



BERENBERG WEALTH AND ASSET MANAGEMENT

ESG POLICY

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VERSION 6.0

Our values and ESG philosophy

Joh. Berenberg, Gossler & Co. KG ("Berenberg") was established in 1590. Today we are one of Europe's leading privately owned banks with a strong presence in global financial centres. Our long history, our responsible management of the wealth entrusted to us and our focus on clients' needs form the basis for the trust-based working relationship with our clients and business partners that we maintain today. We are not guided by quick successes or reactivity but act responsibly and rationally with a long-term approach. In brief, accountability is our guiding principle. This principle guides us to act in responsible ways across everything we do and thus allows us to be sustainably positioned in the future.

At Berenberg Wealth and Asset Management (WAM), we believe that it is important to integrate Environmental, Social and Governance (ESG) aspects into the investment process. In our view, the social and environmental sustainability of business models and the integrity of management teams are crucial factors for creating long-term value. Therefore, we believe that taking ESG factors into account needs to go hand in hand with fundamental analysis in order to assess risk and return of investments. This is underpinned by continuous, goal-oriented collaboration, both between our investment and ESG professionals as well as with the companies and issuers we invest in.

Our ESG approach

At Berenberg WAM, we understand the value of integrating ESG factors into our investment decisions, as it helps us to better manage material ESG risks within our portfolios and to identify opportunities. The integration of ESG factors supports our portfolio management in adequately analysing risk and return.

To minimize certain risks arising from controversial business areas or problematic business practices, we use ESG exclusion criteria. We also place a strong focus on positive factors that promote and sustain earnings growth, such as good corporate governance. In addition to our own research, we use external ESG data to understand the sustainability profile of companies and issuers. We strive to identify material factors that are critical to improving long-term returns and the sustainability profile as part of a comprehensive ESG investment process.

Internally, we discuss ESG issues through open dialogue among our investment and ESG professionals. This allows us to continuously integrate their industry experience and knowledge into our ESG approach and to develop and strengthen it further. In addition, dialogues with companies are an important pillar for us to gain a better understanding of their sustainability and ESG capabilities and to communicate our views. Participation in sector and investor initiatives is important for us in order to exchange ideas with other investors and companies, to engage jointly "with one voice" and, ultimately, to support positive change.

As we further develop and strengthen our ESG policy, strategy and integration into the investment process, we aim to continuously evolve and to provide our clients with investment advice and portfolios that are not only aligned with their preferences but also sustainable in the long-term.

Our ESG governance

At Berenberg WAM, the ESG Office and the ESG Committee are responsible for the development, implementation and monitoring of our ESG strategy.

The ESG Office is responsible for our ESG strategy and integration, verifies compliance with the set standards and is responsible for internal knowledge building regarding ESG-related topics. Within its areas of responsibility, our ESG Office closely collaborates with all relevant teams in WAM.

The ESG Committee forms the ESG governance and oversight body within Berenberg WAM, meets at least quarterly and is composed of WAM members and executives. The committee reviews the progress of our ESG activities and discusses their further development, taking into account current trends as well as regulatory changes in the market. Key tasks of the ESG Committee include the revision and final approval of ESG policies, the review of our active ownership activities, as well as the monitoring and discussion of external developments and resulting development opportunities.

At the bank level, a Sustainability Board was established in 2022 to strengthen our bank-wide sustainability governance and centrally manage sustainability developments. A Sustainability Governance function is responsible for providing bank-wide advice on regulatory sustainability reporting issues and their implementation. As a staff function within Berenberg, it is responsible for monitoring and coordinating relevant sustainability developments across the bank. It also serves as an interface between the bank's various stakeholders and is responsible for organising and conducting the meetings of the Sustainability Board.

Our Active Ownership approach

Engagement

Engagement is an integral part of our ESG approach and a key tool in understanding company behaviour when it comes to ESG 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 with regards to whether we buy, sell or hold, but also to help as an active investor to improve the sustainability profile of companies and issuers in the long term and to reduce risks. Therefore, the engagement process and its results are central elements of our investment decisions and the basis of long-term, successful investments.

Through sector and investor initiatives, we selectively enter into collaborative engagement. This helps to build expertise and can also enhance our influence in order to ultimately induce positive change. Through our participation and support of initiatives such as the UN-supported Principles for Responsible Investment (PRI), International Corporate Governance Network (ICGN), KnowTheChain, Access to Medicine Foundation and the Institutional Investors Group on Climate Change (IIGCC), we can leverage our resources and address relevant ESG issues.

Please refer to our Berenberg WAM Engagement Policy at www.berenberg.de/en/esg-publications for further details.

Proxy voting

We see the exercise of voting rights (i.e. proxy voting) as an important tool for positively influencing companies regarding corporate governance structures and for strengthening shareholder rights. Through our proxy voting approach, we aim to ensure that companies operate sustainably over the long term and adhere to good corporate governance standards.

