfolio Holdings

In the face of these challenges, there is a strong need for innovative solutions, which are of high quality but also affordable. Many companies have specialised in offering exactly that. For example, new technologies in the space of pharmaceuticals and data-driven solutions already contribute to a better understanding of diseases and allow for more accurate diagnoses as well as personalised and potentially less invasive treatments. Further, companies offering healthcare services and elderly care solutions are important facilitators to overcome challenges, as are companies focusing on healthy and environmentally sustainable nutrition.

Our portfolio positions¹⁶ addressing the challenge:

Alcon	Astra	Boston Scientific	Chemometec
Danaher	Gerresheimer	Inspire Medical Systems	Lonza
Royalty Pharma	Straumann Holding	Thermo Fisher	Wuxi Biologics

¹³ <https://www.who.int/news-room/fact-sheets/detail/ageing-and-health>

¹⁴ <https://ourworldindata.org/causes-of-death>

¹⁵ <https://impactfrontiers.org/norms/abc-of-enterprise-impact/https://www.un.org/sustainabledevelopment/hunger/>

¹⁶ As of 31 March 2024



A Case Study – Boston Scientific

Company Overview

Boston Scientific Corp. is a global leader in the development, production, and marketing of innovative medical solutions. The company is active in the fields of endoscopy, interventional cardiology, neuromodulation, peripheral intervention, rhythm management, urology, and pelvic health, among others.¹⁷

Positive Impact

One of the company's goals is to improve health equity and raise access to care in underrepresented communities. To that end, the company has created access opportunities, such as the Children's HeartLink Center of Excellence Collaborative, that enables knowledge sharing among paediatric heart specialists from hospitals in developing countries such as Brazil, India, and Malaysia. Boston Scientific has served over 37 million patients, invested \$1.4 billion annually in R&D, and launched approximately 90 new products. The company also had 63 active clinical trials in 2023, enrolling 23,000 patients globally.

Potentially Adverse Impact

To reduce packaging, over 170 tons have already been removed from the waste stream and over 1,000 tons of recycled content has been used in packaging. Boston Scientific is transparent in reporting its sustainability goals. There are moderate controversies in the area of product safety and quality, as well as in the area of anti-competitive behaviour. We regularly review these risks and act if changes occur. In addition, Boston Scientific actively contributes to climate protection with its Global Energy Management System. This has not only reduced CO₂ emissions by almost half between 2018 and 2022, but also increased the proportion of electricity from renewable energy sources to 76% for all production and key distribution sites at the same time. While the 100% target has already been achieved ahead of schedule in Europe and the US, Boston Scientific is on track to implement the target globally by 2024.

Summary

Berenberg Net Impact Score	2.4	
Sustainable Development Goals	3	
ABC Classification	C	

¹⁷ <https://investors.bostonscientific.com/>

Climate Change

The Challenge of Climate Change



Climate change is humanity's greatest challenge. Its consequences pose risks for specific sectors, companies, and countries. These include physical risks caused by natural disasters and changing weather patterns as well as more frequent and more extreme weather events, but also so-called transition risks, which relate to the ability of companies to transition to low-carbon or climate-neutral business models. In addition to the direct impacts, progressive climate change and the associated global warming have potentially significant negative effects on the achievement of the United Nations Sustainable Development Goals.

Annual greenhouse gas (GHG) emissions are now more than 50% higher than in 1990. The third part of the report by the Intergovernmental Panel on Climate Change (IPCC) published in 2022 shows that global emissions can only increase until 2025 to limit global warming to 1.5°C. The risks arising from climate change become even greater and potentially uncontrollable beyond the 1.5°C mark.¹⁸ While all countries experience the effects of climate change, countries that are not accountable for high emissions are often hit harder due to missing resources to withstand negative effects.¹⁹

Adding to the Solution – Our Portfolio Holdings

We recognise our responsibility to contribute to the fight against climate change through our investment decisions and collaboration with our portfolio companies and other investors. We believe that the necessary transition to a low-carbon economy also offers opportunities. For example, we welcome innovations in the renewable energy and energy efficiency sectors. Especially in industrial applications or the real estate sector, these can induce meaningful positive change. Also, new technologies that optimise the control and regulation of cooling systems in data centres or research in renewable natural gas positively contribute to mitigating climate change.

Our portfolio positions²⁰ addressing the challenge:

Energiekontor	Equinix	Fugro	Grenergy Renovables
Infineon	Johns Lyng	OX2	Pure Storage
Quanta Services	SiteOne Landscape	SSE	Verbio

¹⁸ <https://www.ipcc.ch/report/ar6/wg3/>

¹⁹ <https://ourworldindata.org/greenhouse-gas-emissions>

²⁰ As of 31 March 2024



A Case Study – SSE

Company Overview

SSE is a UK-listed integrated energy company with regulated electricity networks and renewable energy assets supported by complementary businesses all focused on delivering the electricity infrastructure needed in the transition to net zero. SSE operates in the United Kingdom and Ireland and employs roughly 11,700 people.





