Berenberg Stewardship Report 2023

BERENBERG

April 2024

Joh. Berenberg, Gossler & Co. KG

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Foreword

Actively working together with companies and issuers as an investor – for us, this is an essential part of our investment and our ESG approach.

We consider stewardship and ESG aspects to be one of the key factors in our investment decisions. ESG factors are an integral part of analysing risk and return. Ideally, we would like to invest without limits. This is only possible if companies and issuers are managed well and with integrity in a socially and environmentally responsible manner. It is rarely the case for the companies and issuers we invest in to have already achieved perfection in their sustainability journey. What is important for us is the direction in which they are heading. We work proactively with the management teams of companies and issuers, monitor how they deal with controversial issues over time and motivate them to fulfil their responsibility towards the environment and society.

As a bank with international operations, we monitor the longer-term social and ecological impact of our actions. Responsible corporate management encompasses forward-looking corporate governance, as well as the assumption of social and ecological responsibility. We are guided by these principles in the interests of our clients, business associates, partners, employees and the company itself. In this report, we would like to share our stewardship philosophy, governance, processes and activities based on the 12 principles of the Financial Reporting Council's UK Stewardship Code (the Code).

The Code became effective on 1 January 2020 and sets high standards of stewardship for asset managers, asset owners and service providers. We have followed the underlying idea and principles of the code for many years and share its philosophy regarding the responsible allocation, management and monitoring of capital to create long-term value for clients and beneficiaries and to achieve sustainable benefits for the economy, environment and society. This report explains how Berenberg complies with the Code principles on behalf of our clients.

Matthias Born
Head of Investments
Co-Head Wealth and Asset Management

Klaus Naeve
Head of Client Relations and Sales
Co-Head Wealth and Asset Management

Purpose and Governance

1. Purpose, strategy and culture

Berenberg as an organization

Joh. Berenberg, Gossler & Co. KG ("Berenberg" or "Bank") was established in 1590. Today we are one of Europe's leading privately owned banks, focusing on the business divisions *Investment Bank, Wealth and Asset Management* and *Corporate Banking.*

Our long history, our responsible management of the wealth entrusted to us, our highly skilled employees and our focus on client needs form the basis for the trust-based working relationship with our clients and business partners that we enjoy today.

Mindful of this, we are not guided by quick successes or reactiveness, but act responsibly and in a rational manner. Our actions are governed not by quarterly figures but by a long-term approach. We help our clients grow their wealth, achieve their goals and meet their challenges, and we do this as expert advisors and longstanding service providers. We address all areas where we feel confident that we can offer our clients exceptional value.

Berenberg offers its clients individual services in the following business divisions:

Investment Bank

The broad-based Investment Bank division focuses on service and advisory operations in equities, investment banking and financial markets. At year-end 2023, our Equity Research team covered 767 pan-European stocks. In addition, we support IPOs, capital increases and secondary placements. Trading transactions are conducted on a client-induced basis with equities, securities, financial instruments and foreign exchange; proprietary trading only takes place in individual cases in connection with client transactions.

Wealth and Asset Management

Wealth and Asset Management combines advisory services for high-net-worth individuals with launching and managing in-house funds. Portfolio management is a complex and responsible challenge that we meet in *Wealth Management* with our specialist expertise and multi-award-winning advisory approach. We are home to specialist competence teams designed to satisfy the particular needs of entrepreneurs, foundations and family offices. Alongside personal advisory, professional portfolio management is another one of our core services.

Our *Asset Management* offering includes multi-award-winning funds in various asset classes, global asset management strategies, opportunistic approaches and professional risk management strategies. We provide institutional investors with in-house, bespoke offer individual solutions. The investment strategies developed for our clients stand for high product quality, dynamism and promising performance. Sustainability aspects are taken into account in our investment processes.

Corporate Banking

We advise and assist companies, institutional investors, financial investors and single family in transactions and day-to-day business. We maintain specific expertise in specialist segments such as structured finance, infrastructure and energy, shipping and real estate. In recent years, we have also built specialist expertise in credit fund solutions for institutional investors.

Strategy

Being a mid-sized bank, we can act substantially quicker than large banks, in part due to our lean management structure and proactive managing partner. We are also much more diversified than smaller market participants, whose activities are often limited to just one single area. This diversification has led to clear benefits. For example, over the past few years we have been able to continuously adapt our business model to align with the requirements at hand and expand Berenberg into an internationally focused advisory firm. This puts us in a good position to face up to the challenges of tightening regulatory requirements and digitalisation, both in terms of processes and client interfaces.

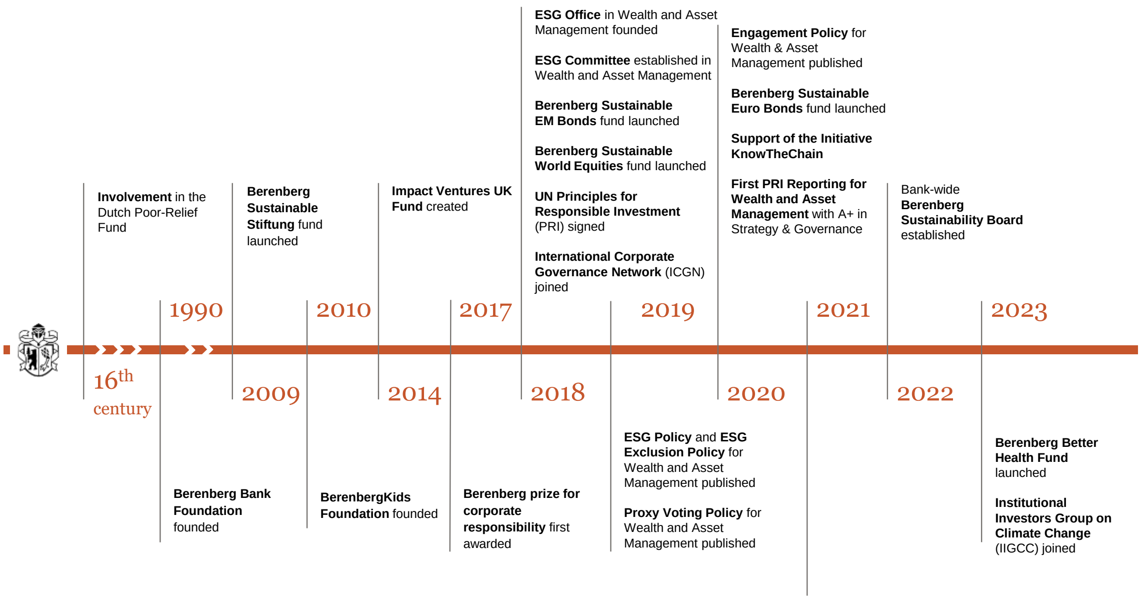
Berenberg has always been internationally active. In addition to our headquarters in Hamburg, we have established a strong presence in the financial centres of Frankfurt, London and New York. We strive to offer our clients a state-of-the-art investment & risk management process and to be their partner of choice. Our vision is to deliver continuous investment innovation, coupled with a long track record in risk management. We are passionate about developing client-focused investment approaches and building and maintaining sustainable partnerships with our clients and employees.

Berenberg has a clear Equity "DNA" and offers good access to companies especially for smaller European companies. Furthermore, due to a limitation of operational tasks and meetings, the fund managers can spend most of their time analysing stocks and constructing portfolios. As the product range is rather small and the team has one shared philosophy, the team can focus on the most relevant stocks and is not obliged to cover the whole market.

Our purpose

As a bank with international operation, Berenberg monitors the longer-term social and ecological impact of its actions. Responsible corporate management encompasses forward-looking corporate governance, as well as the assumption of social and ecological responsibility. We adhere to these principles in the interest of our clients, business associates, partners, employees and the company itself.

Sustainability timeline[1]



[1]With a focus on Wealth and Asset Management

Investment beliefs

Our *Wealth and Asset Management* (WAM) business unit sets great store by personalized advice, active investment solutions and accountability. This means that we act as a trustworthy partner to our clients and provide comprehensive, bespoke assistance to suit their needs. After all, we can only be successful if our clients are satisfied with us over the long term. Our discretionary and quantitative investment solutions are based on the expertise of our renowned specialist. We draw on transparent and verifiable investment processes, ceaselessly striving for the long-term positive performance of the assets entrusted to us, whether in portfolio management, investment advisory or in our funds and institutional mandates. As a bank with a history spanning more than 430 years and currently undergoing dynamic growth, accountability is an important principle for us. This is why, alongside our dedication to social issues, we attach great importance to applying ESG criteria in our investment processes. High-net-worth individuals and institutional investors equally appreciate this approach. We are pursuing a clear growth course, further expanding our sales activities regionally and with respect to other invest groups. We are also launching new products to meet client demand.

At Berenberg WAM, we believe that taking ESG factors into account needs to go hand in hand with fundamental analysis to adequately assess the risk and return of investments. We incorporate ESG factors by analysing ESG risks and opportunities using our own research and third-party providers. This needs to be based on regular, goal-oriented collaboration, both between our investment and ESG professionals as well as with the companies and issuers we invest in. Thus, we proactively engage with issuers' and companies' management teams and have open conversations regarding their ESG capabilities. Internally, we also discuss ESG issues openly, building on our culture of supportive collaboration among all teams. This dialogue among our investment and ESG professionals allows us to integrate their industry experience and knowledge into our ESG approach and to continuously develop and strengthen it further.

We offer various ESG investment strategies with different degrees of ESG considerations to account for diverse client needs across equity, fixed income and multi asset. We currently distinguish between the categories *ESG screened*, *ESG integrated*, and *ESG targeted & Impact focused*. Active ownership activities are particularly relevant in funds and strategies in the categories *ESG integrated* and *ESG targeted & Impact focused*.

Berenberg *Corporate Banking* assists SMEs as well as companies geared to the capital market. Alongside the traditional corporate client business, it encompasses the areas of Shipping and Real Estate, Infrastructure & Energy as well as the special area of Structured Finance.

Additionally, we set up debt funds in order to also give third-party investors such as institutional investors and large single-family offices the opportunity to invest in credit together with us.

Berenberg is one of the most active and fast-growing private debt asset managers in Europe. We focus on segments, financing tiers and structures that address financial niches and can generate excess returns due to our unique approach.

Our current loan funds cover five asset classes with different strategies. In the infrastructure sector, the spectrum of financed projects ranges from renewable energy plants to fibre optic networks. In addition, we support medium-sized companies in the context of transaction financing and various types of ships are financed by means of senior secured ship mortgages.

Culture

We stand for continuity in investing and believe we have seen success because we understand the needs of our clients and are continually prepared to embrace and adapt to the changes of a highly dynamic industry which we take an active part in shaping. As a modern and forward-looking asset manager, we see it as our responsibility to offer innovative investment solutions that also integrate sustainability aspects.

Whether it's the climate, demographic change or social justice: Around the world, politics, business and society are facing major challenges. We want to create opportunities out of these challenges. For us as a wealth and asset manager, for society, but above all for our customers, who expect us to deliver above-average performance that is not at the expense of others or future generations.

We recognize the ever-increasing importance and structural benefits of considering ESG aspects for our clients. This is why 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 active dialogue with companies and issuers is a particularly important tool in this regard.

Please refer to Principle 7, which relates to our products and solutions universe, designed to serve our clients. The awards mentioned in Principle 6 highlight how effective we have been in doing so.

Our values

Below we outline the principles and conduct of Berenberg and all companies within the Berenberg group both in Germany and abroad in all business areas and in all situations in respect of all clients, employees, service providers and competitors.

Fairness: Berenberg is committed to exemplary conduct and behaving in such a fair manner as Berenberg expects to be treated itself in respect of all clients, business partners and competitors, as well as towards its own employees. Our aim is to make a positive impact on the image of the financial services industry.

Respect for the law: Berenberg respects the law in all areas in which we operate. For us, this also includes open and transparent dealings with all responsible supervisory authorities. We are actively and vigorously involved in combating white-collar crime, particularly money laundering and the financing of global terrorism. Moreover, we are committed to the protection of personal data of our customers and employees as well as the compliance with applicable national data protection legislations. We consider data protection to be an essential part of our corporate strategy.

Transparency: Berenberg places great importance on complete transparency in its business activities. We therefore firmly reject all forms of corruption and bribery. All contributions to third parties with regard to donations or sponsoring activities are made solely within the legal parameters and should neither lead to conflicts of interest nor serve to influence third parties in an unacceptable manner.

Social responsibility: as a company, we are very conscious of our social responsibilities. Berenberg is committed to promoting culture and sport as well as scientific and social projects and, furthermore, actively encourages and supports the social engagement of its employees. For us, the responsible use of natural resources, the observance for human rights in all aspects and a sustainable approach to the environment as a whole are a given. Thus, sustainability is essential for both our selection of products for our customers and the bank wide (risk-) management.

Several activities and initiatives which enable effective stewardship covering these values will be explained in the following Principle 2.

2. Governance, resources and incentives

Governance

For more than 430 years, Berenberg has been committed to being accountable to its clients. From its earliest beginnings, the Bank has been run by personally liable managing partners, and this principle continues to be the cornerstone of our client relationships, which are based on trust. We operate as a limited partnership with personally liable partners. The personal liability of the owners ensures a particular independence from corporate interests, stringent risk management and management continuity. Accountability is our guiding principle.

Our solid reliability is also reflected in the stability of our leadership. Since 1590, Berenberg has had only 40 managing partners and today's partners have been with Berenberg for many years.

Our longevity is only possible with a business model that focuses on sustainability. We offer a proven sustainability approach for individual and institutional clients, with a dedicated ESG Office in Wealth and Asset Management.

As a limited partnership Berenberg has no supervisory board. The managing partners of Berenberg, Hendrik Riehmer, David Mortlock and Christian Kuehn, are responsible for managing the day-to-day operations and form the Board of Management.

The existing administrative board, with representatives of the bank's shareholders, has an advisory function. It meets twice a year and is regularly and extensively informed at meetings and by quarterly reports about business activities. The chairman of the board of directors, who acts as an independent member of the administrative board, is involved in the independent reporting of the risk management areas to the management and also regularly informs himself about aspects of business development and the risk profile by talking with employees, especially those who are responsible for the bank's risk management.

Risk Monitoring Committee

The Risk Monitoring Committee as an additional body assists the personally liable partners in recording and limiting banking risks. Therefore, the committee meets - usually three times a year – and informs the bank about the incurred risks.

Audit Committee

The Audit Committee consists of three members and fulfills the rights and obligations assigned by law (in particular HGB), which include monitoring

- the accounting process
- the effectiveness of the internal control process
- the risk management system
- the internal audit
- the final audit and the selection of the auditor

In the scope of these duties, the chairman of the Audit Committee is entitled to obtain information from the relevant senior officers and is also to be included in certain reporting obligations that exist over the management and the board of directors.

Fraud Committee

Berenberg has set up an on-demand committee to exchange information and investigate cases of suspected fraud, consisting of the heads of Internal Audit, Risk Controlling, Legal, human resources and the head of Anti-Financial Crime Compliance. The Committee meets as required, but possible preventive measures are also discussed with the aim of making any necessary process and regulatory adjustments in the participating areas.

Sanctions Committee

The Sanctions Committee was set up with the aim of deciding on the basic dealing with economic and financial sanctions and embargo regulations observed by the bank. The committee meets on a regular basis and is staffed by the heads of Corporate Banking and Legal, the heads of European Markets / Equity and Derivatives Trading Execution Europe as well as the heads of the AFC

Compliance and Payment Services departments and the Payment Services and the Financial Sanctions / AFC Compliance specialist.

KYC Risk Committee

The KYC Risk Committee aims to duly fulfil regulatory requirements concerning increased obligations for executive care when it comes to business with high-risk EU third countries, in order to reduce legal and reputational risks that might occur to the bank in this context.

In particular, the Head of the Central Unit Corporate Banking (Extended Management Board) decides within the KYC Risk Committee whether proceeding affected business relations or not. The committee meets regularly and consist of the Head of Shipping, AFC Compliance, First Level Control Corporate Banking as well as additional colleagues.

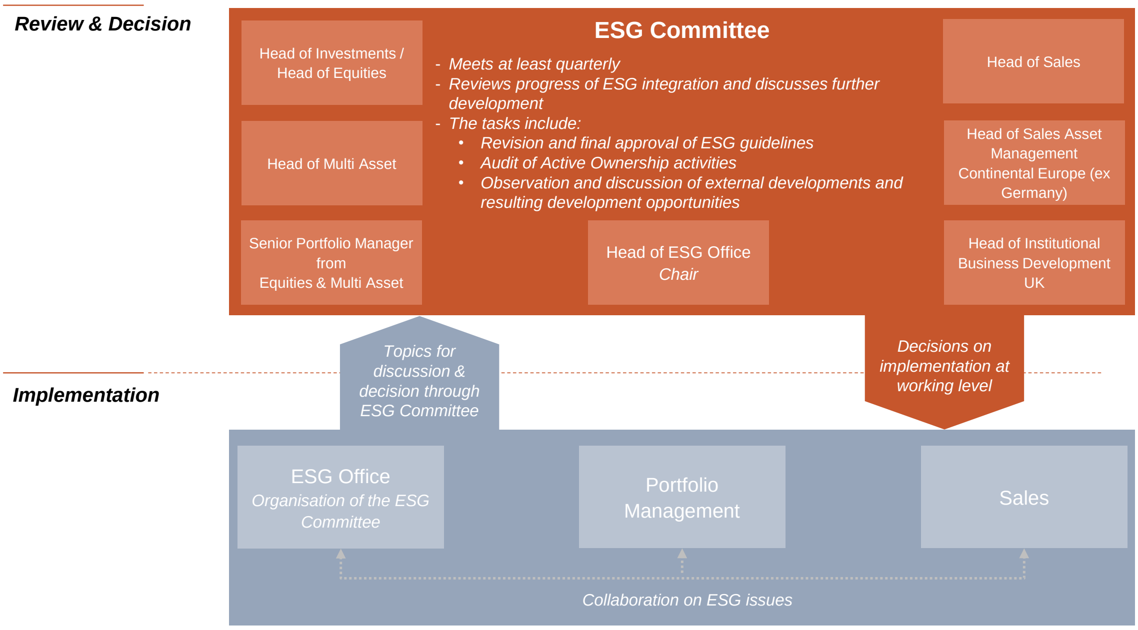
Resources

From our Hamburg headquarters, we have stablished a notable presence in the financial centres of Frankfurt, London and New York in recent years. Today, we have 1,536 employees at 14 locations across Europe and the US. With the expansion of our Investment Bank, Wealth and Asset Management, and Corporate Banking business divisions, we are on a secure footing for further market growth, making us a dependable partner for our clients. We analyse the economy and financial markets across all sectors and geographic boundaries and apply our vision.

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

The WAM ESG Office is responsible for our ESG strategy and integration, verifies compliance with the set standards and is responsible for internal knowledge-building on ESG topics. Within its areas of responsibility, our ESG Office closely collaborates with all relevant teams across WAM. The ESG Office has been established in 2018 and comprised three ESG professionals in the reporting year 2023. The Head of WAM ESG Office reports directly to the Head of Investments and CIO Equities. During the reporting year, the ESG Office has been expanded by a further ESG Analyst position, which has been filled in the first quarter of 2024. ESG analysis is carried out by the respective portfolio managers in collaboration with the ESG Office. Critical issues are crosschecked with the ESG Office, but in general, we believe it is important to manage ESG risk and opportunities from within the portfolio management team directly as part of the investment process. In addition, the ESG Office collaborates with all relevant teams within WAM for integrating ESG considerations into respective processes.

