



**Appendix pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a Sustainable Finance Disclosure Regulation (SFDR, of Regulation (EU) 2019/2088 and Article 6, first paragraph EU-Taxonomy (Regulation (EU) 2020/852)**

**Product name:**  
Berenberg Sustainable Income 15

**Legal entity identifier:**  
529900UC2OD7II24Z667

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input type="radio"/> <input type="checkbox"/> <b>Yes</b>	<input checked="" type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> <b>No</b>
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ____%	<input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ____%	<input type="checkbox"/> with a social objective
	<input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



## What environmental and/or social characteristics are promoted by this financial product?

This asset management strategy promotes environmental and social characteristics within the meaning of Article 8 of the Disclosure Regulation.

Environmental and social characteristics are taken into consideration when making investment decisions, including for example climate change and pollution in the area of environmental, as well as working conditions, health and safety in the area of social. In addition, aspects in the area of corporate governance are taken into account.

The asset management strategy does not currently use an index as a benchmark to determine whether the strategy is aligned with the advertised environmental and/or social characteristics.

### Sustainability indicators

measure how the environmental or social characteristics promoted by the financial product are attained.

## What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

As part of the ESG exclusion process, we determine whether investments associated with certain products or activities should be made. The ESG exclusion criteria defined on this basis and subsequently applied are described below. These criteria apply until further notice. They are subject to regular review and, if necessary, adjustment by us. We will inform you of any adjustments as part of the reporting following the adjustment.

Companies with the following activities are excluded:

Exclusion of	Part of the value chain	Relative threshold	Exclusion is based on
▪ Conventional weapons	upstream activities, production, and downstream activities	> 5%	revenue
▪ Controversial weapons	upstream activities, production, and downstream activities	> 0%	revenue
▪ Nuclear weapons	upstream activities, production, and downstream activities	> 5%	revenue
▪ Thermal coal	production	> 5%	revenue
▪ Coal-fired power generation	production	> 5%	revenue
▪ Nuclear power	upstream activities (incl. uranium mining), production, and downstream activities	> 5%	revenue
▪ Unconventional oil & gas	production	> 0%	revenue
▪ Tobacco	production	> 0%	revenue
▪ Pornography	production	> 5%	revenue
▪ Alcohol	production	> 5%	revenue
▪ Gambling	production	> 5%	revenue

The asset management strategy also applies standards-based screening in relation to international frameworks such as the "UN Global Compact Principles", "OECD Guidelines for Multinational Enterprises" and "International Labor Organization (ILO) Standards" based on MSCI ESG Research's ESG Controversies methodology.

On this basis, companies directly involved in ongoing very severe ESG controversies are identified. These are generally excluded from investment.

In the event of direct involvement in severe 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.

The asset management strategy applies exclusions for sovereigns. This excludes bonds issued by sovereigns based on the following criteria:

- Possession and/or hosting of nuclear weapons,
- Non-ratification of the Treaty on the Non-Proliferation of Nuclear Weapons,
- Classification as "not free" in the Freedom House Index,
- High levels of corruption,
- Legality of death penalty,
- Severe violations of religious freedom,
- Lack of political stability and peace,
- Non-ratification and/or violation of the Paris Agreement,
- Non-ratification and/or violation of the Kyoto Protocol,
- Non-ratification and/or violation of the UN Biodiversity Convention,
- Non-ratification and/or violation of the Basel Convention,
- More than 33% of electricity generated from nuclear power,
- Government ESG rating worse than B by MSCI ESG Research.

For commodities, an exclusion of financial securities with soft commodities/staple foods as well as energy commodities as underlying is applied.

Active third-party funds are reviewed as part of a holistic qualitative and quantitative analysis. The core element of the sustainability analysis is an internally developed questionnaire and personal interviews with the fund companies/asset managers of the target funds used. In addition, sustainability assessments by recognized external agencies round off the process. A standardized and systematic evaluation of the information collected takes place at regular intervals, on the basis of which an internal score is compiled.