Positive Impact

SSE's mission is to accelerate the transition towards an energy output that is increasingly based on renewable energy. It owns, operates, and develops low carbon infrastructure. This includes onshore and offshore wind, hydropower, electricity transmission and distribution grids, and efficient gas-fired generation. Since its peak absolute GHG emission levels in 2007, the company had already reduced them by 61% by 2018. From there, the company set itself ambitious targets. Compared to 2018 levels, SSE plans to cut its Scope 1 carbon intensity by 80% by 2030, which implies a fivefold increase in its renewable energy output. By 2040, it aims to be net zero for Scopes 1 and 2. SSE's Net Zero Acceleration Program, published in 2022, established an £18 billion investment plan over five years to support the delivery of over 9 GW of installed capacity by 2027. This provides the necessary pathway to deliver 25% of the UK's 40 GW offshore wind target and represents over 20% of UK electricity network investments. SSE is therefore a key enabler of the energy transition and climate protection.²¹

Potentially Adverse Impact

As a utility that still engages in electricity generation that is not solely from renewable sources, SSE defines its carbon footprint as one of its key focus areas. Currently, the company still generates 57.5% of its energy with thermal power compared to 64% last year. The company is therefore shifting its Capex focus away from legacy energy generation towards renewables (40% of Capex) and energy networks (50% of Capex) to reach its carbon intensity targets.²²

Summary

Berenberg Net Impact Score	2.2	
Sustainable Development Goals	7 & 13	 
ABC Classification	B	

²¹ <https://www.sse.com/media/fplphyky/nztp-report-oct22-final.pdf>

²² <https://www.sse.com/media/135hnhkv/2023-24-full-year-results-statement.pdf>



Sustainable Growth & Innovation

The Challenge of Sustainable Growth and Innovation

While economic growth might not be an end in itself, it has significant effects on global levels of poverty. However, against the background of climate change and finite natural resources, economic growth needs to be environmentally sustainable while at the same time adhering to and promoting social standards such as fair and inclusive labour practices. As defined by the United Nations' Sustainable Development Goal 8, the aim is to achieve sustained, inclusive, and sustainable economic growth with full and productive employment and decent work for all.

Innovation is one of the fundamental factors when it comes to both an individual company's success and stable and sustainable economic growth. Creating and fostering corporate cultures that accelerate highly innovative ideas requires ongoing effort yet only those companies making this effort remain economically viable and can, ultimately, solve global challenges and induce positive change.

Further, education and, in a wider sense, social enablement and empowerment are essential aspects in achieving the goal of smart, green, and fair growth for the global population. Although major advancements have been made in recent decades, achieving inclusive and equitable quality education, as aimed for by the United Nations' Sustainable Development Goal 4, is still a long way off.

Contributing to the Solution – Our Portfolio Holdings

Companies offering solutions to this challenge contribute, among other things, to financial inclusion, access to and affordability of public transportation, or the reduction of dependence on non-renewable resources. Easily accessible and low-cost technologies can advance education and skills or help small businesses create jobs sustainably. Further, affordable housing and solutions that advance inclusive, sustainable cities are needed. Generally, R&D expenditure and strong innovation capabilities can lead to the development of much needed solutions.

Our portfolio positions²³ addressing the challenge:

Addtech	Antin Infrastructure	ASML	Bank Rakyat Indonesia
BE Semiconductor	Brookfield Asset Management	Comet	Datadog
Endava	HDFC	Intercontinental Exchange	Mastercard
MercadoLibre	Microsoft	ServiceNow	Topicus

²³As of March 2024.



A Case Study – HDFC Bank

Company Overview

HDFC Bank is the largest private sector bank in India as measured by balance sheet. The bank offers a comprehensive range of financial products and services to a diverse customer base. HDFC has c120,000 employees and operates in approx. 2,900 cities and towns.

Positive Impact





Rising income in India is driving the demand for financial services across income brackets and, as such, financial inclusion is crucial for India's sustained economic growth. As the nation's largest private bank and with its focus on rural and semi-urban areas, HDFC is offering financial services to the under-banked population of the country. 75% of HDFC clients come from the low- and middle-income segments. 48% of housing loans were granted to first-time home buyers.²⁴

Through dedicated programs, HDFC facilitates livelihood enhancement opportunities, particularly for women and youth, primarily in agriculture and allied areas such as dairy and poultry. The objective is to foster formal and local jobs, enhance household income and discourage migration due to economic reasons.