The WAM ESG Committee forms the ESG governance and oversight body within Berenberg Wealth and Asset Management, meets at least quarterly and is composed of Wealth and Asset Management members and executives (incl., among others, the Head of Investment and Head of Sales). 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 WAM ESG Committee include the revision and final approval of WAM ESG policies, the review of our active ownership activities, as well as the monitoring and discussion of external developments and resulting development opportunities.



At a Bank level, a cross-divisional working group is entrusted with monitoring ESG regulatory developments from a Berenberg-wide and business division perspective as well as with implementing necessary steps for regulatory alignment.

Next to the WAM-specific ESG Committee, Berenberg has established a bank-wide Sustainability Board. The board meets at least half-yearly and is composed of several senior members of the bank, representing different central business units and corporate functions (incl. among others, the Head of European Investment Bank, Head of Corporate Banking, Co-Head Wealth and Asset Management, Head of HR). The board is the central body advising Berenberg's partners on all aspects of sustainability development. Its main tasks include defining strategic guidelines, coordinating sustainability and ESG activities across all business units, centralizing relevant information, as well as steering, implementing, and monitoring progress and initiatives. This structure enhances Berenberg's sustainability activities at the overall bank level and achieves greater efficiency through a coordinated approach. Additionally, as part of the Berenberg Governance structure, the Sustainability Board strengthens our profile with customers, as institutional clients in particular demand a holistic sustainability approach alongside product-related services.

Already in 2023, our bank-wide Sustainability Board has decided in favour of measuring the carbon footprint of the bank's business operations. In this regard, we intend to report per the CSRD requirements in 2025 and have been preparing internally including consulting various internal and external stakeholders. A variety of programmes and initiatives at our firm already contribute to protecting the environment, including the company bike scheme, a reduction in business travel and company cars, the introduction of modern printer standards and energy-efficient facilities management. We have further reduced our paper consumption by continuing to digitize our operations. Additionally, the vehicle fleet has been downsized in the recent years, while two vehicles in our fleet are equipped with hybrid drives and fast charging station for electric vehicles has been made available to our clients in the underground parking lot. By financing green infrastructure and renewable energy projects we support the promotion of sustainable technologies and the expansion of renewable energies.

Furthermore, it was clear that the regulatory requirements relating to ESG, both at national and European level, would continuously increase and affect the entire bank. This includes the internal organisation, such as strategy, risk management and human resources, as well as the external impact through banking operations and reporting. The background for these developments is the European Green Deal with the aim of achieving a climate-neutral EU by 2050. The financial industry plays an integral role in the transformation of the economy due to necessary investments. Therefore, we identified the need to establish a central position with necessary expertise for legally compliant processing of non-financial issues, while simultaneously ensuring the overarching operational coordination of sustainability within the company in line with regulatory developments. In this regard, a new Sustainability Governance role, reporting directly into the Executive Board, has been established in 2023 in order to fulfil these tasks, to leverage synergies across various sustainability and ESG issues and to ensure a consistent implementation of the strategy at Berenberg.

Qualification and training

The success of our company depends on our employees, whose professional and personal development is extremely important to us. To promote their development in the best possible way, we offer a wide range of further training opportunities and onboarding programmes.

We also provide our executive staff with a practical "toolkit". These tools are tailored to our corporate principle of accountability and assist our department heads and team leaders in personnel management and their day-to-day work in a situation-appropriate and needs-based manner. Alongside individual opportunities for further development, we routinely offer our employees keynote speeches and workshops through (E-)Leaning & Development Calendar. These short formats only take 1.5 to 2 hours and can thus be optimally integrated into daily working life.

The WAM ESG Office is responsible for setting and implementing training on ESG and ESG-related topics within Wealth and Asset Management. This training is tailored to ensure it is available to our WAM staff in general but to also deliver specific training for investment professionals as well as our sales teams. We are also supportive of and encourage staff to attend relevant external training and conferences to enhance their skills and knowledge including on ESG matters and developments.

We see regular ESG training for employees, both regarding the fundamentals as well as on specific approaches or products, as an important part of implementing ESG across the organisation. We conduct both general and specific/deep dive trainings for the sales and portfolio management teams and also regularly inform them on current developments through morning calls and internal newsletters.

Systematic personnel development also includes the regular assessment of all employees. The established group-wide development and performance review ensures the mandatory annual review of compliance with regulatory requirements, such as the expertise test ("Sachkundeprüfung") in Germany or the "fit-and-proper" test in the UK.

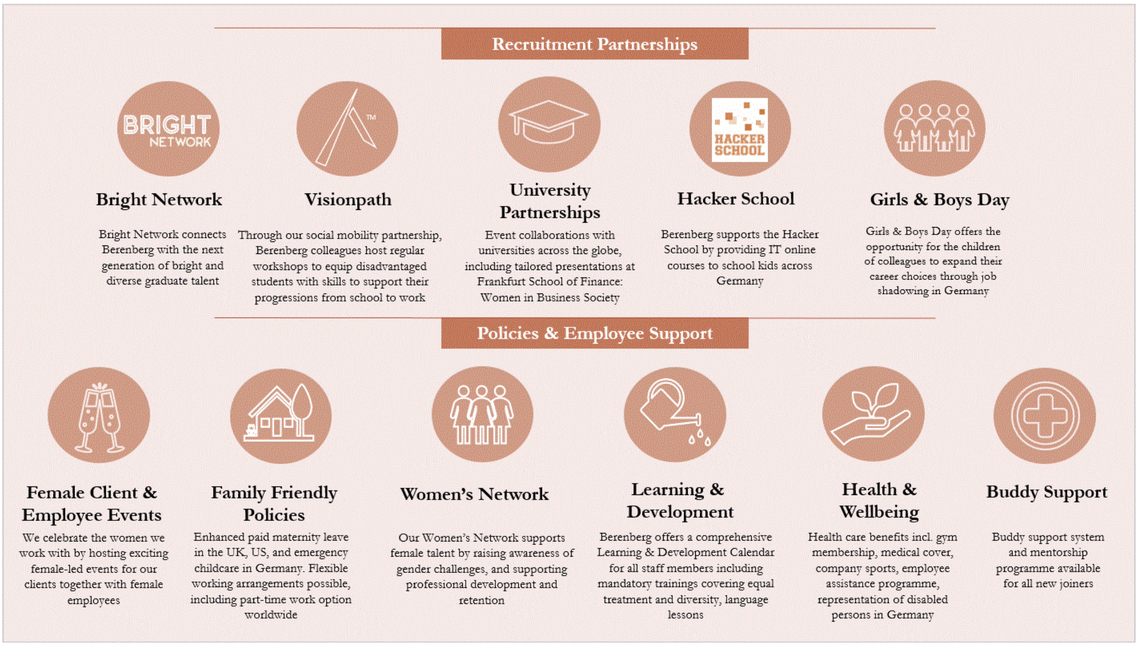
Diversity

Berenberg's success is based on the exceptional competence, entrepreneurial mind-set and client focus as well as the strong commitment and motivation of its employees. Berenberg values employees' abilities and personalities, whilst respecting their privacy and treating them with consideration. This also includes ensuring employees operate in a healthy and safe working environment.

Berenberg is committed to providing a platform for employees to make the most of their skills and abilities and supports them in their development, competence and performance through targeted training and qualification programmes.

As an internationally oriented bank and consulting firm, Berenberg is committed to the sustainable creation and preservation of jobs. The firm takes on employees from a wide variety of countries and backgrounds and sees the resulting diversity as a great opportunity and an important factor for its corporate success. As such, discrimination based on origin and nationality as well as discrimination based on skin colour, gender, age, religion, ideology, marital status, sexual identity or disability as well as any form of bullying is strictly opposed, and this is also demanded from managers. In dealing with each other, the bank also demands appropriate behaviour from all employees. Berenberg demands responsible, lawful, fair, honest, loyal and ethical conduct from all its employees and from its managers in particular.

We strive to increase and promote diversity in the workplace. As such, Berenberg was one of the first 200 firms to pledge support to the #10,000BlackInterns Initiative when the scheme was launched across the investment management industry earlier 2020. The support of the scheme was promoted and internally sponsored by the Head of Wealth and Asset Management UK. In addition, Berenberg launched the Women's Network programme in 2019 to support female talent by raising awareness of gender challenges and supporting professional development and retention. There are also family-friendly arrangements available, such as enhanced paid maternity leave in the UK, US, and emergency childcare in Germany. Flexible working arrangements are possible, including the option of part-time work worldwide.



Incentives

Berenberg's remuneration structure comprises a fixed salary component and a variable component. The extent of any variable payment is determined and established annually by the business depending on the progress of the business, performance of staff, adherence to policies and procedures and market conditions. The salary components are designed in a way that the fixed salary component ensures the employee's basic remuneration with the aim of ensuring their long-term loyalty towards Berenberg while not being significantly dependent upon the variable component.

We believe that encouraging a long-term time horizon through our incentive system also (indirectly) encourages the integration of ESG factors, as they will tend to materialise over a longer time horizon.

Through the discretionary variable compensation component, we are able to incentivise employees specifically in relation to sustainability topics where this is relevant/critical. This applies in particular within Wealth and Asset Management for all portfolios with an ESG focus, including portfolio managers of dedicated ESG strategies and funds. Dedicated ESG related targets are considered as part of annual meeting of the portfolio manager with the Head of Equities. Specific ESG related topics and goals for the year are developed as part of this meeting.

Beyond this, we very much believe in providing all portfolio/fund managers access to quality ESG resource and information that adds value to stock analysis as a key route to integrating ESG in our investment processes. As part of this, we have been increasing our resources in this area and continually look to enhance the value of information and access for fund managers.

All material team and individual performance factors are assessed through our appraisal system, and for the fund management team, this would take into account their compliance with the guidelines we have set in relation to ESG considerations.

We also feel it is important to mention that our fund managers invest in their own funds creating further alignment and helping to ensure portfolios are built with considerations of longevity and sustainability.

3. Conflicts of interest

We strive to act in the best interest of all our clients when investing in and engaging with companies and issuers, as well as when providing vote recommendations for portfolio companies' shareholder meetings. We endeavour to carry out our active ownership activities in a manner that is beneficial for the long-term sustainable development of the companies and issuers. We seek to identify and manage all conflicts arising in our active ownership process objectively and fairly. Conflicts of interest may arise from time to time, such as in cases where our vote recommendations apply to companies that have further business relations with us. Should significant conflicts arise, the issue may be escalated to the ESG Committee.

In addition, conflicts of interest can arise between Bank and other companies of the Berenberg Group, departments within the Bank, the Bank's management and its employees, on the one hand, and clients of the Bank, on the other hand, as well as between different clients.

Conflicts of interest may arise in particular:

- when providing investment advice or financial portfolio management services to clients, in particular for products designed by the Bank itself or affiliated companies;
- when receiving or offering inducements (e.g. sales and trail commissions, non-cash benefits and services in kind) from or to third parties in connection with the provision of investment and ancillary services (where permitted);
- through success-based remuneration for employees and intermediaries;
- when offering inducements to our staff and intermediaries;
- from other business activities of the Bank, in particular the Bank's interest in achieving returns from proprietary trading and the execution of client orders;
- from relationships of the Bank with issuers of financial instruments, for example in the event of a credit relationship or participation in an issue;
- when drawing up investment strategy recommendations for securities which are also offered to clients for purchase;
- when obtaining information which is not publicly known (so-called inside information);
- from the involvement of such persons in supervisory boards or advisory boards;
- from personal relationships of Bank employees or the Bank's management or persons who they are closely involved with;

or

- when providing investment banking services, for example allocations in connection with IPOs, capital increases or bond issues

The Bank and its employees are committed to applying high ethical standards in ensuring that unrelated interests do not have an impact on, for example, advisory services, order execution, portfolio management or investment strategy recommendations. The Bank expects its employees to act with professionalism and high standards of market conduct, as well as compliance with regulation, law and market standards at all times, in particular regarding the fair treatment of clients and the overarching obligation to put clients' interests, including his or her sustainability preferences, first. Compliance with these standards is monitored on an on-going basis.

The Bank's aim is to identify conflicts of interest and to avoid them as far as possible. Where it is not possible to avoid a conflict of interest, the Bank's priority is to either not act or, where the conflict can be managed, to disclose it and find a solution in the client's best interest.

Managing conflicts of interest

In line with statutory and regulatory requirements the Bank has set up a Compliance function and appointed a Compliance Officer. In addition to market abuse prevention (market manipulation and insider dealing), the core responsibilities of the Compliance function also comprise the identification, prevention and management of potential and actual conflicts of interest. Moreover, Compliance monitors adherence to the agreed organisational and procedural measures on an on-going basis and adapts them on a case-by-case basis as (potential) conflicts arise.

Product governance

The Bank has implemented procedures within the context of its product governance and new product approval process to avoid the sales of investments which counteract clients' interests.

Inducements

Inducements are fees, commissions and other cash and non-cash benefits offered by or to third parties in connection with the provision of investment and ancillary services. Where legally permissible, acceptance of inducements is only permitted where they improve the quality and provision of services for clients. In certain cases, such as closed-end participations, inducements may be retained.

When providing investment and ancillary services, minor non-cash benefits of acceptable and reasonable nature are offered by the Bank to distribution partners and group companies, or by issuers, product providers and group companies to the Bank. These are non-cash benefits in the form of seminars, participation in conferences and other educational events including reasonable and proportionate hospitality and the provision of product information on financial instruments.

Where required by law or regulation, prior to providing investment and ancillary services, the Bank will inform clients of the kind and amount of any inducements, and inform clients annually of the actual amount of inducements given and received.

Disclosure of conflicts of interest or turning away business, if required

If it is not possible to avoid or mitigate a conflict of interest despite the organisational and procedural measures taken, it is the Bank's priority to resolve the conflict in the client's best interest. This may include the Bank disclosing the type and origin of the conflict of interest to the client before providing any services, so that the client is in a position to recognise the risk of his interests being impaired and to take a decision on the basis of the facts. Alternatively, in certain circumstances, this may require the Bank to not act / take up the mandate.

Execution in the client's best interest

The Bank has drawn up and implemented an execution policy for the execution of client orders to execute transactions in financial instruments in clients' best interests (the Best Execution Policy).

Prevention of and monitoring for market abuse

The Bank has implemented organisational and procedural measures to meet the statutory and regulatory requirement to prevent market abuse (insider dealing and market manipulation).

Organisational structure of the Bank

The Bank is organised along its business activities and has separated its divisions by function, responsibility and services to avoid potential conflicts of interest. The organisational chart is updated regularly and reflects the Bank's current structure. The organizational structure is the basis for the areas of confidentiality set up within the Bank.

Setting up areas of confidentiality (Chinese walls)

To avoid potential conflicts of interest the Bank has set up areas of confidentiality where offices, staff and IT are segregated from each other by so-called Chinese walls. This regulates the sharing of inside and confidential information within the firm, and prevents or reduces it as permitted to allow the Bank to carry out its business operations. Passing on of inside information between areas of confidentiality requires prior approval by Compliance.

Areas of confidentiality comprise, for example: Corporate Finance, Corporate Banking, Research, Trading and Wealth and Asset Management.

Regulations governing employees' own transactions and external business interests

The Bank has implemented strict internal policies governing personal account dealing in securities to prevent conflicts of interest between clients, the Bank and its employees. Moreover, all Bank employees are required to obtain approval for external business interests and are generally not permitted to accept a mandate to become a member in a management or supervisory body or panel in a company, foundation or corporation which is a client of the Bank.

Employee remuneration

The Bank's remuneration principles are set up in such a way to ensure the independent provision of services, so that no dependencies can arise between employees whose activities constitute a (potential) conflict of interest. Moreover, employees' remuneration is designed in such a way that it does not conflict with clients' interests.

Acceptance or provision of gifts and entertainment by the Bank and its employees

The Bank's internal policies set out conditions and criteria under which gifts and entertainment from or to third parties may be offered or accepted. Moreover, the guidelines include reporting, record keeping and approval processes, as well as clear requirements relating to, for example, public officials.

The restrictive design of these guidelines serves to avoid conflicting interests between employees, clients and the Bank.

Allocation procedure and disclosure of conflicts of interest in the context of underwriting and placing

The Bank has implemented guidelines for the handling of funds, and allocation of securities in the context of underwriting and placing transactions, which prescribe not only an independent pricing process, but also the allocation procedure for clients on the investors' side. Potential conflicts of interest which may arise in connection with the allocation of underwriting and placing transactions are disclosed in the prospectus (or equivalent) of the relevant issue.

Examples

We can state that no conflicts of interest arose during 2023. However, a number of potential conflicts are inherent in most asset management businesses. Examples of potential conflicts of interest related to stewardship that may arise during the course of our business and how we manage them are summarised below.

Staff outside business activities: Outside business activities of employees may result in potential conflicts with our clients' interests. All employees are required to seek line manager and Compliance approval of any outside business activity. Outside business requests will be denied in case they may present a conflict to the staff member or our clients.

Fair allocation: Execution of trades, allocation of securities forming part of a trade and participation in new issues could result in unfair trade execution or allocation among clients' accounts. Therefore, all trades across accounts are pre-allocated and trades that are partially filled are allocated pro-rata. Compliance monitors adherence to these processes as part of their second level controls on a regular basis.

Shareholder and Bondholder activity: As part of our Berenberg WAM business we manage both equity and fixed income portfolios. In certain circumstances, the interests of equity holders may conflict with that of the bond holders. The potential value of a proposed activity may be perceived differently by different investment teams based on their judgment and the underlying strategy. In such situation each investment team will independently act in the best interest of our clients.

Third-party research: For our Berenberg WAM business we purchase external research services from third-party providers, some of whom may also provide trade execution services. Such research services could be underpriced in order to induce Berenberg to consume other services to the potential detriment of our clients. Therefore, Berenberg does not accept unsolicited research, and pays for third-party research from its own resources.

4. Promoting well-functioning markets

Risk management

Our risk culture is characterised by an extremely conservative risk appetite and is defined by management once a year as part of the strategy and planning process. Risks are assumed only to an appropriate extent that ensures the Bank's ability to continue as a going concern in the long term. This approach forms the basis for our risk management, including the setting of risk limits.

Our risk management process is characterised by its strategic focus on service-based business divisions, combined with the use of contemporary risk measurement methods ideally suited to our corporate structure.

Our management of operational risk comprises systematic scenario analyses, which are conducted every year. Experts from all areas of the Bank are asked about a wide-ranging, regularly updated list of possible scenarios during structured workshops. In these scenario workshops, we also look at the impacts of ESG criteria on the incidences and amount of loss associated with the parameters underlying our model (e.g., influence of extreme weather conditions on the availability of buildings or computer centres). The results make it possible to assess future operational risk potential and gain an additional perspective on this type of risk. As an ex-ante method, the scenario analysis supplements the existing internal loss data with information regarding potential hazards for the Bank due to serios risk events. The scenario-based assessment is carried out by experts at the Bank in workshops facilitated by Risk Controlling (potential incidences and amount of loss).

Operational risk is also limited by a wide-ranging set of instructions, process descriptions and authority rules. The respective division heads have direct responsibility for compliance with and the ongoing updating of these rules and regulations. A department responsible for process definitions for the overall Bank provides assistance in this regard. The Internal Audit department audits the compliance of business activities with these rules and regulations at regular intervals.