When purchasing new active target funds, a fundamental part of the requirements is compliance with minimum standards defined as exclusion criteria:

- Exclusion of fund companies/asset managers that did not sign the "UN Principles for Responsible Investment", violate the "United Nations Global Compact Principles" or are directly involved in ongoing severe ESG controversies.

In addition, all active target funds must at least comply with the following exclusion criteria:

- Complete exclusion of producers of controversial weapons and suppliers of critical components from the investment universe of the target fund.
- Full exclusion from the investment universe of the target fund of companies that violate the United Nations Global Compact Principles.

In addition to the minimum exclusion criteria, more than 50% of all target funds (including ETPs/ETFs) that are not used for hedging purposes or portfolio balancing must additionally take into account the following exclusion criteria:

- Coal mining / coal-fired power generation - for at least one characteristic a revenue threshold must be set that leads to an exclusion.
- Oil sands / unconventional oil & gas production - for at least one characteristic, a revenue threshold must be defined that leads to an exclusion.
- If the target fund also invests in government bonds, it may not invest a majority of its assets in countries that are classified as "not free" according to the "Freedom House Index".

Products used for hedging purposes or for portfolio balancing may not account for more than 50% of the portfolio.

For existing positions, a compliance review takes place on a regular basis. If new findings arise with regard to the violation of the aforementioned minimum standards, a reassessment takes place internally. Subsequently, contact is made with the fund company/asset manager in order to obtain renewed compliance with the minimum standards. This exchange may extend over a longer period of time (maximum 12 months). If no change occurs, the position is sold safeguarding investors' interests.

When using ETPs/ETFs, we pursue the goal of participating in the index performance. We only invest in ETPs/ETFs from fund companies/asset managers that are signatories to the "UN Principles for Responsible Investment", do not violate the "United Nations Global Compact Principles" and are not directly involved in ongoing very severe ESG controversies.

The goal is to use sustainable ETPs / ETFs that apply the following activity-based exclusion criteria:

Exclusion of	Part of the value chain	Relative threshold	Exclusion is based on
▪ Controversial weapons	production	0%	revenue
▪ Thermal coal	production	> 5%	revenue
▪ Coal-fired power generation	production	> 25%	revenue
▪ Tobacco	production	> 5%	revenue
▪ Oil sands <u>or</u> unconventional oil & gas	production	> 5%	revenue

In addition, the ETP / ETF must exclude from the investment universe all companies that violate the United Nations Global Compact Principles.

## Certificates

Individual securities:

- When using certificates on individual securities, the above described single security-specific exclusion criteria apply to both the underlying and the issuer or counterparty,
- .

Indices:

- When using certificates on indices, we pursue the goal of participating in the index performance or efficiently managing portfolio risks. Therefore, we do not look through the individual securities of the index and do not apply single security-specific exclusion criteria,
- For certificates on indices, the above-described single security-specific exclusion criteria only apply to the issuer or counterparty.

Further information on ESG integration can be found in the investment strategy section.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

Not applicable.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



**Does this financial product consider principal adverse impacts on sustainability factors?**



Yes

The asset management strategy takes into account Principal Adverse Impacts (PAIs) through binding elements of its investment strategy. More specifically, PAIs are taken into account in a binding way through activity-based exclusions, which are based on company revenues, and norm-based exclusions.

The PAI indicators considered in the investment strategy are as follows follows (the numbering follows Table 1 in Annex 1 of Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022):

- Indicator 4. "Exposure to companies active in the fossil fuel sector ", by:

Revenue-based exclusion criteria for companies involved in:

- Power generation from coal,
- Mining and distribution of thermal coal,
- Extraction of oil and gas from unconventional sources.

- Indicators 7. "Activities negatively affecting biodiversity-sensitive areas" and 28. "Land degradation, desertification, soil sealing", by:

Exclusion criterion for companies directly involved in ongoing very severe ESG controversies including in the area of biodiversity and land use.

