BERENBERG
ESG

MULTI-ASSET-STRATEGIES, WHICH TARGET A SUSTAINABLE INVESTMENT OBJECTIVE

Sustainability-related product information pursuant to the Sustainable Finance Disclosure Regulation[1]

The following information provides comprehensive insights into how sustainability risks and aspects are considered in the investment process for the above-mentioned asset management strategies. This information is provided in accordance with the Sustainable Finance Disclosure Regulation. Accordingly, the structure and design of the contents follow the regulatory requirements of the Sustainable Finance Disclosure Regulation.

1. Which sustainable investment objective is to be attained by these products?

The asset management strategies strive for long-term capital appreciation with due regard to the sustainable investment objective. The sustainable investment objective is to make a positive contribution to solving global challenges (positive impact). The focus is on four global challenges or fields of action that have been defined by the Berenberg Wealth and Asset Management ESG Office in collaboration with the portfolio management units of Berenberg Wealth and Asset Management:

Investments make a positive contribution to solving global challenges.

1. demographics and health;
2. responsible use of resources;
3. climate protection;
4. sustainable economic growth and innovation.

The products and services of the selected securities deliver solutions to these global challenges.

Since climate protection is one of the four fields of action to be positively influenced by investments, a contribution to climate change mitigation is aimed for. Climate change mitigation is one of the six environmental objectives defined in the Taxonomy Regulation.[2] The Taxonomy Regulation provides that the pre-contractual information shall state how and to what extent the product invests in environmentally sustainable economic activities (according to the Taxonomy Regulation criteria). To disclose this information, Berenberg relies on data from issuers or from the real economy. Certain companies will have a regulatory obligation from 2023 onwards to report quantitatively to what extent their economic activities are environmentally sustainable within the meaning of the Taxonomy Regulation. Currently, there is no regulatory obligation for the real economy to publish this information. Since the information in the pre-contractual information is to be based on the reported figures of the real economy and is not to be estimated, it is currently assumed that zero per cent of investments will go towards environmentally sustainable economic activities. This figure is solely due to the fact that the underlying data of the

[1] Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (referred to hereinafter as the Sustainable Finance Disclosure Regulation).
[2] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (referred to hereinafter as the Taxonomy Regulation).

real economy will only be available from 2023 onwards. As soon as the regulatory requirements or data availability change, Berenberg will update the information regarding the extent of investments in environmentally sustainable economic activities.

2. How is the sustainable investment objective to be attained?

Besides thorough internal analysis, research from external data providers is used to understand the sustainability profile of a company and its products and services.

The investment universe mainly comprises instruments that meet the ESG criteria of Berenberg Wealth and Asset Management and have been subject to fundamental analysis within the four above-mentioned global challenges/key structural topics.

An ESG risk management approach serves to reduce downside risks in the portfolio and to adhere to the minimum ESG standards.

Downside risks are reduced.

All companies that are involved in especially serious ESG controversies are identified based on the ESG controversy analysis of our external ESG data provider. Such companies are fundamentally excluded from investments. In the event of serious ESG controversies, the portfolio management engages directly with the company, in the case of both existing holdings and potential new investments, in order to analyse the controversy with the company and to make a final investment decision on this basis.

Companies and countries that are associated with certain products or activities[3] are excluded in the ESG exclusion process. Such products or activities include, but are not limited to, controversial weapons, conventional weapons and the arms industry, coal mining and coal-based power generation, gambling, pornography or violations of the United Nations Global Compact Principles (UNGC). As a general rule, countries which practice, for example, the death penalty or which have not ratified the Paris Climate Accord are excluded. In addition, no investments are made in countries without political stability and peace. The Berenberg ESG exclusion criteria represent a minimum standard from an ESG perspective that companies and countries must meet in order to qualify for portfolio investments.

Financial criteria and sustainability aspects are combined when selecting portfolio companies.

Securities are selected based on financial criteria and the integration of specific sustainability criteria. Selection ideas are generated from contacts with companies, industry experts and intensive internal research. The portfolio management uses a combination of its own independent research and the information of our external ESG data providers and engages with the companies. Fundamental analysis and impact analysis are combined to assess the positive contribution to solving global challenges because the main drivers of a business model or sector are usually directly related to the positive contribution of the offered products and/or services. In addition, the materiality of the contribution can best be assessed by means of detailed analysis of financial key indicators and the business model, which also makes the subsequent active discussions with the companies more constructive. The sustainability analysis and impact analysis are conducted in close consultation between the portfolio management and the Berenberg Wealth and Asset Management ESG Office.

[3] More detailed information can be found in the publicly available Berenberg Wealth and Asset Management Exclusion Policy. This policy is available on our website (www.berenberg.de/en).

Another part of the ESG integration and impact analysis is the portfolio management's engagement with companies in relation to their handling of ESG and sustainability aspects and related questions. Existent and/or potential ESG controversies and other ESG-relevant aspects are addressed in a structured engagement process. Based on this engagement, the portfolio management can determine whether a company acknowledges existent and/or potential problems and whether it is developing strategies both to solve these and to identify opportunities related to ESG/sustainability.[4]

The portfolio management enters into a dialogue with issuers and companies regarding their approach to ESG.

3. Which methodologies are used to assess, measure and monitor the impact of the sustainable investments selected for the financial products?

As part of the investment process, qualitative and quantitative ESG data, from both a bottom-up and a top-down perspective, are combined from the following sources:
- continuous active engagement and detailed discussions with the company's management;
- company publications (eg sustainability reports) and independently commissioned studies;
- expert opinions of industry experts and assessments of media reports and other publicly accessible sources.

Internal analysis and research from external data providers are combined.

In addition, we rely on research from external data providers, including the following:
- comparisons of ESG assessments and data with comparable companies;
- ESG reports on companies;
- surveys and assessments of controversies;
- corporate governance heat maps;
- business involvement screenings.

Leveraging a combination of our own ESG analyses and external data, qualitative and quantitative company valuations are prepared based on the sources and processes described above. These are used as the foundation for the decision to invest in or to sell a particular security.

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History of changes

Version	Date of update	Description / Scope of the change
1	March 2021	Initial publication of the sustainability-related product information
2	December 2021	Inclusion of the information to be published under the Taxonomy Regulation

[4] Additional information on this subject can be found in the Berenberg Wealth and Asset Management Engagement Policy, which is publicly available on our website (www.berenberg.de/en).