



Information on strategies for the integration of sustainability risks in accordance with Art. 3 SFDR

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Financial market participant:

Joh. Berenberg, Gossler & Co. KG

LEI:

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Definition of sustainability risks

In accordance with Article 2(22) of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, the term 'sustainability risks' is defined as follows:

'For the purposes of this Regulation, "sustainability risk" means an environmental, social or governance event or condition that is likely to result in a material negative impact on the value of the investment.'

We adopt this regulatory definition and understand sustainability risks to mean all ESG-related risks that may actually or potentially cause financial disadvantages for the assets, profitability or reputation of the investor and/or Berenberg.

1. Integration of sustainability risks in our investment decision-making process²

With regard to the investment of client funds by our **Wealth and Asset Management**, we consider the integration of sustainability risks to be a relevant issue. The importance of this issue in our **Wealth and Asset Management** was underlined by the establishment of our ESG Office in 2018, which defines our ESG principles, supports their implementation and monitors compliance.

In our **Wealth and Asset Management**, the consideration of sustainability risks is primarily based on the exclusion of investments.

Sustainability risks represent decision-making criteria for the purchase and sale of securities. The integration of these criteria helps our portfolio managers in their investment selection process to assess the return opportunities and risks of an investment more holistically by providing a further perspective in addition to the traditional financial view. Similar to traditional financial risks, the occurrence of a sustainability risk can have a material negative impact on the value and resulting return of an investment.

In our **Wealth and Asset Management**, sustainability risks are considered in various asset classes (e.g., equities, corporate bonds and government bonds). However, the approach can differ considerably between asset classes for various reasons, including the availability, type and quality of data, the stage of development of methodological approaches, the specific investment strategy of a product as well as market conditions.

In our **Wealth and Asset Management**, we offer various investment strategies with different degrees of sustainability consideration to meet a wide range of client needs in the areas of equities, bonds and multi-assets.

During the holding period of the investments, we monitor the development of sustainability risks via regular automated checks of compliance with binding ESG exclusion criteria in our portfolio management systems.

Based on the ESG controversy analysis provided by our external ESG data provider, we identify companies that are directly linked to ongoing severe or ongoing very severe ESG controversies. In the event of ongoing very severe ESG controversies, we exclude these companies from investment. In the event of ongoing severe ESG controversies, we analyse the controversy for selected investment strategies and, if relevant, engage with the company. Such ESG controversies may include alleged violations of applicable law by companies, incidents such as environmental pollution, accidents, regulatory measures or pending legal proceedings.

¹ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosure requirements in the financial services sector, hereinafter referred to as the Disclosure Regulation, and Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council regarding regulatory technical standards.

² Information pursuant to Article 3(1) of 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.

To make our engagement with companies as effective as possible, we have defined our engagement principles. We regard engagement as an effective tool for gaining a better understanding of how companies deal with sustainability risks. Direct contact with companies enables us to better consider sustainability risks and related measures in our investment decisions by obtaining additional information alongside our internal analysis and external data.

In addition to engagement, we consider the exercise of voting rights at company general meetings an important tool for exerting positive influence, particularly regarding corporate governance structures. By providing vote recommendations to the capital management company of our mutual funds³ based on our proxy voting policy, and through our engagement, we aim to motivate and support companies to address sustainability risks more effectively.

Depending on the investment strategy, we apply different ESG exclusion criteria. When applying the ESG exclusion criteria, companies and countries are excluded as soon as they violate at least one exclusion criterion.

We have established a dedicated decision-making process for updating our ESG exclusion criteria. This involves the ESG Office, our portfolio managers and managers from our Wealth and Asset Management.

Some of our clients define their own criteria for sustainability consideration. Therefore, in addition to or ESG exclusion criteria, we also offer our clients the implementation of individual ESG requirements in the management of special mandates and funds. In addition, clients can object to the application of ESG exclusion criteria in the management of special mandates and funds.

You can find further information on ESG guidelines and policies in Wealth and Asset Management on our website www.berenberg.de/en/esg-publications.

2. Integration of sustainability risks in our investment advice⁴

The focus of our investment advisory in our **Wealth and Asset Management** is initially on the individual investment preferences of our clients. Since August 2022, these preferences can be supplemented in the investor profile by possible sustainable investment objectives, so-called sustainability preferences, and defined ESG-related thresholds can be considered. In the investor profile, we ask our clients about their sustainability preferences, taking into account the categories of sustainable financial instruments defined in the European Union:

- Financial instruments that include a minimum proportion of environmentally sustainable investments as defined by the Taxonomy Regulation,⁵ for which the threshold can be set between 0 and 100 percent depending on individual preference.
- Financial instruments that include a minimum proportion of sustainable investments as defined by the Disclosure Regulation,⁶ for which the threshold can be set between 0 and 100 percent depending on individual preference.
- Financial instruments that take consider principal adverse impacts on sustainability factors.⁷ for which the selection can be made in accordance with individual preferences from one of the three ESG categories (environmental, social or governance).