- Indicators 8. "Emissions to water" and 9. "Hazardous waste and radioactive waste ratio", by:

Exclusion criterion for companies directly involved in ongoing very severe ESG controversies including in the area of toxic emissions and waste.

- Indicators 10. "Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises " and 11. "Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises" by:

Exclusion criteria for companies with serious violations of the UN Global Compact Principles, the OECD Guidelines for Multinational Enterprises, and other international standards and frameworks.

- Indicator 14. "Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)" by:

Exclusion criterion for companies involved in production and/or distribution of controversial weapons (incl. anti-personnel mines, cluster munitions, chemical and biological weapons).

- Indicator 16. "Investee countries subject to social violations", by, among others:

Exclusion criterion for sovereign bonds issued by countries classified as "Not free" in the Freedom House Index.

Information on PAI is available in the regular Asset Management Strategy Report.

☐ No



**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

### What investment strategy does this financial product follow?

The asset management strategy aims to achieve long-term value growth with due regard to socially and environmentally responsible investment criteria. Investments are made in securities that comply with the Berenberg Wealth and Asset Management exclusion criteria. ESG factors are integrated into investment decisions in order to ensure efficient risk management and to generate a sustainable, long-term return.

As part of the ESG exclusion process, investments which are associated with certain products or activities are excluded.

ESG risks and opportunities are considered when making investment decisions and throughout the holding period. ESG analyses are performed as part of the portfolio review process:

- Monitoring of each individual stock with respect to various ESG issues including ESG controversies and business involvement,
- Regular critical-constructive dialogue with the company's management team,
- Early identification of issues that could raise ethical questions and potential risks, as well as trends and opportunities arising from ESG issues.

Qualitative and quantitative ESG data, from both bottom-up and top-down perspectives, are combined. This data can be retrieved from the following sources:

- Regular active engagement and detailed exchange with company management,
- Company publications (e.g. sustainability reports) and independently commissioned studies,
- Expert opinions from industry experts as well as assessments of media reports and other publicly accessible sources,
- Research from external data providers, including ESG reports on companies, overviews and assessments of controversies, Business Involvement Screenings, and others.

Using a combination of internal ESG analyses as well as external data, qualitative and quantitative assessments are created based on the sources described above, leading to an investment decision. Relevant ESG issues are openly discussed and monitored within the investment team and in dialogue with the ESG Office.

Another part of the ESG integration and analysis is our work in the area of active ownership; whereby, we – as investors – attempt to exert a positive influence on companies in regards to their handling of ESG aspects. This includes, among other things, so-called engagement (i.e., direct dialogue with companies on specific ESG aspects). 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.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy are described in detail within the section of the “sustainability indicators that are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product”.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

**Good governance**  
practices include  
sound management  
structures, employee  
relations,  
remuneration of staff  
and tax compliance.

- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices of the investee companies are assessed based on the following elements of the investment strategy:

- Application of norm-based ESG exclusion criteria and ESG controversy monitoring with exclusion of companies directly involved in ongoing very severe ESG controversies including governance practices and compliance with international norms based on Berenberg Wealth and Asset Management ESG Policy and ESG Exclusion Policy,
- Engagement with portfolio companies directly involved in severe ESG controversies based on Berenberg Wealth and Asset Management Engagement Policy,
- ESG analysis based on internal research, exchanges with companies and data from external ESG data providers, covering, among others, governance practices.





## What is the asset allocation planned for this financial product?

The asset allocation of the asset management strategy and the extent to which it may take direct or indirect risk positions vis-à-vis companies can be found in the investment guidelines.