ESG aspects are also taken into account when measuring and monitoring counterparty default risk. To this end, we have expanded the spectrum of standard stress considerations – such as substantial worsening of the likelihood of default, a drop in the value of collateralised assets such as loan collateral and other securities, or the default of individual major clients – to include ESG developments (sustainability aspects) as well.

Macroeconomic risks

Theme	Macro Risk	Impact	Mitigation
Policy	Central Bank policy error • Interest rate changes • Inflationary pressure • Economic recovery	Following the Covid-19 pandemic, many economies around the world suffered from excessive inflation, exacerbated by rising commodity prices. As a result, central banks tightened monetary policy significantly in 2022 and 2023. While inflationary pressures have eased, they remain sticky. In addition, economies, particularly in developed markets, have reacted very differently to higher interest rates. While the US economy has remained strong, the eurozone has been hit hard. This situation creates considerable uncertainty about future central bank policy and increases the risk of policy	Our economists, as well as our internal strategy and research team, pay close attention to potential changes in central bank policy and the wider economy. They use their perspectives to ensure a balanced portfolio structure in our multi-asset products. With regard to individual stock selection, the teams ensure that they select companies with healthy balance sheets and good growth prospects that are less dependent on policy support.

		mistakes. Too much tightening could lead to a recession, while too little tightening could lead to renewed inflation. If the future path differs from the market's optimistic outlook, this poses a risk to financial markets that could lead to a broad correction.	
Policy	Fiscal policy error • High budget deficits due to high government spending and fiscal stimulus • Insufficient government investment in some economies • Government intervention in China/ economic slowdown	To mitigate the economic impact of the Covid-19 pandemic, many countries increased government spending and investment to provide the necessary stimulus. However, as government revenues declined during this period, debt burdens increased. With interest rates high, this poses a potential solvency risk in the future. The high level of investment needed to meet government targets is at odds with this rising debt burden. In particular, large investments are needed to ensure energy security. This raises the risk of underinvestment in key areas. In the past, the Chinese economy has delivered stellar growth, providing a stimulus to the global economy. Faced with structural problems, China has recently disappointed in its economic recovery, putting a strain on exporting economies such as Germany. While the government is aware of these issues, its policies going forward will be crucial to avoid being trapped in a period of low growth.	The economic environment is continuously analysed by our economists and strategy and research team, who ensure that asset management is always up to date. In order to be well positioned for economic uncertainty, our asset management teams ensure that the portfolio is diversified both geographically and in terms of sectors. Investment decisions are frequently reviewed to ensure their continued validity. In addition, our teams are very dynamic in their decisions, as they can implement changes quickly in response to changes in the economic environment.
Politics	Domestic political uncertainty • Upcoming elections and rising populism • Protectionist trade policies	In 2024, more than 50 countries will hold national elections. In the run-up to this "super election year", political uncertainty continues to rise. The dire economic situation in many countries is giving rise to political discontent, which in turn is giving rise to populist forces. This uncertainty about potential changes in government and the resulting policy changes is causing many companies to postpone investment. An example of this uncertainty is the presidential race between Donald Trump and Joe Biden in the US. During his presidential term, Donald Trump launched a trade war between the US and China in particular. This has disrupted the flow of goods between	In the run-up to elections, political developments are closely monitored by our economists and the strategy and research team, with a focus on policy implications. Funds are then managed with this detailed risk assessment in mind. A diversified and balanced positioning ensures robustness in times of political turmoil.

		the two countries and caused significant supply chain problems. In anticipation of a second term, many companies have begun to move key parts of their supply chain onshore. Nevertheless, a second trade war with China or any other party would pose a significant risk to markets and the economy.	
Politics	Geopolitics • Russia-Ukraine conflict • Israel-Hamas conflict and related attacks by Houthi rebels • US-China tensions • China-Taiwan tensions • Various other regional issues	Geopolitical risks have increased significantly in recent years. They have also become more relevant on a global scale as companies have become more interconnected through alliances and trade relations. In particular, the ongoing armed conflicts between Russia and Ukraine and Israel and Hamas demonstrate the impact of such conflicts on the global order. Both conflicts have led to increased migration, disruption of trade flows and financial losses for companies operating in the respective markets, among many other consequences. As a result of these conflicts, many sanctions have been re-imposed or tightened, also posing a significant risk to global trade and financial markets. In addition to these ongoing conflicts, there are emerging tensions between China and the US and between China and Taiwan that could be potential sources of future conflict. An armed conflict involving China would pose even greater risks to global trade and financial markets.	In response to the conflicts, we have closed all positions in Russia and Belarus and will not be investing in the region for the foreseeable future, taking into account ESG parameters. In addition, we continue to monitor ongoing conflicts and potential sources of conflict to ensure we are prepared and able to respond in a timely manner to protect our clients' interests and assets. Berenberg also includes hedging products in our strategies as well as offers focused products like the Berenberg Guardian and the Berenberg Protected Equities solution.

Industry initiatives

Berenberg constantly strives to work with other stakeholders to promote improvement and the functioning of financial markets. In this regard, Berenberg is a signatory or member within several organisations and associations, e.g. the Association of German Banks.

The Association of German Banks, advocate the interests of private banks in Germany. The Banking Association comprises 152 banks as members, as well as 22 fintechs and seven state associations and is the leading organization in shaping the transformation of the financial industry. Berenberg maintains close contact and a longstanding relationship with the Association of German Banks. Both the former personally liable partner and current shareholder of Berenberg, Dr. Hans-Walter Peter, and the current personally liable partner, Christian Kühn, are actively involved in the Banking Association, with Dr. Hans-Walter Peter having served as the former president and Christian Kühn being a current board member.

Furthermore, Berenberg, is also a signatory of the Bundesverband Alternative Investments e.V. (BAI). The BAI is the central organization representing the interests of the alternative investments industry in Germany. It improves public awareness of alternative investment strategies and classes, creates internationally competitive and attractive framework conditions for investing in alternative investments, and promotes scientific research in the field of alternative investments.

Participation in sector and investor initiatives is also important for us with regards to ESG and sustainability, in order to hold exchanges with other investors and companies, to engage jointly "with one voice" and, ultimately, to support positive change. We are part of overarching initiatives such as the Principles for Responsible Investment (PRI) and the International Corporate Governance Network (ICGN), and also support initiatives that address specific aspects of sustainable business. In 2020, we signed the investor statement of the KnowTheChain initiative, underpinning our expectation for companies to address forced labour in their global supply chains. In 2021, we signed the investor statement of the Access to Medicine Foundation to further engage on the issue of access to medicine in developing countries. In 2022, we signed the investor statement of the PRI initiative "Advance - A stewardship initiative for human rights and social issues". In 2023, we joined the Institutional Investors Group on Climate Change (IIGCC) as an investor member to further increase our collaboration on climate change with relevant stakeholders. In addition, we publicly support the Task Force on Climate-related Financial Disclosures (TCFD).

Berenberg has signed the PRI for the whole bank and not only for specific sub-groups which shows our overall commitment to sustainability. In our most recent PRI reporting assessment (2023) we achieved good results by receiving the second highest rating of four out of five stars in all but one reporting modules (Policy, Governance & Strategy; Active fundamental listed equity, Fixed Income SSA, Corporate & Securitised, Confidence building measures) and two stars in reporting module Active quantitative listed equity. Sustainable investments are a particular integral part of the Berenberg WAM and established on top management level as well as on the level of responsible portfolio managers. We recognize that the integration of ESG helps our portfolio managers to better analyse risk and return. In the spirit of the principles, dialogues with companies and issuers are an important pillar of our ESG and wider investment approach to gain a better understanding of their sustainability and ESG capabilities and to communicate our views.

The Head of WAM ESG Office leads the expert committee on sustainability disclosure of the DVFA Governance and Sustainability Commission, is co-chair of the content oversight committee and instructor for the Association of Stewardship Professionals (StePs). Furthermore, she is a member of the Sustainability Reporting Technical Committee of the Accounting Standards Committee of Germany (ASCG). In addition, an ESG Investment Specialist within the ESG Office, is a member of the Sustainable Systems Investment Managers Reference Group of the PRI, which offers the opportunity to convene, share knowledge and collaborate on responsible investment with other investment and asset managers.

In addition to our participation in external associations and initiatives, Berenberg regularly publishes insights into current capital market developments from our Chief Investment Strategist and his Strategy & Research team (see overview). In the Berenberg podcast *Schmiedings Blick*, Chief Economist regularly talks to various experts about the economic outlook and capital market topics.

Berenberg HORIZONTE | Capital market outlook

HORIZONTE
- Strong and comprehensive opinions on all asset classes, including an assessment of asset allocation
- Quarterly
- Print & Online

HORIZONS HANDOUT
- Updated summary of the capital market outlook in presentation format
- Monthly
- Online | ~25 pages

Berenberg Markets | Current capital market updates

MONITOR
- Structured overview of capital market developments based on recurring graphics
- fortnightly
- Online | 13 pages

FOCUS
- Ad-hoc market commentaries and capital market-related analyses on special topics
- Irregular
- Online | ~ 5 pages

IC PROTOCOL
- Assessments and allocation results of the Investment Committee (IC)
- Monthly
- Online | 6 pages

Risk management in the investment process

Our risk management processes focuses on two main areas:

1. Daily risk assessment of the portfolio based on value-at-risk scenario analysis. The analysis is based on 99%/1-day parameters and is run using the "Risk Analysis Manager" module of the investment management system SimCorp Dimension.

2. On-going assessment of adherence to investment guidelines and management of limit breaches. Pre-trade analysis is conducted using the front-office modules of SimCorp Dimension before each trade ensuring the adherence to client specific investment guidelines. Additionally, and on a daily basis portfolio manager are requested by the risk team to sign off breaches report and provide background for any issue that might have risen. Those reports are then reviewed by our risk managers.

ESG integration

ESG factors are integrated into investment decisions of relevant strategies and products in order to ensure efficient risk management and to generate a sustainable, long-term return. ESG risks and opportunities are not only considered when making investment decisions but are also applied throughout the holding period and as decision criteria for divestment. ESG analyses are performed regularly as part of the portfolio review process:

- Monitoring of individual stocks 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.

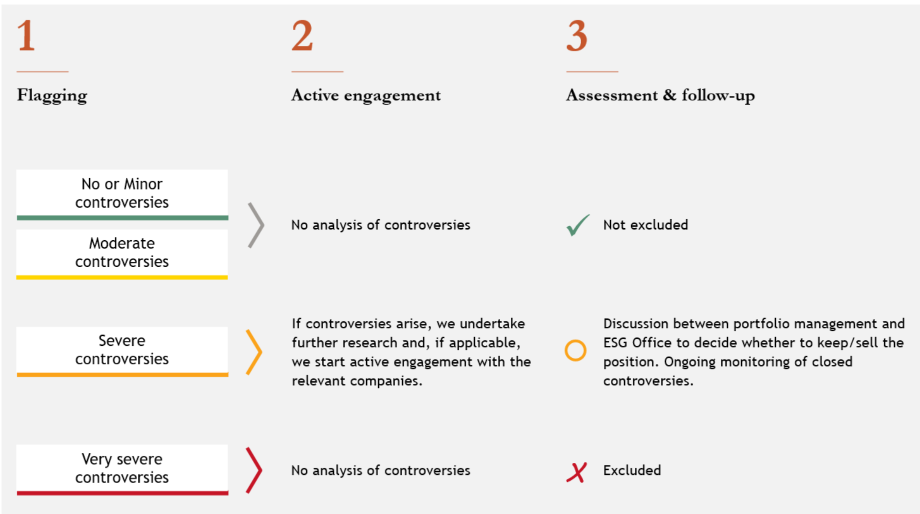
ESG opportunity and risk analysis is based on internal research, exchanges with the companies, and data from external ESG data providers. Relevant ESG issues are openly discussed or monitored within the investment team and in dialogue with the ESG Office. Based on a bottom-up approach, exclusion criteria are applied, and industry-relevant ESG criteria are analysed in a basic evaluation process to determine a sustainability profile of companies. In addition to ESG compliance, long-term profitability remains the decisive selection factor.

ESG Monitoring

The integration of ESG factors helps our portfolio managers to better analyse risk and return. Through our ESG controversy monitoring, we monitor investments in companies based on MSCI ESG data and can identify controversies and associated risks when they arise. Such ESG controversies can include but are not limited to alleged company violations of existing laws, single incidents such as environmental pollution, accidents, regulatory action, or allegations linked to, for example, health and safety fines or related lawsuits. We follow up on any indications that show a severely high level of controversy and, potentially as a result, an increased level of risk.

The severity of a controversy is evaluated based on a flag/traffic-light system. A green or yellow flag indicates that a company is linked to no or only moderate controversies. An orange flag indicates severe, and a red flag indicates very severe controversies. Investments in companies with a red flag are generally excluded from investment in our Wealth and Asset Management products and strategies. We actively engage companies with severe controversies (orange flag) about the controversies, both in the case of existing holdings and in the case of potential new investments. In this way, we analyse the controversies and give the company the opportunity to share its perspective. After completion of the engagement, we make our final investment decision, depending on the outcome and success of the engagement.

The active engagement of companies with severe controversies is carried out in our *ESG integrated* as well as our *ESG targeted & impact focus*ed products and strategies in the Wealth and Asset Management.



Climate risks

With regards to Berenberg's environmental responsibilities in its own operations, it is the bank's aim to keep reducing its ecological footprint. A variety of programmes and initiatives at bank level contribute to protecting the environment, including the company bike scheme, a reduction in business travel and company cars, the introduction of modern printer standards and energy-efficient facilities management. Already around 98% of the electricity used in the German locations is sourced from renewable sources, for instance. By continuing to digitise operations, the company is further reducing its paper consumption. By financing green infrastructure and renewable energy projects, the bank is supporting the promotion of sustainable technologies and the expansion of renewable energies. Further information have been provided in Principle 2.

In Berenberg WAM we recognise our responsibility to contribute to the fight against climate change through our investment decisions and collaboration with our portfolio companies and other investors.

Climate-related risks as well as ESG risks and opportunities in general are not only considered when making investment decisions, but also applied throughout the holding period and as decision criteria for divestment.

In our Berenberg WAM publication "Climate change and investments – our approach" (available at www.berenberg.de/en/esg-publications under the headline "Climate Statement") we describe the ways in which we already consider the risks and opportunities of climate change in our ESG investment approach. Specifically, we look at our exclusion criteria, ESG analysis, active ownership activities and positive impact approach. We also present the next steps we aim to take in this area.

We currently measure carbon metrics of portfolios in compliance with the recommendations by the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) and we publish the results e.g. in our monthly updated fund factsheets. This measurement allows us to monitor carbon exposure of the portfolio and, while we do not actively manage this exposure, this provides us with relevant indicators to judge the efficiency of company's operations as well as the exposure to transition risks. We are also able to calculate further indicators compliant with the recommendations by the TCFD. Beyond the measurement of specific metrics, we are considering how and in which scope we may further incorporate the TCFD recommendations into our reporting activities.

In our *ESG impact focused* funds, climate change is considered within the investment process as one of the four core structural themes in terms of each holding's positive contribution to solving a global challenge. A company's alignment to the Paris Agreement's targets (i.e., in terms of emission reduction targets) is one input factor within this analysis, besides a company's current and future potential to contribute solutions through its products and/or services.

5. Review and assurance

The Board of Management bears overall responsibility for the risk management process and defines the general conditions for managing the various risk types. The Risk Controlling business unit acts independently of all front offices in organisational terms, in accordance with Minimum Requirements for Risk Management (MaRisk) and ensures the constant and timely flow of information to the Bank's Board of Management, the Audit Committee and Advisory Board in close collaboration with other organisational units. Risk Controlling is responsible for developing and overseeing the systems used in overall bank and risk management. It carries out a comprehensive risk inventory at regular intervals and compares the amounts of the various risk types with the available risk cover. As part of the risk management processes, it is ensured that excessive risk concentrations exist neither within the various risk categories, nor across the risk types, in line with the strategy.

In its risk management, Berenberg uses the proven model of three lines of defence. In the **first line of defence**, the operational managers in the Bank's various units are risk owners with responsibility and accountability for assessing, managing and mitigating risks. This includes the implementation and monitoring of organisational hedging measures, as well as control activities anchored in the processes.

In the **second line of defence**, the Risk Controlling and Compliance units facilitate and monitor the implementation of effective risk management and ensure independent risk reporting to the Board of Management of the Bank.

In terms of its organisation, the Group Compliance unit consists of the departments Anti-Financial Crime Compliance, Wealth & Asset Management Compliance, Investment Banking Compliance as well as Development, Solutions & MaRisk Compliance. Group Compliance reports directly to the personally liable partners as an independent function. In addition, the employees of Group Compliance are permanently represented at the branches in Frankfurt and London by way of the bank's headquarters in Hamburg. In all Compliance departments, employees specialized in the respective subject area are deployed in the respective locations. This ensures that Group Compliance is located close to the business areas in order to perform its advisory and monitoring function as efficiently as possible.

The most important functions of Group Compliance include the regular conduct of risk analyses relating to money laundering and terrorism financing, fraud prevention and compliance with financial sanctions, and other compliance risks resulting from the securities business, as well as independent reporting on the general risk situation and specific compliance-relevant matters to the senior management and communications with the relevant supervisory authorities. Reports are submitted to the management at least once a quarter or on an ad-hoc basis.

Fulfilment of the regulatory obligations of the compliance function is audited and certified annually by external and independent auditing firms as part of the audit required by the German Securities Trading Act and the audit of the annual financial statements, and the results are notified to the German Federal Financial Supervisory Authority.

The **third line of defence** consists of the independent Internal Audit unit, which employs a risk-oriented approach to evaluate how effectively Berenberg controls its risks and how well the first and second lines of defence perform their tasks.

The requirements to be met by the internal audit function are defined in the MaRisk of the German Federal Financial Supervisory Authority (BaFin). Internal Audit is an instrument of Berenberg's partners, to whom it reports directly. It performs its tasks autonomously and independently. The risk- and process-oriented planning of audits ensures that the activities and processes of the bank and the subsidiaries and outsourced activities subject to auditing are audited at least once every three years, as a general rule.

Aside from Internal Audit, Berenberg as a licensed German bank undergoes an audit of its annual financial statements, as well as an annual audit prescribed by the German Securities Trading Act (WpHG), by an external audit firm (so-called "WpHG-Audit"). The scope of the WpHG-Audit includes all MiFID services of the bank as well as the Compliance organization. Deloitte is Berenberg's current external auditor. In addition, the bank is subject to the supervision of the BaFin.

A form of external review and assurance of our ESG investment process is provided on an aggregate level through our annual reporting to the Principles for Responsible Investment (PRI) and on a fund/product level through our annual application with a number of our mutual funds for the FNG Label of the German Forum Nachhaltige Geldanlage (FNG). As part of the PRI reporting, we report on our responsible investment activities through overarching modules covering "Policy, Governance and Strategy" and asset class modules covering "Listed Equity" and "Fixed Income". In the application for the FNG label, the relevant mutual funds must comply with set minimum requirements with regards to the application of exclusion criteria, sustainability analysis of portfolio holdings and transparency on the product level. Within the grading model, the funds are then assessed along different categories, including Institutional Credibility, Product Standards, Selection Strategy, Dialogue Strategy and ESG KPIs, and can receive up to three stars. In 2023, ten Berenberg mutual funds applied for the FNG label, of which seven received two stars and three received three stars.