Potentially Adverse Impact

HDFC operates in a business, where a lack of responsible lending can lead to adverse impacts. To mitigate these risks, HDFC has dedicated policies and systems in place to address client protection. These focus, among other things, on transparency, financial literacy of customers, prevention of over-indebtedness and data privacy. Further, HDFC has an exclusion policy with regards to harmful business activities. HDFC faces some controversies relating to Governance standards, that are currently assessed as moderate but are being monitored.

Summary

Berenberg Net Impact Score	1.9	
Sustainable Development Goals	8 & 9	 
ABC Classification	B	

²⁴ "Annual Report 2022-23", available at <https://www.hdfcbank.com/>



Responsible Use of Resources

The Challenge of Responsible Use of Resources

The planet's natural resources are finite. Yet they are central to human wellbeing, as they form the basis of our health and prosperity. Over time, the global use of resources has increased, accelerated by industrialisation and globalisation. At this point, some natural resources are overexploited. This in turn threatens livelihoods and jeopardises whole ecosystems.²⁵

Numbers can give a sense of the extent of this. The global use of freshwater has increased almost sixfold since 1900 to c4trn m³ in recent years.²⁶ Globally, c367m tons of plastics were produced in 2020²⁷, but only 9% of the plastics are being recycled.²⁸

To mitigate the adverse effects of the overuse of natural resources, a drastic change of consumption and production patterns is required. Resource efficiency during production processes is often a starting point. Further, innovative technologies that decouple natural resource use and environmental impact from economic activity are needed. Measures that mitigate scarcity, reduce losses, and optimise resource management systems can positively induce change and accelerate a transition towards a circular economy.

Contributing to the Solution – Our Portfolio Holdings

Companies offering solutions to this challenge contribute, among other things, to a drastic reduction of resources used and advance their recycling capabilities. This can, for example, include: avoiding and reducing packaging or replacing it with innovating packaging solutions; cutting the amount of food waste; and protecting and managing water as well as optimising its use. Further, sustainable solutions to treat and manage waste and new recycling technologies are much needed.

Our portfolio positions²⁹ addressing the challenge:

Alphabet	AutoStore Holdings	Sandvik	Sensirion
Veralto	Waste Connections	Xylem	

²⁵ <https://www.iisd.org/articles/sustainable-use-natural-resources-governance-challenge>

²⁶ <https://ourworldindata.org/water-use-stress>

²⁷ <https://www.statista.com/topics/5401/global-plastic-waste/>

²⁸ <https://www.oecd.org/environment/plastics/>

²⁹ As of 31 March 2024



A Case Study – Waste Connections

Company Overview

Waste Connections is an integrated solid waste services company that provides non-hazardous waste collection, transfer, and disposal services, along with resource recovery primarily through recycling and renewable fuels generation. The company serves around nine million residential, commercial, and industrial customers, across 44 states in the US and six provinces in Canada.³⁰

Positive Impact

The efficient use of limited resources is essential in the fight against climate change, environmental degradation, and biodiversity loss. The circular economy is a crucial enabler of this, and Waste Connection recycled well over 2 million tons of fiber, metals, and plastics in last year making it an important contributor to the endeavour. Additionally, the company is making significant efforts to increase the resource recovery by deploying gas recovery systems that provide renewable energy to 300,000 homes in the form of pipeline-grade methane. With its services, Waste Connections is offsetting the emissions resulting from its operations by 4.2 times and remains well on track to reduce its carbon emission intensity as well as its absolute Scope 1 and 2 GHG emissions.

Potentially Adverse Impact

Waste Connections is aware of the negative impact that insufficiently treated and managed waste has on the environment. The company aims to minimize its environmental impact by recycling as much material as possible using cutting edge technology. As a result, 50% of collected waste volumes are recycled or diverted, and in some cases, even 70%.

Summary

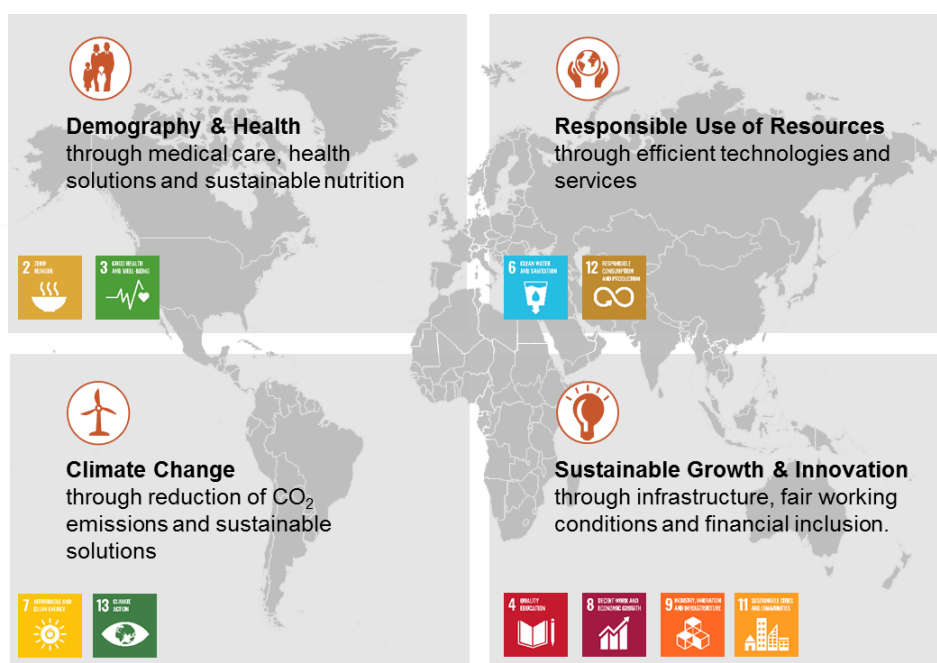
Berenberg Net Impact Score	2.3	
Sustainable Development Goals	12	
ABC Classification	B	