To this end, we develop and provide recommendations for agenda items of general meetings of portfolio holdings in our public funds based on our Berenberg WAM Proxy Voting Policy. This Policy is, deliberately, not intended as a rigid set of rules, but rather as a set of guidelines on which we base our analysis. Each vote recommendation is preceded by an initial review conducted by our external proxy voting service provider based on our Policy, followed by an in-depth analysis by our ESG Office and the responsible portfolio management teams. If questions arise during this process, we address them directly with the company as part of our engagement and, where possible, incorporate the insights gained into our final recommendation. Since the legal voting rights for holdings in our mutual funds reside with the capital management company, we pass on our recommendations to the administrator, who takes these recommendations into account when voting.

Please refer to our Berenberg WAM Proxy Voting Policy at www.berenberg.de/en/esg-publications for further details.

Active ownership reporting

In order to meet our responsibilities regarding transparency, we publicly report on our Active Ownership approach and related activities through our annual Berenberg WAM Active Ownership report and Berenberg Stewardship Report, which are publicly available at www.berenberg.de/en/esg-publications and <https://www.berenberg.de/en/about-us/publications>, respectively.

Our exclusion policy

At Berenberg WAM, based on our ethical and moral beliefs as well as risk assessments, we avoid investments in certain products, sectors and countries as well as business activities in funds, mandates and strategies.

Some of our clients have their own views and beliefs on how ESG and sustainability factors should be considered. Therefore, we offer to integrate client-specific ESG restrictions into special mandates and special funds.

Please refer to our Berenberg WAM ESG Exclusion Policy at www.berenberg.de/en/esg-publications for further details.

Our ESG investment strategies

ESG consideration can differ from one asset class to another for various reasons such as the availability, type and quality of data, as well as current methodological approaches and market conditions.

We offer a range of ESG investment strategies with varying degrees of ESG consideration to address diverse client needs across equity, fixed income and multi asset. We currently distinguish between the following categories¹:

- Our *ESG screened* strategies are based on exclusions and restrictions of certain activities to mitigate material ESG risks. Strategies in this category apply the general Berenberg WAM ESG exclusion criteria.
- Our *ESG integrated* strategies apply a combination of ESG instruments to exclude or limit certain activities, to consider ESG risks and opportunities in the investment analysis, and to positively influence issuers engagement and proxy voting activities.
- Our *ESG targeted & Impact focused* strategies apply specific ESG approaches such as positive screening based on ESG or impact criteria. Extended ESG exclusion criteria are applied to most funds and mandates in this category to further restrict investments in activities that do not support positive impact. *ESG targeted* strategies implement a specific ESG target. *Impact focused* strategies only include companies, issuers, and project-related investments such as Green Bonds, that generate positive impact on society and/or the environment and contribute to solving global challenges through products, services and financed projects.

	ESG screened	ESG integrated	ESG targeted & Impact focused
General exclusion criteria (e.g. controversial weapons, thermal coal mining and thermal coal power generation)	●	●	●
ESG controversy monitoring	●	●	●
ESG risk and opportunity analysis		●	●
Engagement with companies and issuers		●	●
Provision of vote recommendations ²		●	●
Extended exclusion criteria (e.g. alcohol, pornography, gambling, countries with death penalty) to further support positive impact ³			●
Specific ESG targets			ESG targeted ●
Impact focused investments			Impact focused ●

¹ These categories are Berenberg WAM internal and are based on internal assessments and criteria.

² For holdings in mutual funds through the provision of vote recommendations to the capital management company dependent on local restrictions.

³ Applied to most funds and mandates in category ESG targeted & Impact focused.

Our positive impact approach

For Impact focused funds and mandates, investments are selected with the intention of generating a positive impact on the environment and/or the society in addition to a financial return. To this end, investments are made in companies, issuers and Use of Proceeds bonds that actively contribute to solving global challenges through their products, services or financed projects. The positive impact of the investments on the environment and society thus plays a key role in the investment decision.

Based on studies⁴ on the importance and investability of the United Nations' Sustainable Development Goals (SDGs), we focus on a set of four key global challenges:

- Demography & Health
- Climate Change
- Sustainable Growth & Innovation
- Responsible Use of Resources

We analyse investments of the relevant funds and mandates for their contribution to solving one or more of the four global challenges. For this purpose, a proprietary impact measurement model was developed, in which positive and negative impact indicators are assessed at the individual investment level.

Our reporting

We report regularly on our ESG activities, both at the consolidated level and at the product specific level. At the consolidated level, this includes regular updates of all relevant policies and guidelines, an annual Active Ownership Report, and news on our ESG approach. These information and documents are available in their current version at www.berenberg.de/en/esg-publications. At the product level, specific ESG information is included in monthly fund factsheets and annual Sustainability or Impact Reports for relevant products. This reporting is available at www.berenberg.de/en/funds.

We are working to continuously further develop product specific reporting on ESG and sustainability factors, taking into account regulatory requirements and client needs.

⁴ See our publications „Berenberg ESG Survey: SDG and Climate Investing“ (2022), „Berenberg ESG Survey: Exploring Investor Sentiment“ (2021) and „Understanding the SDGs in Sustainable Investing“ (2018) at www.berenberg.de/en/esg-publications/.



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