CASE STUDY: PRI Reporting and Assessment as guidance

Berenberg joined the UN-supported Principles for Responsible Investment (PRI) as a signatory in 2018. We signed up to the PRI because we wanted to showcase our commitment to ESG integration and to adhering to the principles that PRI advocates. However, at the time of signing up, we had no formal policies yet in place that would cover the minimum requirements, i.e., an investment policy that covers the firm´s responsible investment approach covering >50% of AUM, to be a signatory to the PRI. Nevertheless, we had internally discussed the requirements and our ambitions were to aim for reaching them. We had used the first year of the reporting to understand our weaknesses and to give us a chance to improve our ESG strategy and reporting. The first-year assessment report gave us a good overview of where we lacked and where we needed to improve. For example, we needed a dedicated ESG policy that would cover all our asset classes and improve engagement. We used the lessons learned in our reporting to improve our policies in the second year which in then end resulted in us receiving an A+ for our Strategy and Governance module, above the median of A. Even though over the years, the PRI assessment framework methodology has changed, we continue to use the PRI reporting assessment to compare ourselves to peers and to identify areas for further development.

Policies

The organisational unit "Bank Governance" (team within the department "Processes, Organisation & Governance") is responsible for implementing suitable regulations for the organisational and operational structure at Berenberg, which is carried out in close coordination with the relevant business units and, if required, with the special functions in accordance with AT 4.4 MaRisk, including

- ensuring that all regulatory processes of the bank and the associated tasks, competencies, responsibilities, controls and communication channels are clearly and uniformly defined and coordinated,
- ensuring that processes and structures which are only partially functional or inefficient are resolved; and
- ensuring that organisational specifications are appropriately laid down in the form of written organisational guidelines (within the framework of processes and policies) and published centrally.

In this context, Bank Governance provides the business units with methodological expertise (e.g. best practices), acts as a sparring partner for the implementation of organisational modifications and regulatory requirements, and seeks to leverage process-based optimisation potential in the medium to long term on the basis of holistic process-based and cross-departmental assessments.

The Single Rule Book (SAP Signavio portal) is an aggregation of individual policies, each of which is approved by the responsible senior manager or committee. Dedicated policies need approval by the managing partners. All of the organisational guidelines published via Signavio have an instructional and thus binding character. They contain the framework for activities, which is defined by the person responsible for the process/policy and to which every employee must adhere within the framework of operational practice. In coordination with their department heads, the division heads (or, if applicable, central division heads) are responsible for ensuring that the instructions from the organisational guidelines valid for their area of responsibility are adhered to.

Bank Governance initiates recurring awareness-raising activities in the form of update checks (formerly called "regular reviews" within the Single Rule Book setup) with the objective of ensuring that organisational guidelines for which business units are responsible are regularly critically assessed with regard to their up-to-dateness and (if necessary) adjusted.

In addition to the unscheduled option of updating organisational guidelines at any time for those responsible for processes/policies, these workflow-based update reviews represent an additional awareness-raising measure for "promptly adapting organisational guidelines in the event of changes to activities and processes" in accordance with AT 5 MaRisk no. 2. The workflows are initiated by employees of Bank Governance and are only triggered for those organisational guidelines that have not been updated for more than eighteen months.

Risk Manual

This risk manual is part of the Bank's written rules and regulations. It provides an overview of the risk management process by combining the overall bank and risk strategy on the one hand and the comprehensive documentation of the various risk types on the other. In addition, it shows the different requirements from the EBA guidelines regarding the Supervisory Review and Evaluation Process (SREP) and describes the positioning of the Bank in relation to the evaluation categories contained therein.

Berenberg is not considered systemically relevant or of a corresponding size for regulatory purposes. Due to the defensive risk strategy and the focus on the service business, no special security precautions are to be taken in accordance with AT 1 No. 3 of the MaRisk. Nevertheless, Risk Controlling always keeps up to date with the latest regulatory developments with regard to risk management and assesses the necessity of process changes if necessary.

Best Execution Policy

Berenberg's WAM division has a best execution policy in place that ensures that client orders are consistently executed or transmitted in clients' best interests in accordance with Directive 2014/65/EU ("MiFID II"). Berenberg WAM is committed to the best execution of its trading processes, both in order handling, broker selection and execution control.

Best execution policy is put into practice by each relevant responsible trading desk whose traders have very deep market knowledge with on average more than 20 years of trading experience in the industry. Traders analyze the characteristics of each order in current market environment to determine a preferred execution approach (e.g. selecting algo strategies, seeking liquidity from alternative platforms such as Liquidnet or acting on Broker IOIs to reduce impact costs further and receive additional liquidity).

The Best Execution Policy as well as the List of Execution Venues is being updated on a regular basis, in conjunction with the internal Compliance department, in order to reflect constant developments and requirements.

Broker Selection Policy

Berenberg WAM performs a due diligence when selecting and onboarding new brokers to ensure that all brokers meet minimum requirements as well as specific factors relevant for the trading process. In order to ensure accuracy the broker due diligence is reviewed and updated regularly. Additionally, performance of selected brokers is analysed in detailed broker reviews. Broker reviews consider the execution quality (i.e. performance against range of benchmarks) as well as settlement quality (matching/confirmation timeliness, failed trade ratios etc.) and benchmark it against competing brokers. The executions are systematically analyzed against appropriate benchmarks by using both transaction-cost-analysis (TCA) by independent TCA provider ISS LiquidMetrix. Reports with standardized benchmarks are created automatically on a regularly base or ad-hoc (outlier) and controlled by Head of Trading. On a quarterly basis, the review is presented in the Risk & Performance Review Forum.

Berenberg WAM ESG Policy

Our Berenberg WAM ESG Policy was first published in August 2019 and describes our approach to incorporating ESG factors into our investment process and decision making within the WAM business unit. Our integration of ESG is implemented across different asset classes and countries. The ESG Policy lays out our ESG-related values and describes our broader ESG approach as well as how we apply specific elements of our approach, such as active ownership or exclusions. We regularly update our ESG Policy to reflect the constant further development of our approach.

Berenberg WAM Exclusion Policy

At Berenberg WAM, the integration of ESG aspects into the investment process includes, as a basic instrument, the exclusion of certain investments based on our ethical and moral beliefs as well as risk assessments. We have continuously developed our exclusion criteria at Berenberg WAM over the last years while considering developments and standards in the market, client demand, and regulatory requirements. Based on the criteria described in further detail in our Berenberg WAM Exclusion Policy, we avoid investments in specific products, sectors, and countries as well as business activities.

Beyond our own ESG exclusion approach, we can provide clients with specific exclusion filters following their individual requests on various screening criteria in special mandates and special funds. Our ESG experts can support our clients by providing them with advice on how to define and implement individual ESG exclusion criteria in their dedicated special mandates or funds.

Berenberg WAM Engagement Policy

Active Ownership activities such as Engagement and Proxy Voting, as laid out in our publicly available Berenberg WAM Engagement Policy, enables us to gain deep insights into the behaviour, strategies and processes of companies and issuers. In addition, we can address relevant and critical improvements and increase transparency. In this way, we can help as an active investor to improve the sustainability profile of companies in the long term and reduce risks. Therefore, the structured engagement process and its results are central elements of our investment decisions and the basis of long-term, successful investment in companies.

We incorporate our evaluation of the engagement and the feedback we receive into our investment decisions and regular reviews of investment cases. Based on this, we decide whether to remain invested and/or monitor changes as well as follow up on or sell the investment or even exclude it from our investment universe. More details were provided in Principle 9.

Berenberg WAM Proxy Voting Policy

We see the exercise of voting rights (i.e. Proxy Voting) as an important tool for positively influencing companies with regard to corporate governance structures and, at the same time, for strengthening shareholder rights. By exercising voting rights, we want to ensure that companies operate sustainably in the long term and that they 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 comprehensive Berenberg WAM Proxy Voting Policy. Our Proxy Voting Policy is, deliberately, not to be thought of as a hard set of rules, but rather a set of guidelines on which we base our analysis. Every vote recommendation is preceded by an initial analysis through our external proxy voting service provider and a further in-depth analysis by our ESG Office and the responsible portfolio management entities. If questions arise during this analysis, we take them up directly with the company as part of our engagement and, if possible, incorporate the findings obtained into our final recommendation.

Since the voting rights for the holdings in our mutual funds legally reside with the fund administrator, we pass on our recommendations to the administrator, which takes these recommendations into account when voting. More details were provided in Principle 12.

The WAM policies related to our ESG and responsible investment approach are reviewed at least annually by our ESG Office and updated in case relevant development need to be reflected. If a policy is updated, the ESG Committee receives a version reflecting all changes for review, feedback and sign-off.

During the reporting year, the WAM ESG Exclusion Policy has been updated to Version 5.0 with refined wording and a new structure to present the applied exclusion criteria more transparently. In addition, the WAM Engagement Policy has been updated to Version 2.0 to reflect new developments of our engagement process, including further definition of engagement triggers, process steps and progress measurement along objectives. The WAM Proxy Voting Policy is reviewed ahead of each proxy voting season in exchange with our proxy voting service provider IVOX Glass Lewis, taking into account previous vote recommendations and developments in established standards and frameworks. During the reporting year, no policy update followed from this review.

The above-mentioned ESG-related policies as well as further documents regarding our ESG approach in Wealth and Asset Management are also publicly available at https://www.berenberg.de/en/esg-publications/. Further policies can be found via https://www.berenberg.de/en/legal-notice/joh-berenberg-gossler-co-kg/.

CASE STUDY: WAM Active Ownership Reporting over the years

At Berenberg WAM, we believe that reporting and transparency goes hand in hand with stewardship. In 2020, we decided in discussions between our WAM ESG Office and ESG Committee to publish our first Active Ownership Report in 2021. The decision to start reporting was based on the initial publication of our WAM Engagement Policy in June 2020, in which externally set out and defined our engagement approach and underlying process, which would form the basis for our engagement monitoring and reporting. We have since then updated and published our report on a yearly basis. We are proud to indicate that our very first active ownership report published in 2021 was shortlisted for ICGN´s Global Stewardship Disclosure Award. Though, we did not win the award, we used the opportunity to compare with our peers on how their reporting is conducted and where we lack. One of the major differences we found is that our peers are able to provide full details of their voting activities, including providing reasonings and descriptions of their votes. However, since the voting rights for our mutual fund holdings, which are covered by our proxy voting approach, are legally held by our mutual funds' investment management company (administrator) Universal Investment, we pass on our vote recommendations to the management company, which takes them into account when voting. Due to this, however, we are unable to officially publish the votes on our website and need to refer to the publication of the final votes on the Universal Investment website. Over the years, we have further developed our Active Ownership Report, providing more details on our approach and updates on further developments – such as more information on our governance structure as well as guidelines and processes related to active ownership, detailed case studies, or a closer look into specific asset classes. At the same time, we aimed to keep the general structure intact to allow comparison across reporting years. We will further work on this reporting to provide our clients with a transparent view of our approach and activities in this important area of stewardship and ESG integration.

Investment approach

6. Client and beneficiary needs

Within WAM, our clients can choose between two high-quality solutions for their investments. In *portfolio management*, our clients delegate the achievement of their investment goals to our portfolio management professionals. They can choose from a variety of different strategies to suit their personal risk/ return profile. In *investment advisory*, our clients make their investment decisions themselves, in consultation with their advisor and on the basis of thorough assessments and analyses. We have invested further in this area, setting up our Professional Client Advisory unit to provide professional clients with a service that is unique in terms of its service level, the quality of its investments and its long-term results. Services of this nature are very rare indeed.

In Wealth Management, we provide customised solutions to clients with sophisticated asset structures and special investment requirements, concentrating on very high-net-worth individuals, family entrepreneurs and business-minded decision-makers, as well as foundations and other charitable organisations. Our approach provides holistic support to an organisation or private individual and their dependents in every area that has a direct or indirect influence on their asset situation. In this vein, we have successfully refined our Berenberg competence team model for three groups of investors. This enables us to support foundations and charitable organisations, entrepreneurial families and young entrepreneurs with successfully overcoming their individual challenges and to establish ourselves as a long-term strategic partner for them.

For us, *concentrating on core competencies* means offering complementary services alongside liquid portfolio management and the selection of illiquid alternatives. Particularly in the case of complex wealth portfolios, we create specific added value for our clients through our cross-bank multi-deposit controlling. This goes hand-in-hand with our advisory service which has recently won an award on its quality. Institutional investors are familiar with the service, but it can also offer added value for high-net-worth private individuals. Specifically, this encompasses advising on and creating a strategic asset allocation (SAA) using the latest scientific findings. On this basis, we identify targeted approaches to adding value for our clients and assist them with making sound decisions.

Berenberg Asset Management operates in two core areas. Firstly, *Berenberg Equity Funds* stands for fundamental equity expertise at a level rarely found in Germany. Secondly, *Berenberg Multi Asset* offers asset management strategies encompassing global investments, as well as funds with a European focus. These include very flexible solutions, as well as defensive and offensive multi-asset strategies. This is complemented by a strong offering in the fixed-income segment. Our market capital communication, highly regarded by our clients, underscores our expertise in this discipline. We set ourselves apart through well-founded assessments of the capital markets, which we apply in a decisive manner – also anti-cyclically and away from benchmarks. Our *Berenberg Institutional Consulting* business provides institutional clients with targeted advice on their global asset allocation and, as a strategic partner, we offer them bespoke solutions for the complex requirements of strategic asset allocation. In collaboration with our partners, we also offer them access to overlay management solutions. Berenberg is also using its *Innovation & Data* team to research and develop a proprietary investment approach, based on big data and artificial intelligence, to generate trading signals. This team additionally drives forward technological innovations for our investment process.

Client service and alignment

Exemplary client service and engagement is a cornerstone of Berenberg's approach and plays a crucial role in fostering and maintaining both the quality and longevity of the client relationships on which asset management business thrives. We seek to meet with our clients regularly; with our institutional clients this often takes place at investment committee meetings where, subject to the clients' agenda, we cover any relevant developments at Berenberg, provide performance, positioning and attribution updates. These meetings are at times also a forum for discussing and evaluating stewardship activities such as voting records or any particular engagements that led to securities being included or excluded from the client's portfolio. It is not uncommon for clients to share their views and particular areas of interest in regard to stewardship at these meetings. Berenberg actively collaborates with clients to ensure alignment on stewardship and engagement principles whilst keeping a steadfast focus on the delivery of superior long-term investment returns that meet our clients' objectives. Regular dialogue with our clients, outside of scheduled investment review meetings, is crucial to the on-going management of our clients' changing needs.

We have succeeded in building a strong position in the market courtesy of our clear and attractive product range. In addition, we have once again stepped up our sales activities and public relations work. Our multi-asset publication series such as HORIZONS and MONITOR (as presented in Principle 4) are very popular, while our investment experts are respected interview partners to the specialist, trade and daily press. They also present their approaches and opinions at a large number of industry conferences where they engage in direct dialogue with clients and prospective clients.

With our strong international presence, our sales strategies are perfectly tailored to our various target markets. Apart from Germany, Austria and Switzerland (the DACH region), in Europe these markets primarily include the UK, France, Italy and Spain. Outside Europe, we entered into a distribution partnership in Chile and Peru in 2019, which has been bearing fruit in the pension fund market there since the start of this collaboration. In Mexico, we were also able to gain our first large pension fund as a client. We continue to work with other institutions as part of our individual portfolio management and portfolio management funds. Our range of high-quality solutions makes us a strong partner for savings banks and other banks.

As mentioned in Principle 4, with regards to our ESG integration we have signed the UN-supported Principles for Responsible Investment (PRI) in 2018 and have reported on our progress in ESG integration in the annual PRI reporting since 2020. We take the six principles into account in the definition and further development of our strategy, our processes, our guidelines and our reporting. In our most recent PRI reporting assessment (2023) we achieved good results by receiving the second highest rating of four out of five stars in all but one reporting modules (Policy, Governance & Strategy; Active fundamental listed equity, Fixed Income SSA, Corporate & Securitised, Confidence building measures) and two stars in reporting module Active quantitative listed equity. Sustainable investments are a particular integral part of the

Berenberg WAM and established on top management level as well as on the level of responsible portfolio managers. We recognize that the integration of ESG helps our portfolio managers to better analyse risk and return. In the spirit of the principles, dialogues with companies are an important pillar of our ESG and wider investment approach to gain a better understanding of their sustainability and ESG capabilities and to communicate our views.

In addition, as mentioned in Principle 5, Berenberg has received the FNG Seal awarded by the *Forum Nachhaltige Geldanlage* (FNG) for the year 2024 for ten of its mutual funds. The award of two or three stars across the board confirms our efforts to achieve greater sustainability in capital investment. The seal is regarded as the most important quality standard for sustainable investment funds in the German-speaking region and is based on an audit and assessment by the scientific association F.I.R.S.T. and Advanced Impact Research GmbH, a university spin-off of the University of Hamburg, as well as a review by an independent committee with interdisciplinary expertise.

Reflecting on client needs and feedback

Berenberg's tailored approach to client engagement and reporting is one of the pillars in ensuring that not only our clients remain well informed, but also an important avenue through which we, as their investment managers, gather specific feedback on our approach and performance to ensure that our client's ever-changing goals are being met.

Berenberg regularly reviews client feedback across the spectrum to inform and shape the nature of our client service proposition, our investment approach, reporting and stewardship activities. The manner in which client feedback is implemented will vary according to the nature of the issue at hand and the investment vehicle in which the client is invested.

For example, with specific ESG constraints such as an explicit exclusion list, these can be coded into a client's investment guidelines if they are invested through a segregated mandate. An investment through a pooled vehicle cannot always accommodate this need, but a consistent pattern of client feedback will inform future product development to align our capabilities with the needs of our clients.

The following are examples of actions Berenberg has taken in response to specific client feedback:

- Product development – pooled vehicle: In 2022 we worked in collaboration with one of the UK's largest single employer Defined Contribution pension schemes and their advisor to develop the Berenberg Protected Equities Strategy. In doing so we assessed the needs of the client and suitability of the strategy for the wider Defined Contribution market across a number of areas:
  - Meeting daily liquidity and pricing needs
  - Addressing the requirement for full transparency of underlying holdings
  - Incorporating ESG and Climate Change considerations
  - Accessibility through various investment platforms
- Tailored segregated mandate: Berenberg's Risk-Focused Solutions Team worked closely with a UK insurance client to develop a highly tailored, risk-managed strategy

appropriate to the client's unique risk-return profile. This strategy continues to evolve and adapt in accordance with the needs of the client.

- Incorporating ESG constraints: Berenberg has collaborated with a number of charitable institution clients to embed specific ESG and Ethical requirements that continuously evolve with the views of the institutions and their underlying donors; we have developed extensive bespoke reporting practices to meet the exacting needs of each institution.

To date, we are not aware of instances where client portfolios have not been managed in alignment with clients' stewardship needs or their investment policies.