³⁰ https://investors.wasteconnections.com/download/WCN_2023_Sustainability+Report.pdf

The Sustainable Development Goals (SDGs)

Confirmed by the findings of our survey from 2018³¹ and its updates from 2021³² and 2022³³, we identified the SDGs that are investible as well as important. Based on these findings, we defined the four key global challenges Demography and Health, Climate Change, Sustainable Growth and Innovation and Responsible Use of Resources. These challenges are at the heart of our approach to impact.

An additional part of our impact framework is the mapping of our portfolio holdings with respect to their contribution to some of the SDGs. As a first step, we assigned 10 investible SDGs to our four core global challenges, as per the graphic below.³⁴



The four global challenges and the SDGs
Source: Berenberg

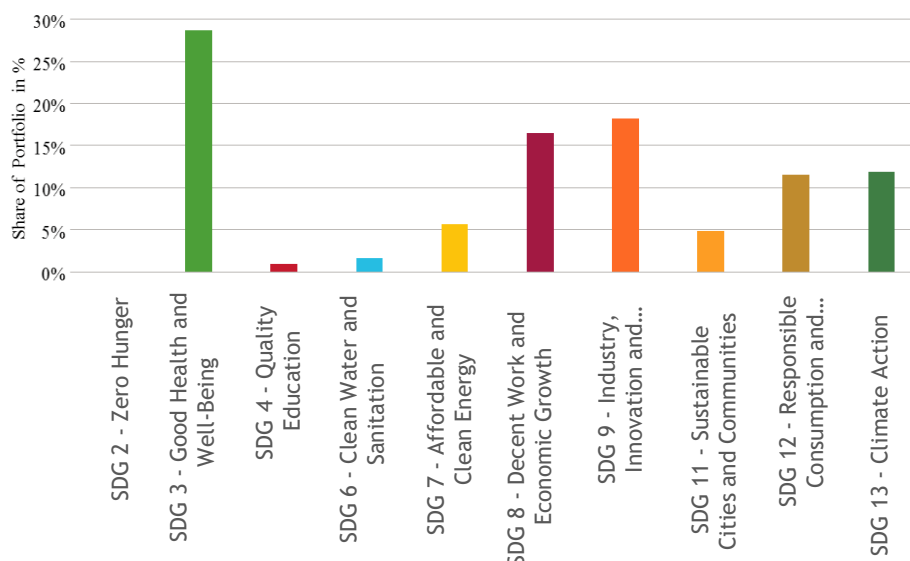
In a second step, we mapped our portfolio holdings to the respective SDGs of the specific global challenge (see step one). Based on its primary contribution, each portfolio position is assigned to 1-3 of the SDGs. We show portfolio weights alongside the respective SDGs if an investment contributes to several SDGs, the portfolio weight is allocated proportionately:

³¹ See Berenberg WAM Study “Understanding the SDGs in Sustainable Investing”, available at www.berenberg.de/en/esg-publications

³² See Berenberg WAM Study “Berenberg ESG Survey: Exploring investor sentiment”, available at www.berenberg.de/en/esg-publications

³³ See Berenberg WAMf Study “Berenberg ESG Survey: SDG and Climate Investing – Exploring Investor Sentiment”, available at www.berenberg.de/en/esg-publications

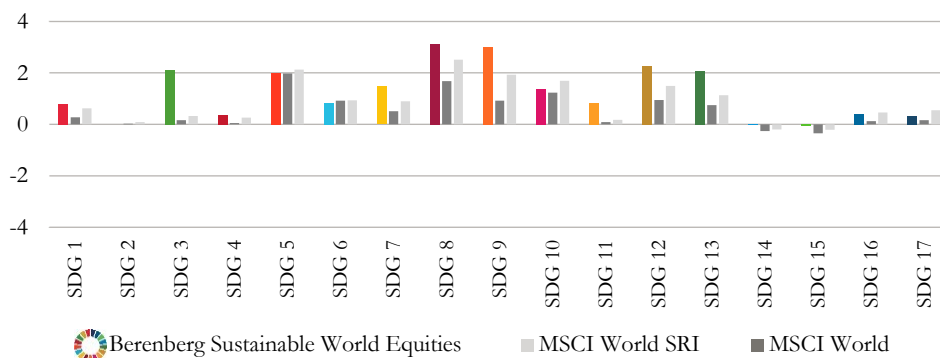
³⁴ An overview of all SDGs can be found in the appendix.



