

Sustainability-related disclosures pursuant to Article 10 of Regulation (EU) 2019/2088 in connection with Article 24 et seq. of Delegated Regulation (EU) 2022/1288

The subject of this document is mandatory information on the environmental and/or social characteristics of this Fund. This document is not promotional material. This information is required by law in order to transparently explain the environmental and/or social characteristics promoted by the Fund.

Berenberg Sustainable EM Bonds

WKN / ISIN: A2H8YT / LU1725431628; A2H8YV / LU1725439449; A2H8YS / LU1725429309; A2H8YU / LU1725438987

This fund is managed by the capital management company Universal-Investment-Luxembourg S. A.

a) "Summary"

No sustainable investment objective

No sustainable investments are targeted.

Environmental or social characteristics of the financial product

This Fund promotes environmental and social characteristics within the meaning of Article 8 of the Disclosure Regulation.

Environmental and social characteristics are taken into account in the investment decisions, such as climate change, biodiversity and environmental pollution in the area of environment, labour conditions, human rights, freedom of religion and death penalty in the field of social affairs, as well as corporate and governance issues such as bribery, corruption, lending, authoritarian regimes and unfair business practices.

Investment strategy

The Berenberg Sustainable EM Bonds Fund pursues an investment strategy consisting of emerging markets government and corporate hard currency bonds. The investment process is accompanied by ESG-specific negative screening and a best-in-class approach, followed by fundamental country and company selection. The resulting investment portfolio is then allocated via a quantitative optimisation process, whereby the resulting risks are continuously monitored and managed by means of volatility monitoring on the basis of individual issuers.

The objective of the Fund is to sustainably improve the relationship between return and risk compared to traditional emerging market debt funds. Investments will only be made in securities that meet Berenberg's sustainability criteria. ESG factors are integrated into investment decisions to ensure efficient risk management and generate sustainable long-term returns.

The strategy is based on a multi-stage investment process starting with Country and Corporate Selection.

Issuers are selected taking into account ESG criteria applied to potential investments to ensure compliance with minimum ESG standards. Negative screening includes various criteria at country and company level.

For example, countries can be excluded due to a lack of democratic values, death penalty in effect, possession of nuclear weapons and a lack of ratification of international human rights and environmental conventions.

The Berenberg ESG exclusion criteria are a minimum standard that companies and countries must meet with regard to ESG in order to qualify as an investment. The Berenberg Sustainable EM Bonds Fund applies both exclusion criteria and thresholds that go beyond the Berenberg ESG exclusion criteria. There are additional thresholds for nuclear energy, peace status, military spending, corruption and money laundering.

In addition, the investment process includes a three-tier "Best-in-Berenberg" approach that selects only the best countries and companies based on their ESG rating, credit rating and fundamental strength. The first criterion is general creditworthiness. For government bonds, a minimum credit rating of B- is required, while corporate issuers must have an investment grade rating. The second criterion is the MSCI ESG rating for countries and issuers provided by MSCI ESG Research. We require a minimum rating of BB for both countries and companies.

In addition, an internal "ESG shadow rating" is used to compare and complement data from external data providers such as MSCI ESG Research. In the internal analysis, corporate bonds must go through an individual qualitative analysis in which issuers are screened for all non-quantifiable ESG-related factors, including (but not limited to) negative ESG headlines, ongoing litigation or other conflict situations, merger and acquisition activities that could have ESG implications, or new product developments that could affect a company's ESG profile.

Distribution of investments

The asset allocation of the Fund and to what extent the Fund may assume direct or indirect exposures to companies can be found in the Terms and Conditions of Investment.

The "Other Investment" category includes cash holdings and investments in products used for hedging purposes. For other investments that are not covered by the Fund's sustainability strategy, there are no binding criteria for taking environmental and/or social protection into account. This is due either to the nature of the assets in which, at the time of drawing up these contractual documents, there are no legal requirements or normal market procedures, how to implement minimum environmental and/or social protection for such assets or specific investments are excluded from the sustainability strategy, which are then also not subject to the audit of minimum environmental and/or social protection.

Monitoring of the environmental or social characteristics

Initially, the environmental and/or social characteristics promoted with the Fund and the sustainability indicators are qualitatively reviewed by the ESG Office of the Management Company/AIFM. Compliance with the investment limits on the basis of the individual sustainability strategy is measured and monitored daily by the Investment Controlling of the Management Company/AIFM and by the Portfolio Manager for outsourced portfolio management mandates. Internal controls are performed by portfolio management and risk controlling. External controls are carried out on a regular basis by the national supervisory authority when auditing the annual reports and at state level.