³ Limited to equity investments in certain mutual funds through the provision of voting recommendations to the capital management company.

⁴ Disclosures pursuant to Article 3(2) of 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 and Article 11 of Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council regarding regulatory technical standards.

⁵ Financial instruments in accordance with Article 2 (7a) of Delegated Regulation (EU) 2017/565 as amended by Delegated Regulation (EU) 2021/1253, which invest in environmentally sustainable investments as defined in Article 2 (1) of Regulation (EU) 2020/852 of the European Parliament and of the Council.

⁶ Financial instruments in accordance with Article 2 (7b) of Delegated Regulation (EU) 2017/565 as amended by Delegated Regulation (EU) 2021/1253, which invest in sustainable investments as defined in Article 2 (17) of Regulation (EU) 2019/2088 of the European Parliament and of the Council.

⁷ Financial instruments in accordance with Article 2 (7c) of Delegated Regulation (EU) 2017/565 as amended by Delegated Regulation (EU) 2021/1253, which consider principal adverse impacts on sustainability factors.

Financial instruments recommended as part of the investment advice must be in line with the sustainability preferences of the clients. With the help of the product disclosures of the individual financial instruments, which contain relevant data on the relevant sustainability categories, an automated comparison between the product disclosures and the client's sustainability preferences can be carried out. This takes into account any sustainability risks as well as the most important adverse effects on sustainability factors and excludes unsuitable products automatically. As part of the selection process of financial products for investment advice, ESG-related thresholds are not taken into account.

Independent of the wishes of individual clients, Berenberg has developed ESG exclusion criteria to set its own minimum requirements for investments in sustainable financial products.

Consideration of sustainability risks is primarily based on the exclusion of certain activities documented in our ESG Exclusion Policy. Compliance with these ESG exclusion criteria is specified for securities in our investment advisory universe and stored in the system so that these can be taken into account as part of the investment advisory process. This information can be used in the context of investment advice. Thus, even if customer preferences differ, it is possible to use the system's compliance with our exclusion criteria and thus take into account sustainability risks and adverse effects on sustainability factors.

The occurrence of a sustainability risk, similar to traditional financial risks, can have a material negative impact on the value and resulting return of an investment.

3. Integration of sustainability risks in our insurance advice ⁸

Our insurance advisory services in our **Wealth and Asset Management** are limited to the sale of third-party products.

The occurrence of a sustainability risk, similar to traditional financial risks, can have a material negative impact on the value and resulting return of an investment.

All relevant information on the consideration of sustainability risks is inquired directly via the platform of the respective third-party product partner and taken into account accordingly when selecting suitable insurance products. Our **Wealth and Asset Management** itself does not apply its own strategy to include sustainability risks or to take into account the principal adverse impacts on sustainability factors in insurance advisory services but takes advantage of the information and strategies of the third-party product partners in the context of insurance advice and takes them into account when making a selection decision for the client.

⁸ Disclosures pursuant to Article 3(2) of 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.

4. Change history⁹

01-08-2024	Publication of the document 'Consideration of sustainability risks and principal adverse impacts on sustainability factors (PAI)'. This constitutes disclosure in accordance with Article 3 and Article 4(5) of Regulation (EU) 2019/2088.
11-07-2025	Publication of the document 'Disclosure on strategies for addressing sustainability risks'. This marks the first time that disclosure has been made in a separate document in accordance with Article 3 of Regulation (EU) 2019/2088. This creates a clear separation between the topics of sustainability risks and principal adverse impacts on sustainability factors. The original document 'Consideration of sustainability risks and principal adverse impacts on sustainability factors (PAI)' has been discontinued.
22-09-2025	Change of publisher address.
06-10-2026	Update and editorial adjustments for consistency between regulatory publications. Additionally, the title of the document was changed from "Disclosure of strategies for dealing with sustainability risks" to "Information on strategies for the integration of sustainability risks in accordance with Art. 3 SFDR".

⁹ Disclosures pursuant to Article 12 of 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.



Publisher:

Joh. Berenberg, Gossler & Co. KG

Überseering 28

22297 Hamburg

Phone: +49 40 350 60-0

E-mail: info@berenberg.de

www.berenberg.de/en

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