The portfolio holdings mapped to the SDGs as per 31 March 2024
Source: Berenberg

Finally, as an additional view on the fund holding's contribution to the SDGs, we compare the so-called "SDG Net Alignment Scores" of the fund with its regular benchmark as well as a sustainability index. We use SDG Net Alignment Scoring data from the external data provider MSCI ESG and combine this with our own Net Impact Score data for both, the fund as well as the benchmarks. For constituents within the benchmarks that are not covered by our internal analysis, we only use data from the external provider. All constituents within our fund, on the other hand, are part of our internal analysis and are hence analysed with both methodologies.

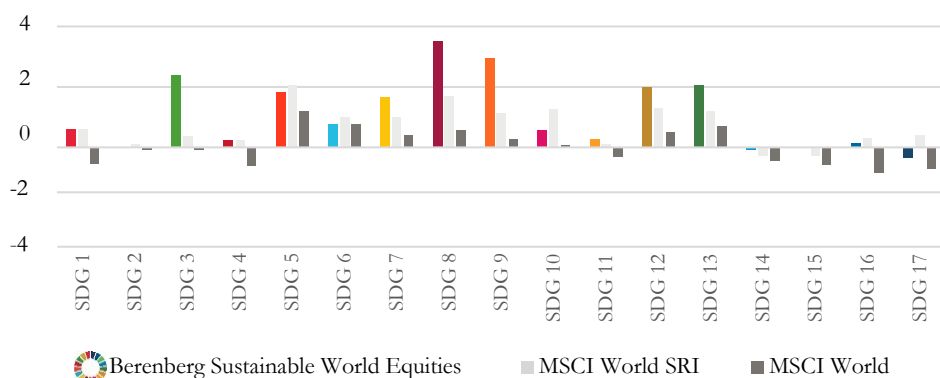
The graph shows the fund's relative positive SDG net alignment compared to that of the respective benchmark. It is important to note that the two methodologies, namely our own as well as the external data providers', are not identical and we do not have full visibility on the full set of raw data of our external data provider. However, both approaches are based on a similar approach of considering positive and negative contributions and scoring those respectively. We hence believe this to be a further valuable indication of the fund's performance when it comes to the SDGs.



Q1 2024

MSCI Net Alignment of SDG Scores compared to benchmark and sustainability index as per 31 March 2024

Source: MSCI ESG, own calculations and presentation. Certain information © 2024 MSCI ESG Research LLC. Reproduced by permission. Portfolio as of 31 March 2024. MSCI Data as of 30 June 2024.



Q1 2023

MSCI Net Alignment of SDG Scores compared to benchmark and sustainability index as per 31 March 2023

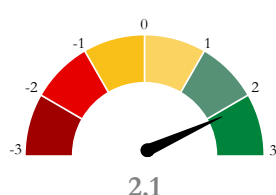
Source: MSCI ESG, own calculations and presentation. Certain information © 2023 MSCI ESG Research LLC. Reproduced by permission. Portfolio as of 31 March 2023. MSCI Data as of 30 June 2023.

Additional ESG and Impact-related Information

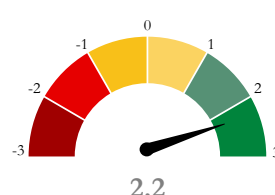
Average Net Impact Score per Global Challenge

Additional to the portfolio level as shown within our “Spotlights” section, we measure and showcase the average Berenberg Net Impact Score per global challenge.

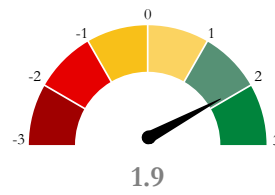
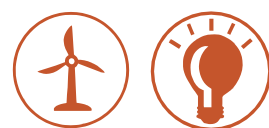
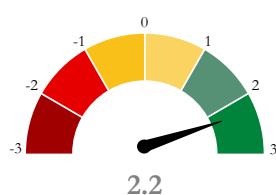
Demography & Health