Methods for environmental or social characteristics

As part of the ESG exclusion process, companies and sovereigns are excluded on the basis of activity-based and norms-based exclusion criteria. The Berenberg ESG exclusion criteria set a minimum standard from an ESG perspective in order to qualify as a potential investment for the portfolio. Inter alia, companies are identified that are directly involved in persistent particularly serious ESG controversies. They are excluded as a matter of principle for investment purposes. In the event of serious ESG controversies, portfolio management enters into direct engagement with the company to analyse the controversy with the company and make a final investment decision based on this. Such exposure will be achieved by portfolio management, but not on behalf of the Fund.

Regular automated monitoring of compliance with the binding elements of the investment strategy and on the basis of sustainability indicators is used to measure whether the social and environmental characteristics promoted have been met.

Data sources and processing

MSCI ESG Research data is used to achieve any of the environmental and/or social characteristics promoted by the Fund.

Limitations on methods and data

There may be restrictions on obtaining data from data providers such as MSCI ESG if they do not cover the complete universe of relevant companies or have data errors and/or methodological deficiencies. If there is a suspicion that such misrepresentations are present, we will carry out an internal review and, if necessary, engage with data providers to limit the impact on the fulfilment of the promoted environmental and/or social characteristics.

Our proprietary ESG Shadow sovereign rating tool is used to compare and complement the data derived from external ESG service providers such as MSCI. We also use the tool if no MSCI data is available.

Due diligence

Effective arrangements are taken by defining and applying written policies and procedures to ensure that investment decisions taken on behalf of the Fund are consistent with its objectives, the investment strategy and, as applicable, the risk limits.

Participation policy

The investment management company's participation policy (engagement) is exercised in the form of the exercise of voting rights.

Specific benchmark

This Fund has not determined an index as a benchmark which fulfils the environmental and/or social characteristics promoted by the Fund.

b) “No sustainable investment objective”

This financial product promotes environmental and/or social characteristics, but does not target sustainable investments.

c) “Environmental or social characteristics of the financial product”

This Fund promotes environmental and social characteristics within the meaning of Article 8 of the Disclosure Regulation.

Environmental and social characteristics are taken into account in the investment decisions, such as climate change, biodiversity and environmental pollution in the area of environment, labour conditions, human rights, freedom of religion and death penalty in the field of social affairs, as well as corporate and governance issues such as bribery, corruption, lending, authoritarian regimes and unfair business practices.

d) "Investment strategy"

The Berenberg Sustainable EM Bonds Fund pursues an investment strategy consisting of emerging markets government and corporate hard currency bonds. The investment process is accompanied by ESG-specific negative screening and a best-in-class approach, followed by fundamental country and company selection. The resulting investment portfolio is then allocated via a quantitative optimisation process, whereby the resulting risks are continuously monitored and managed by means of volatility monitoring on the basis of individual issuers.

The objective of the Fund is to sustainably improve the relationship between return and risk compared to traditional emerging market debt funds.

Investments will only be made in securities that meet Berenberg's sustainability criteria. ESG factors are integrated into investment decisions to ensure efficient risk management and generate sustainable long-term returns.

The strategy is based on a multi-stage investment process starting with Country and Corporate Selection. Issuers are selected taking into account ESG criteria applied to potential investments to ensure compliance with minimum ESG standards. Negative screening includes various criteria at country and company level.

For example, countries can be excluded due to a lack of democratic values, death penalty in effect, possession of nuclear weapons and a lack of ratification of international human rights and environmental conventions.

The Berenberg ESG exclusion criteria are a minimum standard that companies and countries must meet with regard to ESG in order to qualify as an investment. The Berenberg Sustainable EM Bonds Fund applies both exclusion criteria and thresholds that go beyond the Berenberg ESG exclusion criteria. There are additional thresholds for nuclear energy, peace status, military spending, corruption and money laundering.

In addition, the investment process includes a three-tier "Best-in-Berenberg" approach that selects only the best countries and companies based on their ESG rating, credit rating and fundamental strength. The first criterion is general creditworthiness. For government bonds, a minimum credit rating of B- is required, while corporate issuers must have an investment grade rating. The second criterion is the MSCI ESG rating for countries and issuers provided by MSCI ESG Research. We require a minimum rating of BB for both countries and companies.