Investment time horizon

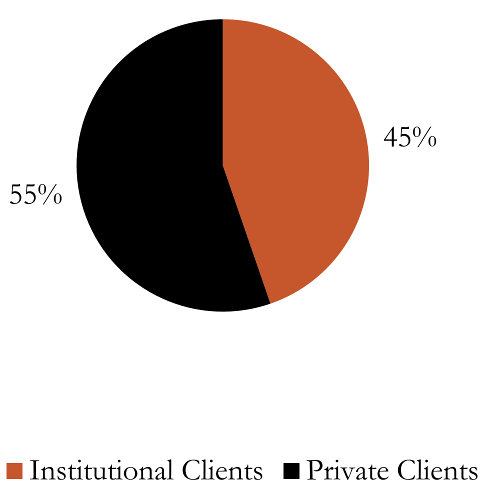
Berenberg has a diverse institutional client base, including insurance companies, corporate pensions plans and charities & special institutions. As such, the investment horizon of Berenberg's investment capabilities seek to outperform over whole market cycles (5-10 years) in alignment with the perceived long-term liabilities and time horizons of our diverse and sophisticated client base. Whether through the quality-growth focus of our equity strategies or the diversifying nature of the risk-focused solutions, our focus is on preserving capital and generating long-term investment returns in line with the return needs and investment horizons of our clients. To ensure continued alignment, investment parameters and return objectives are detailed in both the documentation of co-mingled funds and the investment guidelines of separately managed accounts, these are programmed and continuously monitored by our compliance team.

AUM

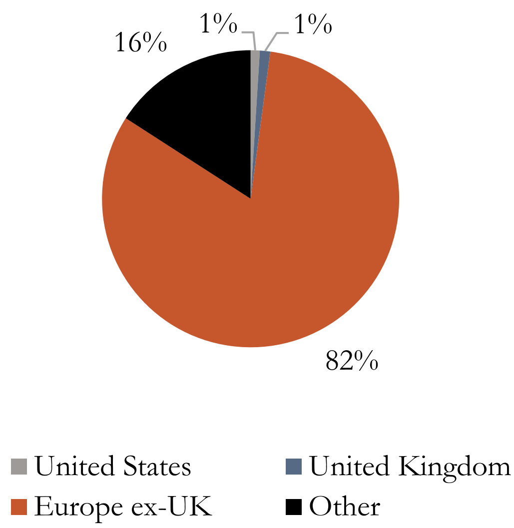
The Berenberg Corporate Banking and Wealth and Asset Management central business units recorded combined assets under management of EUR 30.2m as of December 31, 2023.

These assets can be split as follows:

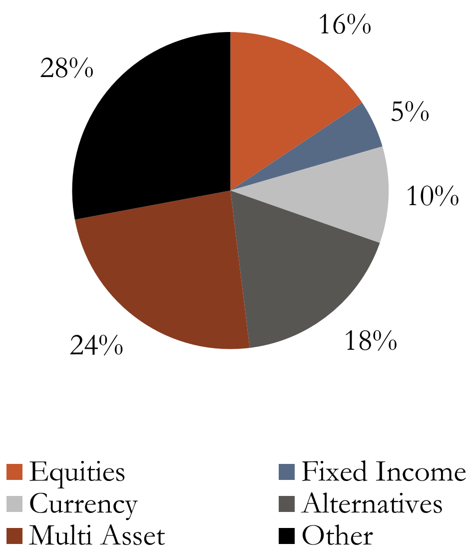
Client type



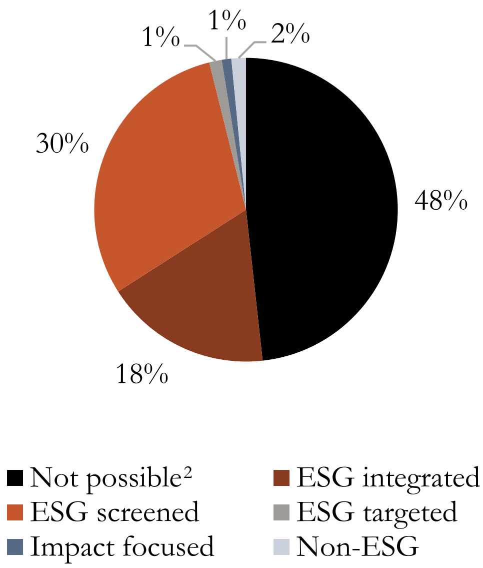
Client origin



Asset class



ESG integration[1]



[1] Wealth and Asset Management only

[2] No ESG integration possible, specifically in FX, advisory- or execution-only approaches

Client reporting

At the Berenberg Bank level, we annually publish our Annual Report and a separate Sustainability Report which includes our non-financial statement. In addition, a Risk Report and Disclosure Report are available on our website at https://www.berenberg.de/en/publications/ . Further, as a PRI signatory, our PRI Transparency Report is publicly available at unpri.org.

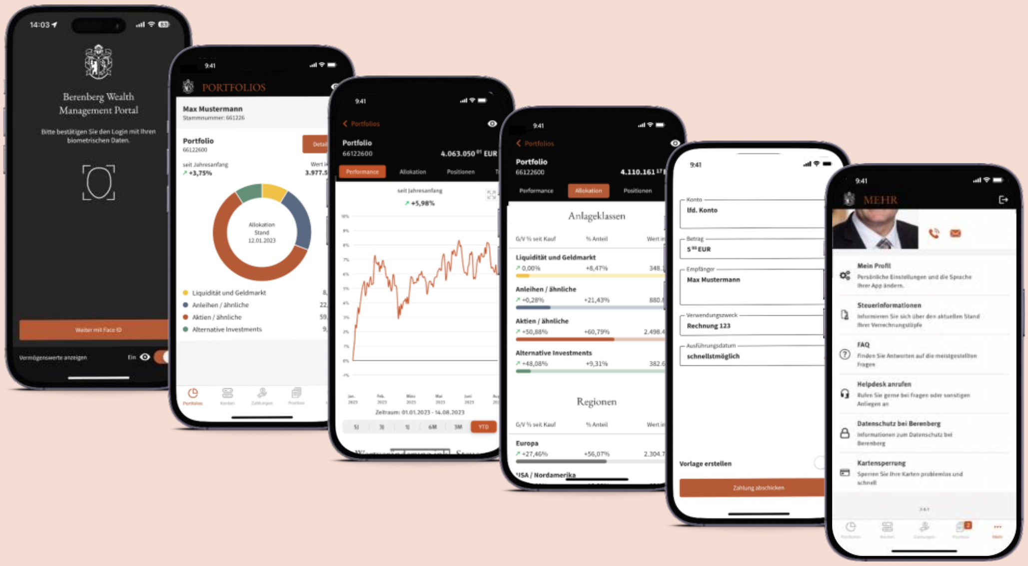
We report regularly on our ESG activities, at both consolidated level product-specific level. At the consolidated level, this includes a regular update on all relevant policies and guidelines, an annual Active Ownership Report and news on our ESG approach. This information and respective documents can be found on our website at http://www.berenberg.de/en/esg-publications.

We report on relevant ESG and impact metrics at the product level and on the approach applied in fund factsheets and dedicated reports depending on the type and focus of the respective product. This reporting can be found on the specific fund website via http://www.berenberg.de/en/funds.

We are continuously working on our fund-specific reporting on ESG and sustainability factors, taking account of regulatory requirements, and making our reporting available to our clients in a structured and consistent manner.

CASE STUDY: Improved client experience

Among other things, the Berenberg Wealth Management Portal (WM Portal) offers our clients a detailed overview of their individual portfolios in terms of performance, allocations, positions and transactions as well as information on account turnover and transaction history. Our clients can access their liquid assets at Berenberg anytime and anywhere via computer and tablet or by downloading the app to their smartphone.



In 2023 we made an Apple Watch app available for the WM Portal, which provides information on portfolio performance, allocation, valuation and top 5 holdings (largest positions).

Awards

In 2023, we again received a large number of prestigious awards. The following overview shows a selection of these. All these awards are confirmation of our approach and the quality of our services. At the same time, we take them as an incentive to continue resolutely along the path we have chosen.

- TOP TEN INVESTMENT FUNDS IN GERMANY (CAPITAL-FONDS-KOMPASS)
  – Top score of five stars

- DIE ELITE DER VERMÖGENSVERWALTER (HANDELSBLATT)
  – Summa cum laude with top score

- DEUTSCHER FONDSPREIS 2023 (FONDS PROFESSIONELL)
  – Outstanding for the Berenberg European Micro Cap R

- ÖSTERREICHISCHER FONDSPREIS (FONDS PROFESSIONELL)
  – Outstanding for the Berenberg European Micro Cap R

- SCOPE ALTERNATIVE INVESTMENT AWARDS 2024
  – Best Asset Manager in the category Innovation

- SCOPE INVESTMENT AWARDS 2023
  – Best Asset Manager in the category Special Provider Austria

- THE BEST ASSET MANAGERS (WIRTSCHAFTSWOCHE)
  – Award for the Berenberg Multi Asset Defensive

- FNG-SEAL 2024 FOR SUSTAINABLE INVESTMENT FUNDS (GERMAN-SPEAKING REGION)
  – For ten Berenberg Funds

- TELOS CLIENT SATISFACTION SURVEY
  – First place for overall performance

CASE STUDY: Systematic engagement to serve clients needs

In 2023, Berenberg has identified a challenge within the Multi Nationals client segment (globally active entities, e.g., banks or insurance companies) due to the lack of a unified strategy for effectively building relationships with leading fund selectors and engaging with local selectors to advocate for the inclusion of Berenberg funds to their recommendation lists. Therefore, a project has been launched within the Wealth and Asset Management division including detailed customer analyses, shortlists of relevant Multi Nationals and developed tools to provide a classification and an overview of all Multi Nationals as well as a sales pipeline, allowing the respective teams to work collaboratively. The strategic orientation and operationalized pipeline resulted in optimized engagement with Multi Nationals (prospective) clients and demonstrates how systematic analysis and collaborative processes can develop an effective strategy for identifying and meeting the needs of clients and beneficiaries.

CASE STUDY: Leverage synergies across divisions

Berenberg has identified difficulties in lifting synergies within sales processes and cross-selling capabilities due to legacy systems and databases that are not ideally integrated with each other. Such frictions in non-aligned data cause additional efforts for our product and sales management and may hinder the wholesome evaluation of strategic initiatives. Therefore, we have started planning to upgrade our CRM system in 2023 to bolster advisory quality on one hand and unlock cross-selling opportunities across different central business units. By leveraging advanced CRM technology, we aim to streamline our processes, gain deeper insights into customer preferences, and foster stronger relationships. Moreover, robust analytics and reporting features will enable us to uncover hidden synergies across our product and service offering to deliver tailored solutions that meet our clients' evolving needs.

7. Stewardship, investment and ESG integration

Stewardship, investment and ESG integration within the Wealth and Asset Management

At Berenberg Wealth and Asset Management (WAM) we help our clients grow their wealth, achieve their goals and meet their challenges, and we do this as expert advisors and longstanding service providers. We believe that through intensive fundamental analysis and long-term investing, it is possible to benefit from market inefficiencies and thus achieve above-average performance. Market inefficiencies often arise due to the short-term outlook of market participants, who are influenced by temporary unpredictable events and thus lack an understanding of longer-term developments with structural and sustainable growth drivers. Long-term growth and margin assumptions often prove to be wrong for successful companies. As long as barriers to entry are high, growth rates and returns are far more sustainable than is often portrayed in analyst models. These market inefficiencies ultimately create an opportunity for investors like us and form the basis of our investment philosophy.

We recognize the growing importance that Environmental, Social and Governance (ESG) factors have in value creation. In order to be an asset manager in this environment, we believe that taking ESG factors into account goes hand-in-hand with fundamental analysis in order to better assess investment risk and return. 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. We endeavour to be long-term holders and take a long-term approach when investing, in equities, fixed income as well as target funds/ETFs.

Our ESG Investment Strategies

Our ESG Investment beliefs are discussed in further detail under Principle 1. ESG consideration can differ from one asset class to another for different reasons such as the availability, type and quality of data as well as the current methodological approaches and market conditions.

We offer various ESG investment strategies with different degrees of ESG considerations to account for diverse client needs across equity, fixed income and multi asset. We currently distinguish between the categories *ESG screened*, *ESG integrated*, and *ESG targeted & impact focused*. Active ownership activities are particularly relevant in funds and strategies in the categories *ESG integrated* and *ESG targeted & impact focused*.

Our *ESG screened* strategies base their ESG approach on the binding exclusion or restriction of certain activities in order to account for material ESG risks. Strategies in this category apply the general Berenberg WAM ESG exclusion criteria.

Our *ESG integrated* strategies apply a combination of ESG integration instruments in order to exclude or restrict the involvement in certain activities, to account for ESG risks and opportunities in the investment analysis, and to exert influence as an active investor via engagement and proxy voting activities.

Our *ESG targeted & impact focused* strategies apply focused ESG approaches such as positive screening based on a variety of ESG or impact criteria. Additional and stricter ESG exclusion criteria are applied to further restrict investments in activities that, among others, do not support positive impacts. *ESG targeted* strategies implement a specific ESG target. In ESG *impact focused* strategies, we only include companies, issuers, and project-related investments such as Green Bonds, that generate measurable positive impacts on society or the environment and help to solve global challenges via products, services or financed projects.

	ESG screened	ESG integrated	ESG targeted & Impact focused
General exclusions (e.g. weapons production, thermal coal mining, nuclear power, norm violations and others)	★	★	★
ESG controversy monitoring & exclusion of very severe ESG controversies	★	★	★
ESG risk and opportunity analysis		★	★
Engagement with companies and issuers		★	★
Provision of vote recommendations*		★	★
Extended exclusions (e.g. alcohol, pornography, gambling, countries with death penalty) to further support positive impact			★
Specific ESG targets			*ESG targeted* ★
Impact focused investments and Impact Engagement			*Impact focused* ★

In the following section, we describe the investment process as well as how ESG criteria are incorporated into our management processes for the following asset classes that are relevant for our investment process:

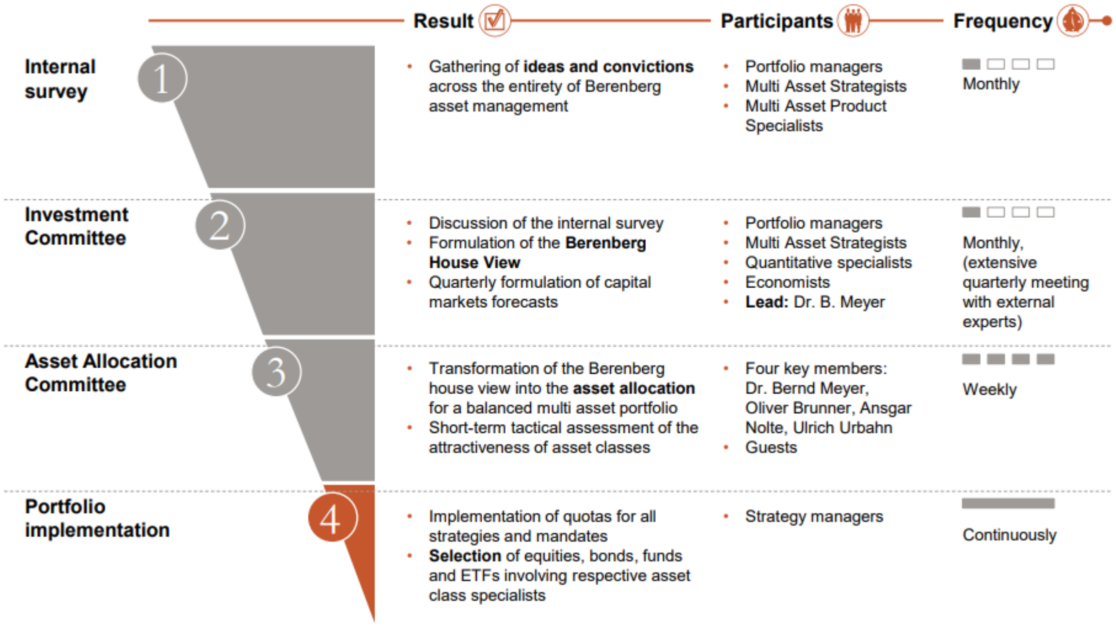
❶ Multi Asset, ❷ Equities, ❸ Fixed Income and ❹ Third Party Funds and ETFs.

Asset Classes

1. Multi Asset

Holistic thinking, a sound market opinion, consistency and transparency are our guiding principles for the strategy we propose. As active and discretionary managers, we are convinced that we can only achieve a better result than the benchmark in the long term with a strong and well-founded capital market opinion. Thus, in our multi-asset strategies, we implement our market opinion decisively, and anti-cyclically, contrary to the market consensus and away from the benchmark. We pursue a discretionary investment approach with a long-term investment horizon. The risk-return profile of our strategies forms the basis of our approach. We consider broad diversification across several asset classes to be a prerequisite for reducing risks and achieving long-term investment success for the portfolio. To achieve this goal, we act with foresight. Based on our assessments, a clear strategic and tactical capital market opinion is derived. Accordingly, investments are according to long-term trends, but at the same time tactical management also considers medium-term investment perspectives to exploit opportunities and manage risks.

The chart below describes the overall Berenberg Multi Asset investment process.



For our monthly Investment Committee (IC), we ask for the capital market opinion of our multi-asset portfolio managers and strategists as part of an internal allocation survey. The assessments are deliberately chosen independently of the current portfolio positioning and with a medium-term investment horizon of six months. Opinions that deviate from our existing allocation thus form the basis of a discussion in order to weigh up the pros and cons of positioning in the asset classes as well as to question and, if necessary, adjust them. At the same time, with the internal survey we provide a platform for all portfolio managers and strategists to put forward new investment ideas for asset management. The Investment Committee (IC), consisting of investment strategists, economists and asset class specialists, discusses all relevant influencing factors (macroeconomics, fundamentals, technology, sentiment and quantitative signals) on a four-week basis under the leadership of the Chief Strategist (overruling authority and veto power). A review of the absolute and relative attractiveness of asset classes, segments and regions is carried out. The IC opinion is translated into a broad-based asset allocation of a balanced, restriction-free portfolio within the framework of the Asset Allocation Committee (weekly or ad-hoc). In an additional step, the asset allocation is transferred to the different mandate types (benchmark strategies, total return strategies). The decisive factors here are the selection of individual securities and the allocation to different asset classes as well as portfolio optimisation. The extent to which asset classes and segments are overweighted or underweighted is linked to the degree of conviction (confidence level) and relative attractiveness. The final step is the concrete implementation of the asset allocation in the mandates through the selection of individual securities, investment vehicles and products by those responsible for the respective investment strategy or the portfolio manager in charge. Of course, our committees also meet on an ad-hoc basis in the event of special capital market events in order to be able to guarantee a prompt adjustment of the investment strategies and portfolios.

On top of our risk control and management is a clear focus in managing our strategies. However, as the name suggests, we are concerned with controlling and managing risk, not avoiding it. Our risk management starts with portfolio construction. Here, the interactions of the various investments with each other play an essential role. We continuously monitor our holdings and look at correlations, as well as various risk parameters such as the conditional value at risk (CVaR), at the portfolio and individual security level. If the risk contributions of individual investments are too high, their weightings are usually reduced. For us, however, risk management does not generally mean that exposures are reduced just because they lose value. The decisive factor is always our conviction regarding the investment management. Overall, our risk management approach consists of three pillars: portfolio construction, quota control of the various asset classes and the addition of tactical investments to reduce portfolio volatility.

In the following we describe our asset classes and type of instruments used to implement our positions:

Equities

Mainly single stocks, supplemented by actively managed mutual funds and passive Exchange Traded Funds (ETFs). Please find more information regarding the investment process and ESG integration in the Equity and active third-party funds/ETF part of this section.

Fixed Income securities

Mainly single securities, supplemented by actively managed mutual funds and passive Exchange Traded Funds (ETFs). Please find more information regarding the investment process and ESG integration in the Fixed Income part of this section.