Responsible Use of Resources



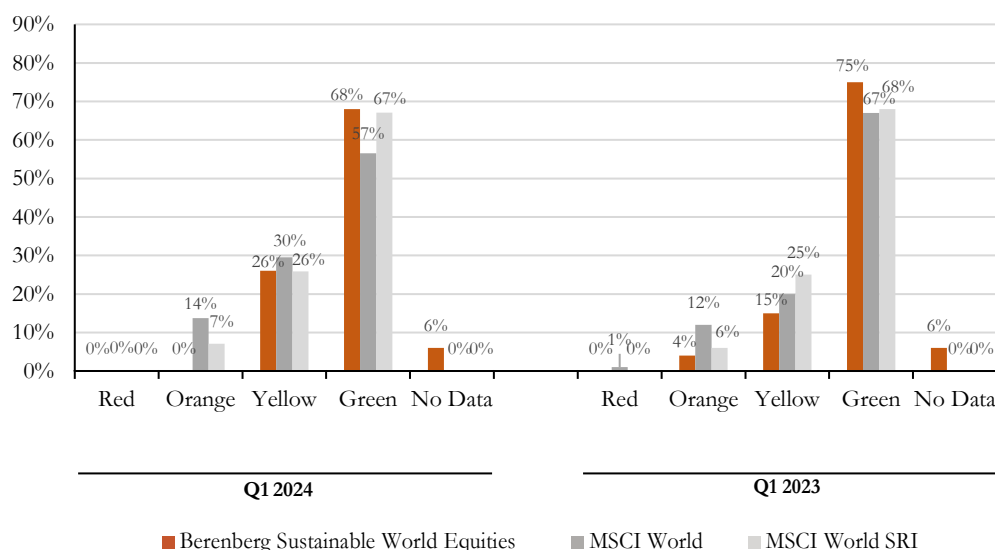
Sustainable Growth & Innovation



Source: Berenberg

ESG Controversies Screen

Investments in the fund are monitored for ESG controversies and, with the help of MSCI ESG data, flagged according to their severity. We compare this with the regular benchmark and with a sustainability index.



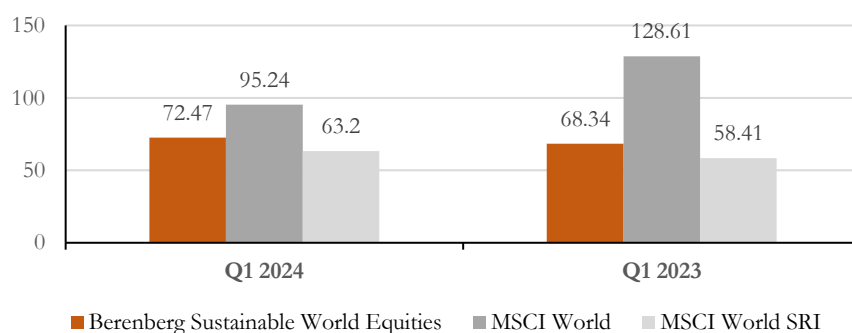
Source: MSCI ESG, own calculations and presentation. Certain information © 2024 MSCI ESG Research LLC. Reproduced by permission.

CO₂ Intensity

While the fund does not specifically target to minimize its carbon intensity, we recognize the importance of our companies' carbon exposure and climate impact, which is also why we explicitly incorporate the introduced *Carbon Assessment* pillar in our proprietary Berenberg Net Impact Model.

Emissions data such as CO₂ intensity are relevant parameters which can be used to assess the efficient management of a company and the extent of transition risks. We compare this with the regular benchmark MSCI World and the sustainability index MSCI World SRI.

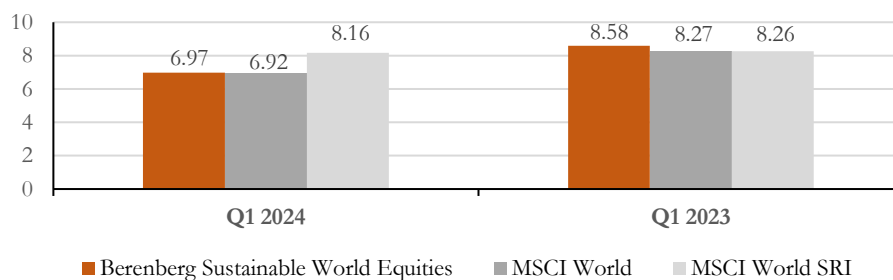
**Weighted average CO₂ intensity,
in tons of CO₂ per USD1m revenues**



Source: MSCI ESG, own calculations and presentation. Certain information © 2024 MSCI ESG Research LLC. Reproduced by permission.