In addition, an internal "ESG shadow rating" is used to compare and complement data from external data providers such as MSCI ESG Research. In the internal analysis, corporate bonds must go through an individual qualitative analysis in which issuers are screened for all non-quantifiable ESG-related factors, including (but not limited to) negative ESG headlines, ongoing litigation or other conflict situations, merger and acquisition activities that could have ESG implications, or new product developments that could affect a company's ESG profile.

Good governance practices of the investee companies are evaluated on the basis of the following elements of the investment strategy:

- Application of norms-based ESG exclusion criteria and monitoring ESG controversies with the exclusion of companies directly related to ongoing particularly serious ESG controversies, including governance practices and compliance with international norms based on Berenberg Wealth and Asset Management ESG principles and ESG exclusion criteria
- Engagement with portfolio companies associated with serious ESG controversies on the basis of Berenberg Wealth and Asset Management Engagement principles.

e) "Distribution of investments"

The asset allocation of the Fund and to what extent the Fund may assume direct or indirect exposures to companies can be found in the Terms and Conditions of Investment.

The "Other Investment" category includes cash holdings and investments in products used for hedging purposes. For other investments that are not covered by the Fund's sustainability strategy, there are no binding criteria for taking environmental and/or social protection into account. This is due either to the nature of the assets in which, at the time of drawing up these contractual documents, there are no legal requirements or normal market procedures, how to implement minimum environmental and/or social protection for such assets or specific investments are excluded from the sustainability strategy, which are then also not subject to the audit of minimum environmental and/or social protection.

f) “Monitoring of the environmental or social characteristics”

The environmental and/or social characteristics promoted by the Fund and the sustainability indicators used to measure compliance with these environmental and/or social characteristics are:

- (a) upon creation of a fund intended to be classified as an Article 8 fund under the Disclosure Regulation,
- (b) in the event of a fund being transferred from another management company/AIFM, or
- (c) in the event of a classification being changed from an Article 6 fund to an Article 8 fund

initially subjected to a qualitative review by Universal Investment's ESG Office on the basis of the strategy pursued.

The Fund's individual sustainability strategy is contractually agreed and disclosed in the Fund's pre-contractual documents. Compliance with the investment limits on the basis of the individual sustainability strategy is measured and monitored daily by the Investment Controlling of the Management Company/AIFM and also by the Portfolio Manager for outsourced portfolio management mandates.

Both MSCI data and proprietary research by the portfolio manager or third-party data are used, whereby the portfolio manager's research is reviewed by investment controlling.

The monitoring of outsourced portfolio management companies is initially carried out when the portfolio managers are brought in and on an ongoing basis – e.g. by means of specific ESG reports. External controls are carried out on a regular basis by the national supervisory authority when reviewing the annual reports and at state level.

g) “Methods for environmental or social characteristics”

As part of the ESG exclusion process, companies and sovereigns are excluded on the basis of activity-based and norms-based exclusion criteria. The Berenberg ESG exclusion criteria set a minimum standard from an ESG perspective in order to qualify as a potential investment for the portfolio. Inter alia, companies are identified that are directly involved in persistent particularly serious ESG controversies. They are excluded as a matter of principle for investment purposes. In the event of serious ESG controversies, portfolio management enters into direct engagement with the company to analyse the controversy with the company and make a final investment decision based on this. Such exposure will be achieved by portfolio management, but not on behalf of the Fund.

Regular automated monitoring of compliance with the binding elements of the investment strategy and on the basis of sustainability indicators is used to measure whether the social and environmental characteristics promoted have been met.

h) “Data sources and processing”

MSCI ESG Research data is used to achieve any of the environmental and/or social characteristics promoted by the Fund.

