BERENBERG ESG

MULTI-ASSET-STRATEGIES, WHICH PROMOTE ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS

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 environmental and/or social characteristics are promoted by these products?

The asset management strategies promote environmental and/or social characteristics (within the meaning of Article 8 of the Sustainable Finance Disclosure Regulation).

A variety of environmental and social characteristics are taken into consideration when making investment decisions, including the following, for example:

Environmental and social characteristics are key to investment decisions.

Environment
- climate change
- environmental pollution
- deforestation
- environmentally-friendly technologies
- greenhouse gas emissions

Social
- work conditions
- health and safety
- fair trade products
- employee relationships and diversity
- local communities

Governance
- bribery and corruption
- compensation structure
- structure of supervisory boards
- cybersecurity
- unfair business practices

Criteria of good corporate governance are integrated into the investment process.

[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. How are the environmental and/or social characteristics met?

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

Internal analysis and research from external data providers are combined.

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.

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.

3. Which methodologies are used to assess, measure and monitor the environmental and/or social characteristics of the financial products?

Investments are only made in securities that comply with Berenberg's sustainability criteria. Thus, the strategy is designed for investors with a social commitment and high moral and ethical standards. By integrating sustainability aspects, three goals are pursued: enhanced risk management, the improvement of the performance potential and the achievement of a positive contribution to the environment and society (positive impact). Consequently, ESG factors are integrated into investment decisions in order to establish efficient risk management and to generate a long-term sustainable return. This has a positive effect on the performance of the portfolio and leads to the avoidance of various risks.

Integrating ESG factors creates a positive impact and enhances risk management simultaneously.

In the first step, ESG exclusion criteria are applied to potential investments to ensure compliance with minimum ESG standards. The evaluation is based on data from our external ESG data provider, which are automatically made available in our systems. Existing investments are subject to the same evaluation.

Companies that are associated with certain products or activities[2] 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 that, for example, practise the death penalty or have not ratified the Paris Climate Accord are excluded. In addition, no investments are made in countries where there is no political stability or 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.

Companies and countries which do not adhere to the Berenberg ESG exclusion criteria are excluded from investments.

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

Moreover, all companies that are involved in especially serious ESG controversies are identified through 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.

Based on a combination of internal ESG analysis and external data from the above-mentioned sources, qualitative and quantitative company assessments are conducted as the basis for an investment decision.

The portfolio management regularly engages with companies/issuers 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/issuer acknowledges existent and/or potential problems and whether it is developing strategies both to solve these and to identify opportunities related to ESG/sustainability.[3]

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

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[3] 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).