ESG Score

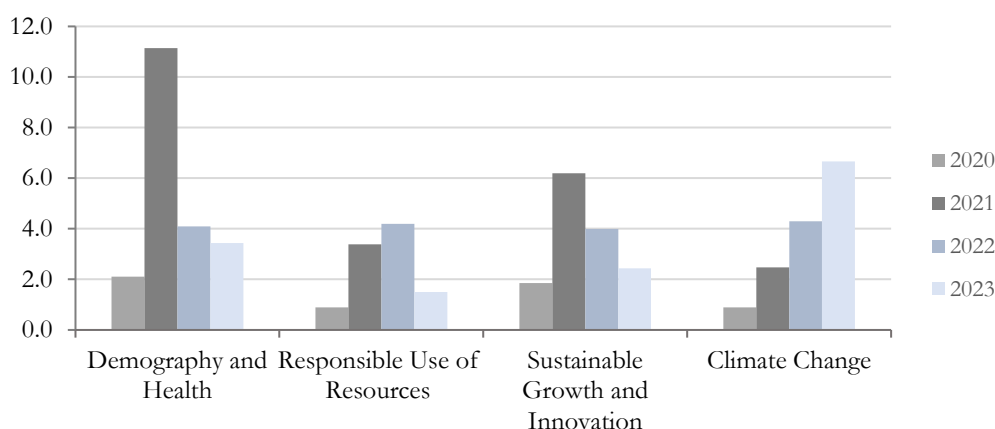
Using a score between 0 (lowest) and 10 (highest), MSCI ESG assesses the ability of portfolio holdings to identify and manage environmental, social and governance-related risks compared to peers. These ESG scores translate into ESG ratings from AAA-CCC at holding level and are aggregated at the portfolio level. Finally, the aggregated ESG Score is adjusted based on the portfolio's exposure to holdings with positive and negative ESG rating trends as well as exposure to holdings within the lowest two ESG rating categories. We compare this with the regular benchmark and a sustainability index.



Source: MSCI ESG, own calculations and presentation. Certain information © 2024 MSCI ESG Research LLC. Reproduced by permission.

Revenue Exposure

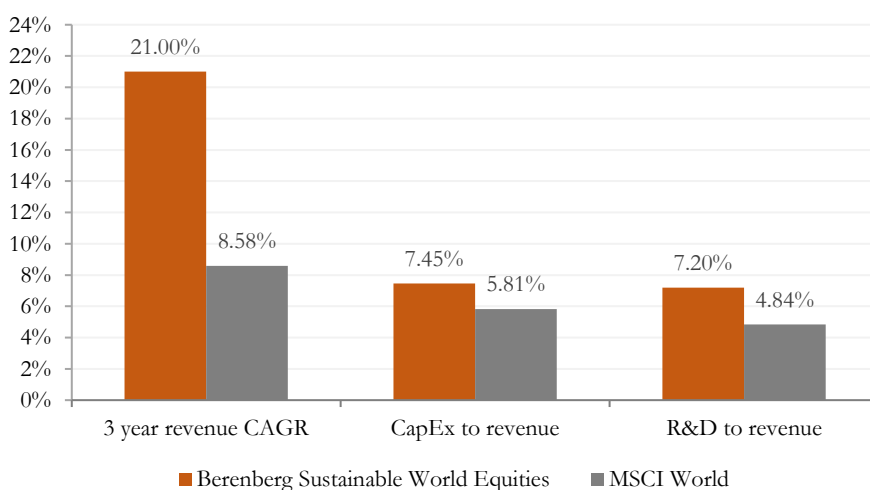
We analyse the revenue exposure of the portfolio companies to the four global challenges. For this, we allocate the companies' revenues proportionately to the respective challenge. We showcase the aggregated added value through products and services provided by our portfolio holdings per key structural theme in million euros over time.



Source: Bloomberg, own calculations, and presentation.

Sustainability Key Performance Indicators

Sustainability indicators are used to gauge a company's financial viability and long-term profitability as well as how the business is achieving this profitability in a non-harmful and ultimately positive way. The companies held by the fund demonstrated significantly higher growth rates over the past three years, higher investments (capex) and R&D expenditures, compared to the companies in the benchmark. As a result, there is a greater opportunity for constituent companies to add value to the environment and society.

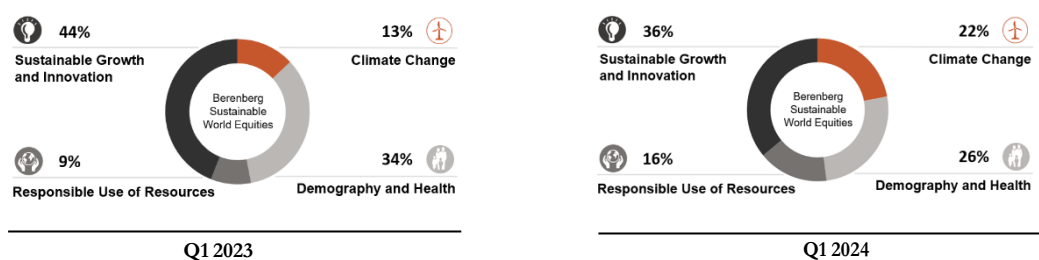


Source: Bloomberg, own calculations, and presentation.