Alternative Investments

Precious metals (especially gold), industrial metals, energy commodities via ETFs, ETCs or certificates, absolute return, multi-strategy funds and insurance-based bonds (investments with low or negative correlation to the asset classes equities and bonds), other liquid alternative investments. Please find more information regarding the investment process and ESG integration in the active third-party funds/ETF part of this section.

Derivatives and Certificates

Generally, we use derivatives and structured products opportunistically for hedging purposes or as an additional layer to improve the performance. In addition to the criteria of risk and creditworthiness of the issuer (structured products), we pay attention to performance, transparency, conditions, tradability, reporting and track record in the selection process of structured products.

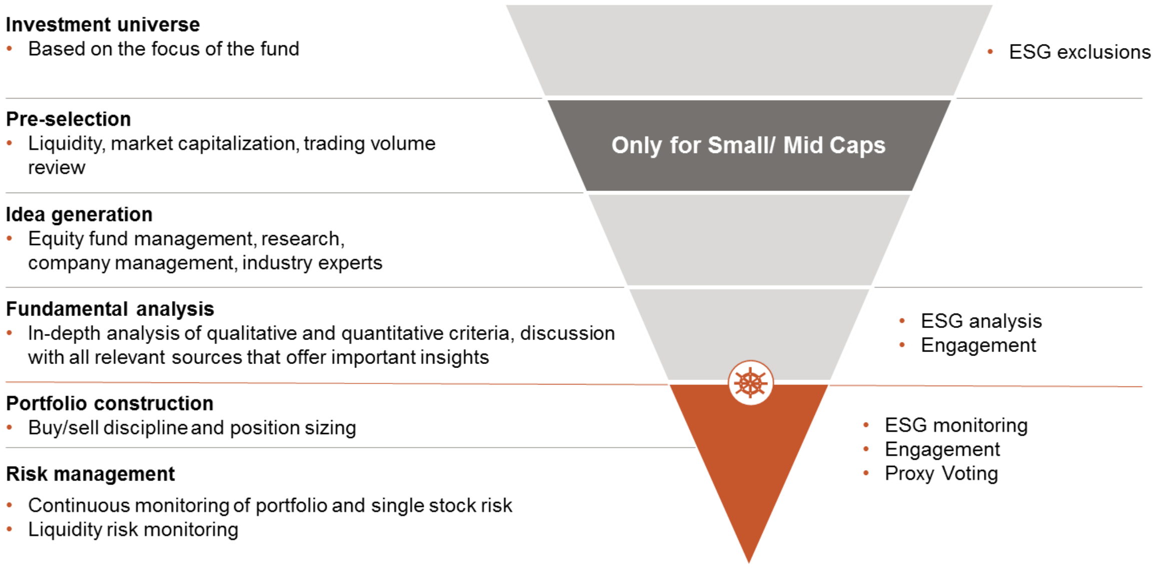
We apply ESG exclusion criteria when investing in derivatives and certificates on the level of the counterparty/issuer as well as on the level of the underlying. - In all funds and mandates we exclude over the counter (OTC) derivatives and certificates of counterparties/issuers, that violate the UN Global Compact Principles or that exhibit a red ESG controversy flag as marked by

MSCI ESG Research and are thus directly involved in ongoing very severe ESG controversies. Exclusion criteria on the counterparty/issuer-level are not applied for exchange-traded derivatives. For short positions no exclusion criteria are applied to the underlying. For long positions in derivatives or certificates on individual securities, the exclusion criteria for single investments per ESG category are applied to the underlying. For long positions in index derivatives and certificates the approach to ETFs applies.

2. Equities

With our equity platform we invest across the entire market cap range. The investment process is based on an active, disciplined and risk-controlled management style. Fundamental single stock selection ("bottom-up approach") is at the core of our investment process. Top-down trends are considered when estimating the attractiveness of single stocks but are not a decision criterion. The fund management team uses proprietary, independent research and is in close contact with senior management of the respective companies. We employ an unconstrained, high conviction approach to investing. This results in a high active share. With a long-term investment horizon our investment team identifies structural and sustainable growth drivers. We focus not only on megatrends but also on niche trends, which tend to be underfollowed by investors.

The chart below describes the overall Berenberg Equity investment process:



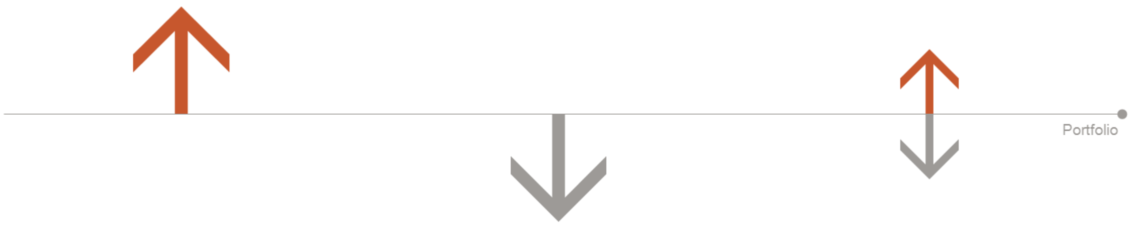
We generate investment ideas from multiple sources, leveraging the firm´s strong resources and external contacts. Based on an internal watch list, we track potentially attractive stocks that could be considered as an investment in the future. We leverage this and our strong network to the management (CEO & CFO) of many companies. We also use various global and regional sell-side research houses, including our in-house sell-side team of over 100 analysts covering more than 800 stocks. Through conversations with external industry experts and the associated additional independent information, we obtain a comprehensive overview of potential investments.

The research process is centred on the estimation of a company's long-term earnings power. The data used is a combination of qualitative and quantitative factors, although qualitative criteria get a higher weighting in the decision-making process. The qualitative factors are the attractiveness of the business model, the industry and competitive environment, competitive advantages, management quality including operating track record, capital allocation and trustworthiness. Quantitative factors are the market opportunity and outlook for growth, margin and cost structure, capability to reinvest and distribute cash and long-term earnings power. Balance sheet quality is another important quantitative criterion and focused on a low probability of financial distress. The current valuation is accordingly compared with the long-term potential.

We look for companies where the forecasted growth potential is not (or not yet) entirely priced in. We want to anticipate rather than react and are careful not to overpay for a "growth story", exercising considerable discipline on this front. The portfolio management team specifically aims to identify fully, or partly "undiscovered" structural growth as opposed to growth momentum, searching for stocks demonstrating structurally above average earnings and cash flow growth.

Portfolio construction is an on-going process predominantly driven by focusing on using the best investment ideas. The key task of the portfolio manager is to tilt the portfolio towards the most promising investment ideas; this is where the experience and conviction of the portfolio management team are key factors. The portfolio manager structures an efficient portfolio based on the results of our fundamental analysis, stock liquidity, the number of stocks in the portfolio and his convictions on the individual stock.

The decision to consider a "Buy or Sell" is determined in the investment process, where following criteria are reviewed:



Buy

- Convincing investment case
- Company meets fundamental criteria
- Reasonable valuation

Sell

- Broken investment case
- Loss of faith in company management
- Stretched valuation
- Better alternatives

Position Sizing

- Increasing/ decreasing conviction
- Valuation and upside potential
- Liquidity analysis and market cap

Due to its composition, the main risk of our portfolios is single stock risk which is managed as shown below:

Qualitative Criteria	Quantitative Criteria
It is important to identify risks before they materialise in the financials.	Financial and valuation risks are reflected in the numbers.
• Changes in the business model • Weakening competitive position • Management risk • Structural market changes • ESG risk	• Liquidity risk • Decelerating profitability/ returns • Stressed balance sheet • Declining earnings growth • Stretched valuation
Control through continuous and consistent analysis via regular company meetings, discussions with customers and suppliers from the industry	Control through financial analysis and evaluation discipline

ESG in Equities

We consider ESG risks and opportunities not only when making investment decisions, but also throughout the holding period and we apply them as decision criteria for selling. As part of our fundamental equity analysis, we regularly conduct ESG analyses in cooperation with the ESG Office and monitor individual stocks regarding various ESG aspects. In doing so, we identify at an early-stage issues that could raise ethical questions and potential risks, as well as ESG-related trends and opportunities.

Screening: Berenberg ESG minimum standard

The ESG exclusion approach filters out companies associated with certain products or activities, such as controversial weapons or thermal coal mining and power generation. Our exclusion criteria set a minimum standard from an ESG perspective that companies must meet in order to be investable. We review our exclusion criteria on a regular basis and adjust them if necessary.

Flagging: ESG controversy monitoring

As part of our ESG controversy monitoring, we identify companies that are associated with serious or very serious ESG controversies. We exclude all companies that are directly involved in ongoing very severe ESG controversies ("red flags"). In the case of severe ESG controversies ("orange flag"), the portfolio management directly engages with the company, both in the case of existing holdings and in the case of potential new investments, in order to analyse the controversy and make a final investment decision based on the outcome.

I. Flagging	II. Active engagement	III. Assessment and follow-up
No or Minor controversies Moderate controversies	No analysis of controversies	Not excluded
Severe controversies	If controversies arise, we undertake further research and, if applicable, we start active engagement with the relevant companies.	Discussion between portfolio management and ESG Office to decide whether to keep/sell the position. Ongoing monitoring of closed controversies.
Very severe controversies	No analysis of controversies	Excluded

Research: ESG data analysis

For our ESG opportunity and risk analysis, we rely on our internal research and interaction with companies. In addition, we use third-party providers such as MSCI ESG. ESG data from external providers is an important input factor in a comprehensive ESG analysis. However, we do not rely purely on this information but question its results and evaluate them with the companies if necessary. Besides ESG compliance, long-term profitability remains the decisive selection factor.

Engagement: Exchange with companies

Our close contact with companies, especially in the small and mid-cap segments, continuously improves our understanding of sustainability. As part of our engagement, we encourage companies to fulfil their responsibility towards society and environment.

Proxy voting: Provision of vote recommendations

Based on our own Proxy Voting Policy, the portfolio management collaborates with our ESG Office to define recommendations for voting at general meetings of the portfolio companies held in our mutual equity funds. We pass these recommendations on to the investment management company, Universal Investment, which in turn takes these recommendations into account when exercising its voting rights.

Investment example: Equity– German Semiconductor Manufacturer

Overview: The company is a global semiconductor leader in power systems and IoT. It drives decarbonization and digitalization with its products and solutions.

Screening: The company is not involved in any excluded business activities as set out by our general and extended WAM exclusion criteria. The compliance with said criteria is checked pre- and post-trade based on revenue data provided by MSCI ESG Research.

Flagging: The company had not been linked to any relevant ESG controversy based on the assessment by MSCI ESG Research, received a Green controversy flag indicating no or minor controversies, and is aligned with the UN Global Compact principles. Thus, no exclusion or engagement was necessary on this basis.

Research: The company was assessed within fundamental and ESG analysis based on internal research and input from a variety of sources, including broker research, ESG-related input by MSCI ESG, and Governance-related input by IVOX Glass Lewis. As one of the leading power semiconductor, control, and sensor manufacturers it has a strong exposure to automotive and industrial markets which are benefitting from various structural growth drivers such as electro-mobility, autonomous driving, renewable energy and energy efficiency. The markets have generally solid entry barriers due to necessary economies of scale, technological know-how, high quality standards and long duration of revenues. With its strong positioning in relevant areas, the company can benefit from these fundamental drivers. Over the last couple of years, it put a lot of work into its approach to sustainability and into reducing its negative impact on the environment. On the environmental side, the company is fully aware of its impact and tries to reduce water usage while targeting carbon neutrality on Scope 1&2 level by 2030. Its products enable significant savings in energy on customer level and dwarf the company's own emissions. Infineon's climate strategy is founded on two pillars: continuous reduction of its own emissions and the active contribution Infineon and its innovative products and solutions make to climate protection thanks to better resource management. On the social side, the company has stringent supplier and mineral sourcing strategies while having a well-defined strategy to gain and retain qualified employees.

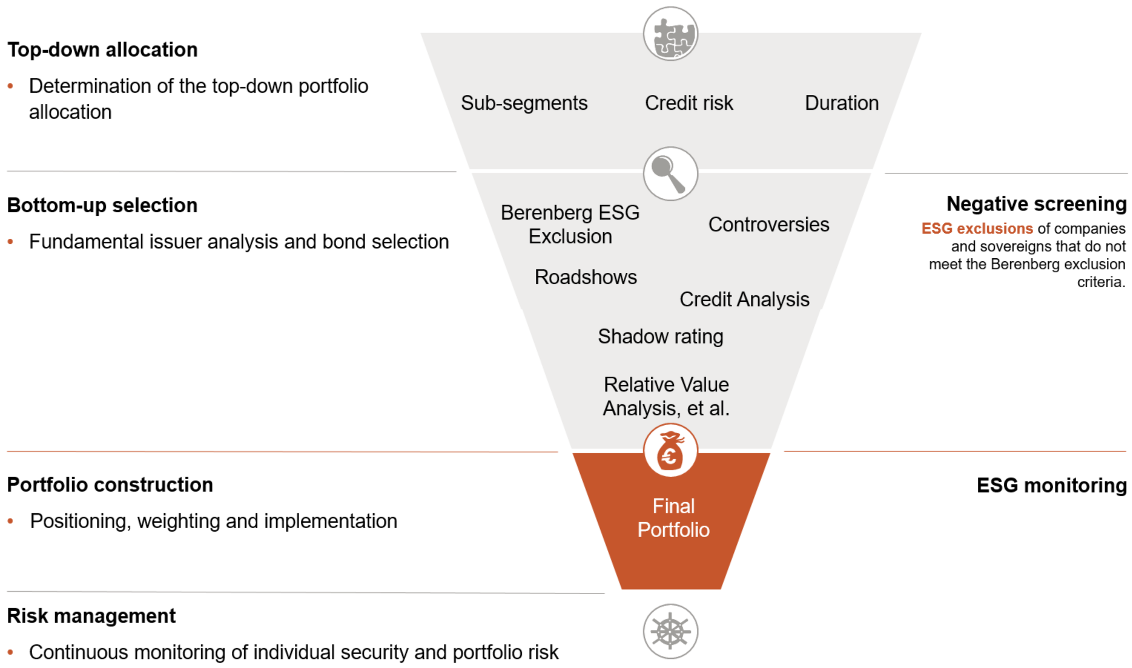
Engagement: Over recent years, portfolio management and ESG Office had been in regular exchange with the company's management and investor relations on the development of its business, financial results, and specific ESG-related issues. ESG topics addressed included the company's emission reduction strategies, the integration of ESG metrics into remuneration, energy efficiency measures, their potential to profit from sustainable technologies and specific governance aspects.

Proxy Voting: We have provided vote recommendations for the company's annual general meetings over the past five years, each based on initial review by IVOX Glass Lewis based on our WAM Proxy Voting Policy and internal analysis and alignment between ESG Office and responsible portfolio manager. For the 2020 AGM we had recommended to vote against the re-election of two supervisory board members due to overboarding and against increases in authorised capital as limits set by our policy had been exceeded. We subsequently engaged with the company on these aspects and have since then not seen any reason to recommend to vote against any agenda points at annual general meetings.

Summary: The company remained a core holding of several of our portfolios during the reporting year.

3. Fixed Income

The investment process is divided into four key steps as follows:



Top-down allocation

A flexible and opportunistic portfolio management according to the current market environment is key.

In order to determine the portfolios top-down allocation, we analyse several macro & market driving factors to evaluate the current market sentiment and environment such as:

- economic strength, monetary policy & the (geo-) political environment
- primary market activity
- market liquidity and solvency
- rating trends and credit cycle, credit spreads
- relative attractiveness and credit segment, valuation
- market momentum/sentiment
- technical aspects (supply & demand, positioning etc.)

In addition to our fundamental analysis of these factors, we use our own-developed proprietary credit risk model, where these input factors are systematically evaluated and analysed.

Minimum Requirements

Minimum requirements are necessary to be considered for the investment process. As such, only listed companies providing sufficient fundamental information can be analysed. Additional exclusion factors are geographic origin and market liquidity. The step aims to reduce country and downgrade risk and reviews data transparency. Furthermore, we consider the Berenberg ESG philosophy and are able to implement client specific ESG criteria. All issuers that fulfil the minimum requirements will be considered further.

Fundamental bottom-up analysis and selection

The in-depth bottom-up analysis of issuers and bond structures serves to identify attractive issuers and opportunities. Thereby, the personal exchange with the issuers' management serves as an important source of information.

Thus, our detailed bottom-up analysis and bond selection is the key driver of our investment process and consist of the four different stages as outlined below:

Multi-stage analysis and selection process

Idea generation and quantitative analysis of the investment universe 1

At segment / sector level:

- Relative attractiveness of different segments
- Regulatory drivers

At issuer level

- Fundamental, sector-specific financial ratio analysis
- Validation through proprietary shadow rating
- ESG exclusion criteria

Qualitative analysis of the business model and material drivers 2

- Industry & competitive situation
- Business model
- Management
- Corporate Strategy
- Ownership structure
- Material ESG Aspects
- Controversies & Conflicts

Bond analysis including prospectus screening 3

- Liability relationships, guarantees, letter of comfort
- Analysis of the transaction structure
- Credit clauses (covenants)
- Regulatory peculiarities
- Market liquidity

Selection and portfolio construction 4

- Bond selection based on relative attractiveness
- Risk management as a material driver of position size
- Final portfolio construction

Portfolio Construction

In a final step we determine the weighting of the individual issuers which ultimately depends on the final number of issuers selected, the risk appetite of the respective strategy and the target weighting of the bond sector.

Risk Management

Risk management is performed continuously at all stages of the investment process. credit-, liquidity-, interest-rate risk as well as ESG-migration risk are carefully considered and actively managed.

ESG in Fixed Income

We exclude bonds issued by companies that do not meet our minimum ESG standards. The same applies to government bonds based on ESG exclusion criteria for issuing countries. In our investment selection, E, S and G factors are integrated into the credit analysis. Through our active dialogue with invested companies and issuers we exert influence with the aim of ultimately inducing positive change. In fixed income, we currently offer products in our internal WAM ESG categories *ESG screened* and *ESG targeted & impact focused*. Additionally, we can offer special funds and special mandates with individual criteria in the category ESG Integrated. The application of the ESG integration elements Screening, Flagging, Research/Analysis, and

Engagement, as described below, is dependent on a product's/strategy's internal ESG categorization.

Screening: Berenberg ESG minimum standard

The ESG exclusion approach filters out companies associated with certain products or activities, such as controversial weapons or thermal coal mining and power generation. We also apply exclusion criteria to government bonds. Our exclusion criteria set a minimum standard from an ESG perspective that investments must meet in order to be investable and differ depending on the internal ESG product category. We review our exclusion criteria on a regular basis and adjust them if necessary.

Flagging: ESG controversy monitoring

As part of our ESG controversy monitoring we identify companies that are associated with severe or very severe ESG controversies. We exclude all companies that are directly involved in ongoing very severe ESG controversies ("red flags"). In the case of severe ESG controversies ("orange flag"), the portfolio management directly engages with the company, both in the case of existing holdings and in the case of potential new investments, in order to analyse the controversy and make a final investment decision based on the outcome.