- Exclusions and monitoring of controversies based on data provided by MSCI ESG
- Due diligence is carried out as part of the data sourcing process in the selection of data providers by technical and technical experts, including the assessment of the portfolio coverage and the benchmark universe, review of underlying models and frameworks of providers, as well as the comparison of vendor data with internal analysis and valuations
- In the event of material changes to the underlying data and/or data issues, the data provider is contacted and the respective matter discussed
- Data is automatically integrated into internal systems for portfolio management and monitoring purposes
- In the event of relevant ESG controversies, an internal analysis and evaluation of the associated data/information is carried out
- As part of ESG opportunity and risk analysis, relevant data/information is aggregated from internal research, exchanges with companies and data from external ESG data providers
- Estimated data may be required (e.g. when a company does not provide relevant reporting) and can be obtained directly from data providers. As coverage and methods change and evolve, the proportion of estimated data cannot be given reliably.

i) “Limitations on methods and data”

There may be restrictions on obtaining data from data providers such as MSCI ESG if they do not cover the complete universe of relevant companies or have data errors and/or methodological deficiencies. If there is a suspicion that such misrepresentations are present, we will carry out an internal review and, if necessary, engage with data providers to limit the impact on the fulfilment of the promoted environmental and/or social characteristics.

Our proprietary ESG Shadow sovereign rating tool is used to compare and complement the data derived from external ESG service providers such as MSCI. We also use the tool if no MSCI data is available.

j) “Due diligence”

The assets underlying the Fund are managed exclusively in the interests of investors within the strict legal and regulatory requirements by the Management Company/the AIFM.

Prior to the acquisition of the assets, portfolio management checks whether the asset can be acquired in accordance with the legal and contractual requirements. Effective arrangements are taken by defining and applying written policies and procedures to ensure that investment decisions taken on behalf of the Fund are consistent with its objectives, the investment strategy and, as applicable, the risk limits. Once the assets have been acquired, another corresponding daily review is carried out by the Investment Controlling of the Management Company/AIFM and on an ongoing basis by the Portfolio Manager. The internal control of these due diligence obligations is carried out in the Risk Controlling department as a second line of defence and at downstream level by the internal audit as a third line of defence.

Outsourced portfolio managers are monitored by means of ISAE or comparable reports. These reports are evaluated by experts of the Management Company/AIFM as part of outsourcing controlling. Before starting business activities in new products or on new markets, including the acquisition of assets, the Management Company/AIFM shall ensure that the associated risks and the effects on the overall risk profile of the Fund are adequately recorded, measured, monitored and managed.

The Management Company/AIFM, the portfolio manager (if the investment decision is outsourced) or, if applicable, an appointed investment adviser, take into account the sustainability risks and – at their company level – the principal adverse effects of investment decisions on sustainability factors when fulfilling their duties.

The underlying assets of the Fund are subject to the independent supervision, custody and supervision of the Depositary. Further external controls are carried out on a regular basis by the national supervisory authority when auditing the annual reports and at state level.

k) “Participation policy”

The investment management company's participation policy (engagement) is exercised in the form of the exercise of voting rights. In order to safeguard the interests of the investors in the managed funds and to fulfil the associated responsibility, the capital management company exercises the shareholder and creditor rights from the shares held in the managed funds within the meaning of the investors. Decision-making criteria for exercising or not exercising voting rights are the interests of the investors and the integrity of the market as well as the benefits for the investment fund in question and its investors.

The asset management company sets its voting behaviour on the basis of BVI's “Analysis Guidelines for Shareholders' Meetings” that are considered to be ESG-compliant, which form the basis for responsibly handling investors, capital and rights as an industry standard.

When voting abroad, the asset management company uses Glass Lewis's country-specific guidelines that take into account the local framework conditions. In addition, the Glass Lewis “Environmental, Social & Governance (“ESG”) Initiatives” guidelines are applied to the specific country guidelines and take precedence. The application of these guidelines ensures that voting takes place on a country-specific basis according to the criteria of transparent and sustainable corporate governance policies as well as other criteria from the environmental and social fields which focus on the long-term success of the businesses in which the investment funds are invested (i.e. “portfolio companies”).

These voting standards are based on the interests of the funds managed by the asset management company and are therefore generally applied to all funds, unless it is necessary to deviate from these voting guidelines for individual funds in the interests of the investors, the market integrity or the benefit of the respective investment fund.

The capital management company publishes the principles of its participation policy and an annual participation report on its website.

The asset manager (if portfolio management is outsourced) or an appointed investment advisor, if applicable, may take further measures as part of their company-related engagement activities to fulfil environmental and/or social characteristics. However, this engagement will not take place on behalf of the Fund.

l) “Specific benchmark”

This Fund has not determined an index as a benchmark which fulfils the environmental and/or social characteristics promoted by the Fund.

m) “Status and document version”

Version	Date	Description
1.0	1 January 2023	Initial version