### Asset allocation

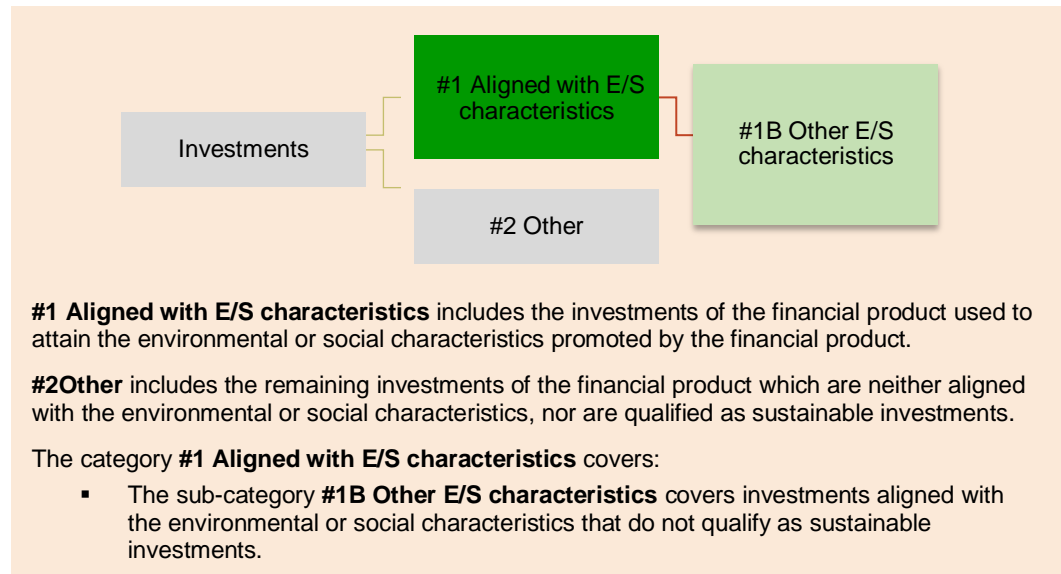
describes the share of investments in specific assets.

### Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies

- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

- **operational expenditure** (OpEx) reflecting green operational activities of investee



### How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Not applicable



### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The asset management strategy promotes environmental and/or social characteristics, but does not target sustainable investments and therefore does not take into account the criteria of Article 2 (17) of the Sustainable Financing Disclosure Regulation (SFDR) or the EU Taxonomy.

The minimum level of sustainable investment with an environmental objective as defined by the EU Taxonomy is 0%.

### Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

☐

Yes:

☐

In fossil gas

☐

In nuclear energy

☒

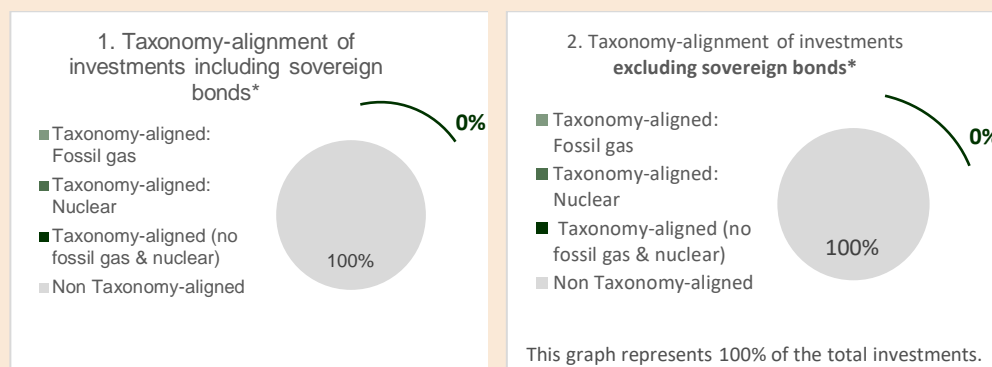
No

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



- What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable.



- What is the minimum share of socially sustainable investments?**

Not applicable.



- What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The category "Other investments" includes cash holdings as well as investments in products used for hedging purposes or portfolio balancing.

Here, different exclusions are applied depending on the instrument and/or underlying (see answer to question “What environmental and/or social characteristics are promoted by this financial product?”). Furthermore, no minimum environmental or social protection is applied to "Other Investments".



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Not applicable.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

Not applicable.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Not applicable.

- ***How does the designated index differ from a relevant broad market index?***

Not applicable.

- ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.berenberg.de/en/sustainability/esg-investments/srd-vv-sustainable-income-15>