Research: ESG data analysis

For our ESG analysis, we rely on our internal research and dialogue with companies and issuers. We also use third-party providers. ESG data from external providers is an important input factor in a comprehensive ESG analysis. However, we do not rely purely on this information but review the results and evaluate them with the companies and issuers if necessary. Besides ESG compliance, long-term profitability remains the decisive selection factor.

Engagement: Exchange with companies, issuers and asset managers

Our close contact with companies and issuers continuously improves our understanding of sustainability. As part of our engagements, we encourage them to consistently fulfil their responsibilities towards society and environment..

Investment example: Green Bond – German Financial service provider

Overview: The company engages in the provision of commercial banking and financial services. It offers products in the areas of export and trade finance, documentary business, interest and currency management, derivatives, payment services, and leasing for middle-market companies. The issued green bond (re-)finances eligible sustainable loans in the categories Renewable energy, Mobility and Real Estate.

Screening: The company is not involved in any excluded business activities as set out by our general and extended WAM exclusion criteria. The compliance with said criteria is checked pre- and post-trade based on revenue data provided by MSCI ESG Research.

Flagging: The company had not been linked to any relevant ESG controversy based on the assessment by MSCI ESG Research, received a Green controversy flag indicating no or minor controversies, and is aligned with the UN Global Compact principles. Thus, no exclusion or engagement was necessary on this basis.

Research and Impact Analysis: The Green bond enables investments in the categories Renewable energy, Mobility and Real Estate, all eligible, (re-)financed loans aim to reduce carbon emissions created in the respective sectors.

The green bond contributes to the SDG 7 Sub-Goals:

- 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
- 7.3 By 2030, double the global rate of improvement in energy efficiency

Summary: The company's green bond was part of impact-focused portfolios during the reporting year.

Investment example: Corporate Bond – No investment due to ESG controversies

Overview: The company is a major player in the steel industry and a constituent of the EUR bond investment universe we frequently analyse. The company is in a healthy fundamental shape, has a positive credit rating trend with an upgrade in 2021 to the investment grade rating spectrum as well as a positive credit outlook. Overall, adequate metrics that would qualify an investment on a fundamental basis.

Screening: The company is not involved in any excluded business activities as set out by our general and extended WAM exclusion criteria. The compliance with said criteria is checked pre- and post-trade based on revenue data provided by MSCI ESG Research.

Flagging: The company was linked to several relevant ESG controversies based on the assessment by MSCI ESG Research, across different areas crucial for responsible business conduct, including Governance, Labor Rights, Environment, Health & Safety, Impact on Local Communities, Collective Bargaining & Union, and Toxic Emissions & Waste. The severity of controversies, particularly in Health & Safety, has led to a red controversy flag, resulting in a violation of our general ESG exclusion criteria.

Summary: as of writing of this report, the company is excluded from investment.

4. Third Party Funds and ETFs

In our portfolio we include third party funds and ETFs as strategic portfolio components. For liquidity purposes, a fund vehicle may be more efficient to gain exposure to a larger number of stocks within a niche.

Our fund selection for actively managed funds works as a two-stage process.

<u>Third party funds</u>

The quantitative process (based on past performance) is based on the data from independent data providers like Morningstar and Bloomberg. There are three stages when assessing the funds quantitatively. The first step is about pre-selection where a broad peer group is defined based on the funds' investment focus. This broad selection is then narrowed down through an analysis of the funds' general return and risk characteristics as part of the second step. This narrower peer group will finally be analysed in greater depth to find the funds whose performance characteristics best fulfil the requirements to add value to the overall portfolio.

The peer group that remains after the quantitative assessment usually consist of 3 to 5 funds. These funds will now be viewed through a more qualitative lens where their strengths and weaknesses are judged by meeting with the fund managers. Various aspects will be talked about with some of them being asset class specific. Areas that will always be in focus during these meetings include the investment process, risk management, the fee and legal structure of the fund as well as the asset manager's corporate structure. At the end of this process stands the goal of selecting the funds that most likely will be able to generate an outperformance in the future but also best fit into the existing portfolio.

ESG in third party funds

We apply ESG exclusion criteria when investing in active third-party funds and ETFs. Exclusion criteria are applied in the asset manager selection (i.e., criteria the external asset manager must comply with) and in the product selection (i.e., criteria the external asset manager must bindingly apply to the product's portfolio). In all funds and mandates we exclude third-party funds and ETFs by asset managers who are not signatories to the UN-supported Principles for Responsible Investment (PRI), that violate the UN Global Compact Principles or that exhibit a red ESG controversy flag as marked by MSCI ESG Research and are directly involved in ongoing very severe ESG controversies.

To be eligible for investment in all funds and mandates, active third-party funds need to fully exclude producers of controversial weapons as well as companies in violation of the UN Global Compact Principles from their portfolios. Furthermore, an ESG analysis of active third-party funds is carried out in an internal process based on a proprietary ESG questionnaire, which among others considers potential further exclusion criteria applied by the respective asset manager.

<u>ETFs</u>

ETFs are used to take advantage of short-term market opportunities, build exposure to more efficient markets where the advantages of active management tend to be limited and are an instrument to manage our equity, spread and duration sensitivity efficiently.

Our selection criteria for passively managed funds (ETFs) are:

- *replication methods*: physical and swap and their transparency (e.g. fees)
- *performance*: conspicuousness in terms of performance/tracking error/costs
- *securities lending*: transparency (collateralisation/counterparty/fees)
- *tax aspects*: tax transparency (double taxation agreements, stamp duties)
- *tradability*: primary/secondary market, bid/offer spread, market makers

ESG in ETFs

In *ESG screened* funds and mandates, ETFs with an underlying ESG index are chosen, where possible. In *ESG integrated* as well as *ESG targeted & Impact focused* funds and mandates, only investments in ETFs with an underlying ESG index are permitted and further ESG analysis on these ETFs is conducted. All ETFs with an underlying ESG index must apply the following minimum exclusion criteria on a portfolio level in a binding manner to be investible:

- Full exclusion of producers of controversial weapons as well as suppliers of critical components (i.e. without revenue threshold),
- exclusion of companies that derive more than 5% of their revenues from the mining of thermal coal or more than 25% of their revenues from thermal coal power generation,
- exclusion of companies that derive more than 5% of their revenues from manufacturing tobacco products, and
- exclusion of companies that derive more than 5% of their revenues either from oil sands extraction or from oil extraction from other unconventional oil & gas.
- exclusion of companies that violate the UN Global Compact Principles.

In-house Solutions

In-house solutions are generally specialities and are only used if they are among the best on the market, if a high-quality external solution is not available or due to liquidity and diversification reasons (for example Small Caps). But in-house solutions can also be excluded on client request. Furthermore, any inducements and commissions are disclosed and passed on to the clients. Other costs incurred by the bank (e.g., third-party expenses) are borne by the client. Within our portfolios, we strive to buy in-house Berenberg share classes that do not charge a management fee.

Stewardship, investment and ESG integration within the Corporate Banking

At Berenberg Corporate Banking, we offer tailored advice and support to medium-sized and listed companies, institutional investors, financial investors, and single family offices in various transactions and day-to-day operations. We specialize in niche areas such as structured finance, infrastructure and energy, shipping, and real estate, providing comprehensive expertise in these sectors. Over the years, we've expanded our capabilities to include debt fund solutions for institutional investors, showcasing our commitment to innovation and meeting the evolving needs of our clients. Similar to the commitment in the Wealth and Asset management business unit, we recognize the growing significance of Environmental, Social, and Governance (ESG) factors in corporate decision-making and investment strategies. In line with this, we integrate ESG considerations into our financial analysis and transaction advisory services, enabling us to better assess risks and opportunities for our clients.

In the following section, we describe the investment process as well as how ESG criteria are incorporated into our management processes for the following asset classes that are relevant for our investment process:

❶ Structured Finance, ❷ Infrastructure & Energy, ❸ Shipping ❹ Real Estate Equity.

Asset Classes

1. **Structured Finance**

Berenberg Corporate Banking specializes in financing Private Equity and sponsor-backed corporate acquisitions both domestically in Germany and internationally. Our team is distinguished by its discretion, transactional expertise, and deep understanding of capital markets dynamics. We offer comprehensive support to both financial investors and medium-sized companies embarking on complex financing projects. Whether it's facilitating buyouts, acquiring minority stakes, or orchestrating corporate-to-corporate acquisitions, we tailor our financing solutions to meet the unique needs of each client. Our structured loans typically exceed EUR 33m and can extend to triple-digit million euros, particularly when leveraging the resources of our managed debt funds. In addition to traditional senior structures for acquisition financing, we have emerged as a prominent super senior financier in collaboration with major private debt funds. This partnership allows us to provide flexible and innovative financing solutions that align with the diverse requirements of our clients. Furthermore, through our strategic collaboration with the European Investment Bank (EIB), we offer reliable support to corporate clients seeking substantial working capital financing as part of their transactional requirements. This partnership underscores our commitment to facilitating growth and expansion opportunities for our corporate clients by providing access to a broad spectrum of financing options tailored to their specific needs and aspirations.

Investment Approach

Initial approach: At Berenberg Corporate Banking, we maintain a strong network of relationships with sponsors and advisors, which keeps us well-informed and closely connected to the market. Through this network we get approached directly by debt advisors or private equity sponsors (PEs), who see us as a trusted partner for their financing needs. Beyond these new engagements, we also focus on supporting our existing portfolio companies by providing add on financing needs. After getting approached we are provided with information packages from the respective party for further analysis by the structured finance team.

Preliminary structuring discussions: The initial selection of a transaction follows our key investment criteria, which are: no cyclicality, leading market positioning, low competition, high market entry barriers, margin and cash flow strength. Additionally, an initial discussion regarding deal structuring, including aspects such as debt capacity, net leverage, and debt service coverage, is conducted within the deal team as a preliminary structuring conversation. After initial discussions we decide whether to pursue with the transaction.

Analysis of information: After the initial discussions, further in-depth analysis follows. The analysis is based on different documents mainly consisting of several due-diligence reports as e.g. Financial, Commercial, Legal, Tax and Technical from different providers as for example PwC, RSM Ebner Stolz, Roland Berger, BCG and others. These due-diligence reports are complemented by annual reports, company contracts, management presentations and external expert sessions as well as in-house research. In particular, the analysis will focus on:

Business model: Competitive advantages of the company and products, suppliers, customers, market attractiveness and market growth dynamics, employees, competition, management, cyclicality etc.

Financials: Sales drivers, cost base, cash flows, profitability, working capital, off-balance, liabilities, capex etc.

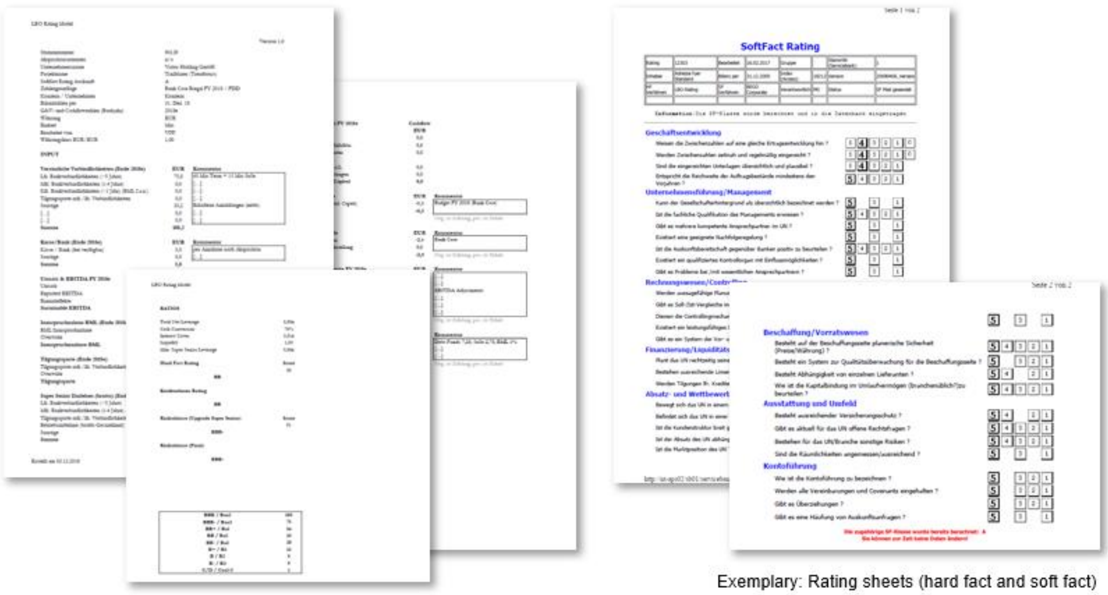
Legal: Patents, trademarks, insurance, legal disputes, employment contracts, antitrust issues etc.

Based on the information provided we decide whether to pursue with the preparation of the investment proposal.

In addition to conducting initial screening of potential assets, it is essential to ensure compliance with fund-specific regulations, including geographic restrictions, minimum margins, ESG and durations.

Preparation of investment proposal with continuous control from the Credit Risk Management (CRM): The deal team prepares the investment proposal with continuous control from CRM. The investment proposal is a summary of the key points relevant for the credit decision. The following topics are discussed and analysed: Credit amounts and lending conditions, business model and industry, market / competition / customers, Strategy, ESG, corporate and shareholder structure, financials and plan (P&L, balance sheet, cash flow and plan), debt capacity, downside scenario, risk category (rating), compliance with investment guidelines, first and second vote and ESG.

Rating: We use two different in-house rating tools for credit risk rating. A hard fact rating is performed by credit risk management, based on available financial information. The hard fact rating is a quantitative risk assessment methodology and mainly based on weighted total net leverage, cash conversion, interest coverage and liquidity. Further a soft fact rating is performed by the structured finance deal team. The soft fact rating is an assessment of credit risk based on qualitative questions in a softfact questionnaire. Credit risk management reviews the soft fact rating. The weighted credit score is expressed analogously to Moody's scale, with ratings ranging from 'Aaa' for excellent creditworthiness to 'C' for cases facing significant credit risks.



Exemplary: Rating sheets (hard fact and soft fact)

Term sheet negotiations: Simultaneously to the internal investment process, the term sheet will be discussed and negotiated with financial investors and borrowers and in some cases with additional lenders. It is used as a basis for the documentation. The term sheet includes key terms such as debt volume, pricing, maturity, financial covenants, maintenance covenants, equity contribution and scope of security package in order to have a sufficiently detailed basis for the credit documentation and for the investment committee to have a better understanding. Results from the due diligence analysis will be taken into account in the term sheet negotiations.

Credit approval and audit of investment proposal: The investment committee is structured in different layers. While the structured finance deal team is consisting of minimum two front office bankers who originate, evaluate and structure the transaction in the first layer, the team then presents the opportunity to the Head of Structured Finance, who performs an initial review, gives pre-approval and provides guidance on key due diligence topics. After pre-approval, the investment team prepares the credit paper, the Head of Structured Finance approves it and the credit paper is circulated to the Head of Corporate Banking and the Head of Client Services & CRM. After approval from the Head of Corporate Banking (first vote) and the Head of CS & CRM (second vote), the Head of Corporate Banking circulates the credit paper to the personally liable partners Hendrik Riehmer, David Mortlock and Christian Kühn, who give final approval. The vote must be unanimous. The following topics are of major relevance: Credit amount, repayment and terms, Tranches and maturity, Securities, Ranking, Obligations of the borrower, Financial covenants, Grounds for termination. As a portfolio manager, Berenberg has voluntarily committed to an additional audit of the most relevant financial metrics by an independent auditor ("commercial checklist"). This document is intended to protect the investors, as it confirms the correctness of most relevant financial metrics from the investment proposal. The audit of the investment proposal is i.a. based on the SFA, financial due diligence, management plan financials and SPA. The audit is performed by AC Christes & Partner GmbH, who are not only well-known for their expertise in auditing but also in performing financial due diligence.

Negotiation of documentation: After agreeing on the commercial terms, the credit and security documentation is drafted by specialized external lawyers. The borrower and the lender both engage independent legal counsels. The drafts provided by the external lawyers are reviewed by Berenberg's inhouse legal department.

CP review, legal check of documentation and signing SFA: The conditions precedent include several terms (KYC, equity contribution, legal opinions, securities, etc.). The external legal advisors provide legal opinions on the enforceability of the credit and security documentation. Berenberg arranges an additional check for completeness and correctness ("legal checklist"), which is prepared by its external legal counsel.

Closing and transfer of funds: The transfer of funds is performed after signing of the SFA and CP satisfaction. The process involving the Direct Lending Fund includes several parties. The portfolio manager instructs the depositary to call the investor's capital. The custodian also transfers the funds to the relevant account. The AIFM does the bookkeeping on the transaction and oversees the process. After the transfer of funds, the loans are booked in the internal system and the conditions are recorded.

Monitoring and reporting: Berenberg front-office and CRM both monitor ongoing investments. Usually there is a monthly information exchange where the company releases monthly financials. Additional quarterly and annual reports are shared. Ad-hoc information requests are being dealt with by management calls or formal management meetings. We aim to have at least one Financial

Covenant in the Loan Agreement, which is being tested quarterly. The most common covenant we currently see is the Total Net Leverage Covenant (defined as Net Debt divided by EBITDA). We regard the Financial Covenant as an absolute key feature of protection, because it shall serve as a warning sign at the right point in time. This means, we don't accept a Financial Covenant level that (if breached) would reasonably put at risk that our loan is not covered by the enterprise value of the company anymore. This gives us sufficient time to understand the situation and reasons for the underperformance, discuss solutions with the other stakeholders to de-risk the case for the lenders or to take action.

<u>Our ESG Investment Strategies</u>

In order to assess ESG risks in a structured finance private debt transaction a 3-step approach has been designed with the aim to enable „go / no-go" investment decision from an ESG perspective. Due to the lacking market standard for relevant ESG criteria at present the assessment is in principle qualitative in nature. If the assessment points to above-average ESG risks in a transaction then such ESG risks will be explained and mitigated, if appropriate. Should it not be possible to mitigate the ESG risks then the transaction will not be pursued.

Level 1	**Exclusion of No-Go industries**	• No pornography, tobacco, armor, alcohol, gambling, nuclear power, genetically modified organisms
Level 2	**Potential country related risks**	• Identifying potential governance risks based on country governance scores (Worldbank)
Level 3	**Potential industry related risks**	• Identifying potential environmental and social risks based on industry classification (S&P Scoring and some)
Docu-men-tation	**Assessment**	• In case of above-average ESG risk based on the country and/or industry, ESG will be explained and mitigated, if appropriate • Recording of the ESG assessment in the investment thesis/proposal

Level 1

In level 1 of our ESG assessment process we exclude „no-go" industries, which are defined as pornography, tobacco, defense, gambling, nuclear power and genetically modified organisms.

Level 2

In level 2 potential governance risks based on country governance scores are identified. The Worldbank has scored almost all countries worldwide on six governance elements: voice and accountability, political stability / no violence, government effectiveness, regulatory quality, rule of law and control of corruption. We take the average score from these elements as the governance score in our approach. If a company has substantial exposure to countries with significant governance risks, then ESG must be analysed, explained and documented in more detail. The minimum acceptable country score without need to explain governance risk is at 60. If a country scores above or equal to 60 then it is considered a country with below-average governance risk. In case of a score below 60 the country is considered as a country with above-average governance risk. The assessment of governance risk base on country exposure of the borrower group works as follows:

Country of residence: If the HQ of the group is situated in a country with above-average country risk ESG should be explained and mitigated.