The Four Global Challenges

As presented earlier in the report, every portfolio position contributes to the solution of one of the four defined global challenges within our impact framework. Here we present the share of investments within the challenges over time.



Source: Berenberg.

Top Five Holdings

For the top five holdings by weight, we report sustainability-related indicators.

Company	Weight	ControversyFlag	Net Impact Score	SDG
Microsoft	6.5%	Yellow	1.5	SDG 8, SDG 9
Mastercard	5.2%	Yellow	1.9	SDG 8, SDG 9, SDG 11
Boston Scientific	5%	Yellow	2.4	SDG 3
ServiceNow	4.1%	Green	2.6	SDG 8, SDG 9
Waste Connections Inc.	3.8%	Green	2.3	SDG 12

Portfolio as of 31 March 2024.

Progress and Outlook

We aim to constantly review our methodology to improve our Berenberg Net Impact Model, to increase its objectivity and clarity and to align it with best-practice standards. We will keep developing the Berenberg Net Impact Model, taking into account the evolving landscape of impact-related data providers and numerous impact measurement initiatives.

We also closely watch market, regulatory and academic developments in the impact measurement space. For example, we are excited to see how the EU taxonomy for sustainable activities will influence impact measurement practice and will dynamically react to upcoming best-practice standards.

Appendix

1. Methodology

Below, we detail our methodology to calculate mentioned parameters.

Chapter “Spotlights”

Four Global Challenges

The proportion of each key structural theme in the fund is calculated through the total percentage-weighted portfolio share of the companies that primarily address each key challenge.

The ABC Model

Depending on the relevant business activity, each of the fund’s holdings is classified to one of the three categories “Act to avoid harm” (A), “Benefit stakeholders” (B) or “Contribute to solutions” (C). We show the share of the portfolio holdings within each category.

The Sustainable Development Goals (SDGs)

In a first step, we set a framework in which we assigned 10 investible SDGs to our four core global challenges. In a second step, depending on the relevant business activity, each of the fund’s holdings is mapped to the SDGs of the respective specific global challenge that the holding addresses. Based on its primary contribution, each investment is assigned 1-3 goals. Portfolio weights are shown along with the respective SDGs in the case of investments that contribute to several SDGs, the portfolio weight is allocated proportionately.

Chapter “Additional ESG and Impact-Related Information”

ESG Controversies Screen

MSCI ESG analyses controversial business practices in the five areas Environment, Human rights, Labour rights and Supply chain, Customers as well as Governance. The controversies are rated according to their reputational risk as well as the operational handling by a flagging system. Green indicates no or weak controversies, yellow indicates moderate controversies, orange indicates severe controversies and red indicates very severe controversies. We show the share of the portfolio holdings within each controversy flag. This is compared to the benchmark.

CO₂ Intensity

The CO₂ intensity per company (Scopes 1 and 2) is multiplied by the portfolio weight of the company (current value of the investment divided by current fund value) and summed up. This weighted average CO₂ intensity provides an indication of the portfolio's exposure to CO₂ emission-intensive companies.

The calculation of emissions data is based on indicators recommended by the G20's Task Force on Climate-related Financial Disclosures (TCFD).

ESG Score

Using a score between 0 (lowest) and 10 (highest), MSCI ESG assesses the ability of portfolio holdings to identify and manage environmental, social and governance-related risks compared to peers. This score is aggregated at the portfolio level and compared to the benchmark.

Revenue Exposure

The turnover of each portfolio company is allocated to the key structural themes on a percentage basis, multiplied by the share held by the fund's constituents and summed up accordingly for the fund. This is provided in absolute euro values.

Sustainability Key Performance Indicators

- *Three-year revenue CAGR*: The sales growth rate over the past three fiscal years is calculated for each company, weighted by portfolio share and summed up.
- *Capex to revenue*: Capex is set in relation to the company's revenues, weighted according to portfolio share and summed up.
- *R&D to revenue*: R&D expenditure is set in relation to the company's sales, weighted according to portfolio share and summed up.

2. Sustainable Development Goals (SDGs)

- SDG 1 – No Poverty
- SDG 2 – Zero Hunger
- SDG 3 – Good Health and Well-being
- SDG 4 – Quality Education
- SDG 5 – Gender Equality
- SDG 6 – Clean Water and Sanitation
- SDG 7 – Affordable and Clean Energy
- SDG 8 – Decent Work and Economic Growth
- SDG 9 – Industry, Innovation, and Infrastructure
- SDG 10 – Reduced Inequality
- SDG 11 – Sustainable Cities and Communities
- SDG 12 – Responsible Consumption and Production
- SDG 13 – Climate Action
- SDG 14 – Life Below Water
- SDG 15 – Life on Land
- SDG 16 – Peace, Justice, and Strong Institutions
- SDG 17 – Partnership to achieve the Goals.



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