Percentage of net sales, sourcing or operating profit related to sanctioned countries: If the group generates value from sanctioned countries, then ESG will be explained and mitigated.

Percentage of employees, net sales, sourcing or operating profit in / from subsidiaries abroad, which includes in-house or JV production / assembly or contract manufacturing abroad: If the group has subsidiaries in countries abroad or has contract manufacturing agreements with companies in countries with above-average country risk ESG should be explained and mitigated.

A threshold of 5% per subsidiary, but max. 5% over the total of foreign subsidiaries or contract manufacturers is included above which ESG risk needs to be explained and mitigated, should it concern countries with above-average ESG risks.

The significance of the subsidiary abroad is expressed by % of employees; should this metric not be available or accurate, then % of net sales, % of cost of goods sold, % of EBITDA or % of value impact can be used.

No entry required for strong G-Score countries such as Germany, Austria, Switzerland, Scandinavia, UK, US, Canada, EU (excl. Romania due to Score below 60), Australia, New Zealand and Japan.

Level 3

In level 3 potential environmental and social risks based on the industry are analysed. Industry risks are based on an industry classification by S&P. S&P has ranked 34 industries on environmental and social risks. This classification serves as the basis for our environmental and social assessment. In the analysis of S&P, all industries receive scores from 1 to 6 on both Environmental and Social. Besides industries classified by S&P several other industries to which Berenberg has or might have credit exposure were classified by Berenberg: fashion / apparel, industrial production, infrastructure, pharma, education, data services, wholesale and other. If a borrower is active in an industry with above average "ES risks" (defined as scores of 4-6) then ESG risks are explained and documented in more detail.

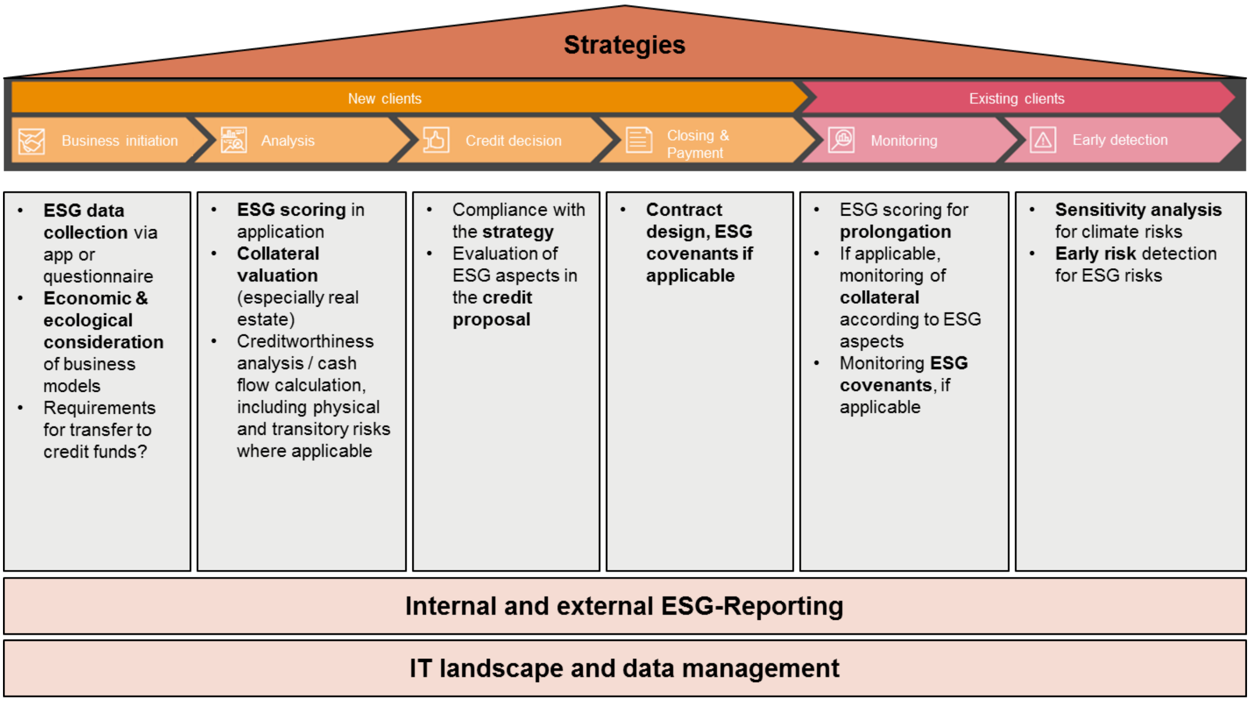
Output

The country and industry related input criteria are entered into an internal ESG assessment tool based on the aforementioned data that shows whether some criteria still need to be analysed individually and documented accordingly. The tool is evaluated once a year and adjusted when necessary.

Stammnummer Unternehmensname					
Industry (S&P)	Health care		Environmental risk		
			Social risk		
Country of Residence (HQ)	Germany		Governance risk		
Net sales	Country	% of Net sales	Subsidiary, incl. In-house or JV Production / Assembly or contract manufacturing	Country	% of Employees
Sanctioned countries only	Country	0%	*No entry required for DACH, Scandinavia, UK, US, Canada, EU (excl. Romania), Australia, New Zealand, Japan*	Please Select	0%
	Country	0%		Please Select	0%
	Country	0%		Please Select	0%
	Country	0%		Please Select	0%
	Country	0%		Please Select	0%
	Country	0%		Please Select	0%
	Country	0%		Please Select	0%
	Country	0%		Please Select	0%
Sales / Production / Sourcing			Governance risk		
Final result					
Explain environmental, social and governance (if necessary)					
No BeGo excluded industry	Confirmed		Excluded industries		

Monitoring (ESG Risk Management)

The Minimum Requirements for Risk Management (MaRisk) regulations of the German Federal Financial Supervisory Authority (BaFin) require the consideration of sustainability risks in the credit decision-making process if they are deemed to be material. Under the Berenberg Corporate Banking ESG Credit Risk approach, an ESG score is determined based on customer information regarding ESG factors. This score is tailored to the customer's industry, utilizing industry data from the external provider Institutional Shareholder Services (ISS). The ESG score is generally required for both new credit transactions and existing business, with the requirement for existing customers to be assessed on a yearly basis. Two questionnaires are available for assessment: one for corporate clients ("Corporates") and a specific one for ship object financings ("Shipping"). The application of ESG scoring occurs in three different scenarios: Firstly, for listed customers with an existing ESG score in the ISS database, that score is utilized. Secondly, for Corporate Banking customers too small for individual scoring, they receive the average score of their industry. For the majority of customers not covered by the first two cases, an individual score is generated using one of the questionnaires. ESG scoring is required for a representative portion of our credit portfolio, with risk-based exceptions possible. These exceptions include natural persons, legal entities with specific financial products, and securities-backed loans.



Monitoring (PAI)

Since 2023 we are required by the EU ESG regulation to measure and disclose the Principal Adverse Impacts (PAIs). A PAI is any impact of investment decisions or advice that results in a negative effect on sustainability factors, such as environmental, social and employee concerns, respect for human rights, anti-corruption, and anti-bribery matters. For all our portfolio companies we send out questionnaires once a year regarding the PAIs.

Investment example: Leading Healthcare Software Provider

Sector: Healthcare ***Status:*** Holding

Region: Europe

Corilus Group, a leading healthcare technology provider in Belgium, specializes in software solutions for frontline healthcare professionals, emphasizing operational efficiency and secure information exchange. Recent initiatives include the adoption of electric vehicles by 2022, prioritization of employee development, and improved customer satisfaction monitoring. They actively assisted the Belgian government during the COVID-19 crisis and uphold data security standards with ISO 27001 certification and ethical hacking measures. Corilus is committed to ethical business practices, undergoing extensive training and developing a Code of Conduct with a focus on risk detection and reporting. Through an individual Sustainability Margin Adjustment Agreement with Berenberg, Corilus is incentivized to achieve sustainability goals such as increasing the percentage of fully electric cars, customer DPAs signed, and promoting gender diversity. These achievements enable the group to reduce the applicable loan margin.

2. Infrastructure & Energy

The dedicated Infrastructure & Energy Team is part of the Corporate Banking Division of Berenberg and offers both, arranging customised unitranche and junior debt financing solutions as well as financial advisory services for companies active in the renewable and infrastructure sector. For the purpose of financing the late-stage development, construction, and operation of renewable energy, energy transition and infrastructure projects, which are well suited to qualify as sustainable or ESG-relevant investments, we set up Luxembourg-based investment funds. In addition, Berenberg is also partly contributing to the financings as a Lender. The Funds with a total fund volume of approx. EUR 1bn are funded by a number of European institutional and private investors and advised by Berenberg's Infrastructure & Energy Team.

Investment Approach

In addition to the signing of a confidentiality agreement, the investment initiation usually includes the receipt of a short teaser or project description and a financial model of the sponsor/developer. The Infrastructure & Energy team makes an initial assessment of the investment opportunity on this basis. After a positive initial assessment, preliminary structuring takes place. In this step Infrastructure & Energy develops a detailed financing structure together with the sponsor/developer. The aim is to achieve an adequate risk-return profile that matches the fund's investment strategy and also the client's needs. As a result, the following topics are agreed as the framework for the potential transaction:

- Commercial framework
- Preliminary source and use of funds
- Collateral structure
- Requirements for the upcoming due diligence

During the subsequent term sheet negotiations with the client, the investment is prepared for the Notice to Proceed Request which is sent to the AIFM. In particular, the following information is included:

- The cash flow calculations of the project
- The (finally negotiated) term sheet
- A preliminary KYC check
- A planned timeline for the implementation of the transaction
- The verification of formal compliance with the investment criteria of the financing sub-funds
- Allocation/reservation of funds

Following a positive vote by the AIFM in form of the Notice to Proceed, a pre-approval is granted. This forms the basis for the further allocation of resources for the investment opportunity and for the commissioning of an external due diligence.

With the signing of the term sheet, the key commercial framework data of the investment is already defined. The commercial data, the collateral and covenant package and the financing amount are now finalized, subject to documentation and due diligence and potential amendments of the financial model. In the subsequent directly commissioned due diligence, experienced consultants, and lawyers, who often already have an extensive track record with the Infrastructure & Energy team, examine the project in detail. The due diligence focuses on the following aspects:

- Legal due diligence
- Technical due diligence
- Insurance due diligence
- ESG Due Diligence
- Due diligence of the tax structure from the project SPV to the lender
- Audit of the cash flow model by an auditor as the basis for the financing
- Further KYC review of the entire structure by Berenberg and the fund's AIFM

Subsequently, the team analyses the entire project in the final loan submission/investment proposal and presents it to the Decision makers within Berenberg as well as the AIFM. After successful completion of the contract documentation, due diligence and successful completion of the credit/investment review process for the project, it is signed by the project participants as part of the contract signing.

In order to subsequently achieve the closing of the project, the fulfilment of all project-specific disbursement requirements defined in the contract documentation must be demonstrated. The client can then send a drawdown notice to the fund and Berenberg to draw down the loan. The loan is disbursed immediately afterwards either from the fund's existing resources, from repayments/repayments made or through a capital call from outstanding commitments by the fund's investors. The subsequent monitoring and reporting documents the fulfilment of the borrower's obligations from the contractual documentation.

<u>ESG Approach</u>

Governance

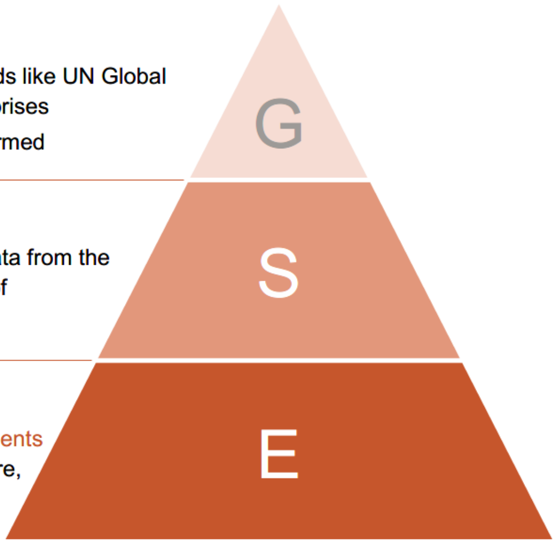
- The investees must comply with international standards like UN Global Compact or OECD Guidelines für Multinational Enterprises
- Anti-corruption and anti-bribery policies must be confirmed

Social

- During the due diligence process the fund requests data from the investees like accident prevention policies, incidents of dicrimination or human rights policy

Environmental

- The investment criterea of the fund allow only investments in renewable energy assets or associated infrastructure, thus being the achor of the ESG strategy



The investments should at least qualify under 1.6. and 1.7. of the Guideline of EIF's (European Investment Fund) criteria for Climate Action and Environmental Sustainability (CA&ES):

No.	Activity	CA&ES Criteria and guidance	Green Results Indicator
1.6	Production of renewable energy, electricity and/or Heat/Cool	This may include: a) **Wind, solar PV**, solar thermal heat, Concentrated Solar Power, ocean energy. b) Geothermal and hydropower plants operating at life cycle emissions lower than 100gCO2e/kWh. c) Biomass: ….	Installed capacity (kW) or Estimated energy production (kWh/ year)
1.7	Renewable energy technologies	Manufacturing, purchase, installation and maintenance for the operation, for example the following individual measures and ancillary technical equipment: - Solar photovoltaic systems, solar hot water panels and solar transpired collectors - manufacturing, installation, operation and upgrade of heat pumps contributing to the targets for renewable energy (refrigerant threshold: GWP ≤ 675); - wind turbines; - thermal or **electric energy storage units**; - high-efficiency micro CHP (combined heat and power) plant; - heat exchanger/recovery system. - production of renewable and other forms of low-carbon hydrogen as defined in the EU Taxonomy Regulation.	Installed capacity (kW)
	Taxonomy	**100% Taxonomy alignment expected** since financed assets consist of renewable energy assets and associated infrastructure only. The fund do not finance the developers or owners themselves but the renewable asset	

On top of that Berenberg Corporate Banking set up an article 9 fund with an underlying ESG Due Diligence.

3. Shipping

Berenberg specializes in financing maritime assets by providing loans to regional and international shipping companies. These loans typically range from USD 5 to 100m, often include a floating pricing and are 1st lien secured by common vessel types, e.g. container ships, dry bulk vessels and product tankers. In Shipping, Berenberg has been active since the 1800s and currently manages c. EUR 800m of capital provided by European institutional investors in Debt Funds. Berenberg co-invest pari-passu in every transaction that is part of Berenberg's Shipping Debt Funds. A team of more than 30 professionals is dedicated to the shipping industry and has long-term experience in transaction banking and ship finance. Since 2017, the team has grown the client network to >400 individual groups and has closed >100 financings, investing over USD 2.0bn of capital over that period.

Investment Approach

A typical ship financing transaction starts by negotiating and signing a confidentiality agreement, on which basis the client/project sponsor provides deal-related commercial, financial and technical information. The internal project head makes an initial assessment of the financing opportunity by analysing the information provided by the project sponsor and setting up the financial model. The project leader than summarizes the relevant deal parameters, ad shares them internally and schedules a "deal storming meeting". If the internal committee decides to move forward with the transaction on that basis, the project leader proposes an initial financing structure while closely adhering to Berenberg's risk/return guidelines and drafts the"Heads of Terms (HoT)" in close collaboration with the ship finance team. During the initial due diligence, the revenue potential of the underlying securities, the quality of the participating parties (e.g., client, charterer, ship & asset manager), and the project sponsor's assumptions are assessed. Fair market values of the underlying securities and detailed asset specifications are provided externally by VesselsValue. Market data on historical asset prices and earning rates is also provided externally by Clarksons Research.

The final HoT document includes the main terms and conditions, such as the loan amount, maturity, repayment profile, covenants, distribution requirements and commercial terms (e.g. arrangement fee and proposed interest rate). After receiving the internal sign-off, the project leader sends the HoT to the client/project sponsor. If the client/project sponsor agrees with the proposed main terms and conditions, the ship finance team prepares a long-form term sheet, which serves as the foundation for an investment decision and later execution. The signing of the long-form term sheet is subject to further due diligence, which however is mostly confirmatory, and receiving the debt fund's as well as managing partner's credit approval. In order to receive credit approval, an internal credit rating is conducted. Furthermore, the deal-related information is sent via email to the relevant internal parties in order to receive approval from (i) Head of Ship Finance, Head of Shipping, Head of Corporate Banking, (ii) Head of Risk Management, and (iii) Management (Partner level).

With the signing of the long-form term sheet, the key commercial framework of the transaction is defined. Subsequently, the project team summarizes the entire project in the final loan submission/investment proposal and presents it to the relevant decision makers within Berenberg as well as to the AIFM. After successful completion of the project documentation in collaboration with an external law firm (based on the Loan Market Association (LMA) standard and subject to English/German/Norwegian law) and the confirmatory due diligence, the loan agreement and security documents are signed by the project participants as part of the contract signing. In order to achieve the closing of the project, all project-specific disbursement requirements ('conditions precedent') have to be fulfilled and confirmed by the external law firm. The client can then send a drawdown notice to the AIFM and Berenberg to draw down the loan. The loan is disbursed to the borrower's account by utilizing Berenberg's and/or the debt fund's committed capital. The subsequent monitoring and reporting ensure the fulfilment of the borrower's obligations from the contractual documentation. Berenberg, acting as portfolio manager or investment advisor shares quarterly reports with the AIFM (incl. overview of KPIs, credit risk report, covenant report, report of insurance) and informs investors about all relevant KPIs combined with qualitative explanations.

ESG Approach

Since inception of the strategy, ESG considerations and a sustainability controversy check has been integral part of the investment process. Environmental aspects are considered by three KPIs, being (i) the age of the financed vessel, (ii) its score received from the surveyor checking the vessels technical condition and (iii) the governmental regime under which the vessel must be recycled at the end of its lifetime. Furthermore, the vessels flag as well as the governmental regime (e.g. ITF coverage) under which the vessels crew is employed determine the social score of the ship finance is question. Assessment of the vessels port state control track record and the outcome of the sponsors World Compliance Database checks determine the financings G-Score.

Each KPI is scored as green, yellow or red. In case one KPI shows an output scored as red, this financing can not be executed. KPIs scored as yellow must be further examined and, in case of better insights mitigating the output, the financing is question can be executed. As Berenberg is in the process of upgrading its Private Debt Funds, a concept meeting the requirements to be classified as an Art. 8 SFDR fund has been developed for the private shipping debt program. In its investment decisions, the Funds will screen sustainability development goals (SDGs) and consider principal adverse impacts on sustainability factors (PAI). In addition, specific minimum exclusions (MiFID II) are to be observed.

Carbon Intensity

Assessment whether a Loan qualifies as environmentally sustainable through **CII Rating** criteria.

UN Sustainability Development Goals

Assessment whether a Loan qualifies as sustainable under the UN SDGs through **Sustainability Scoring.**

MiFID II Minimum Exclusions

The Funds intend principally **not to invest** into certain business areas.

Principal Adverse Impact

The Funds consider **8 Sustainability factors** in its investments.

Berenberg aims for a "Best-in-Class" approach intending to build-up and maintain a loan portfolio with a sustainability standard that exceeds the one of the world fleet of the respective ship segment.

1

Carbon Intensity

Berenberg aims to predominately finance vessels with a CII of at least "C", except a Ship Energy Efficiency Management Plan (SEEMP) proving the future CII achievement is being provided.

2

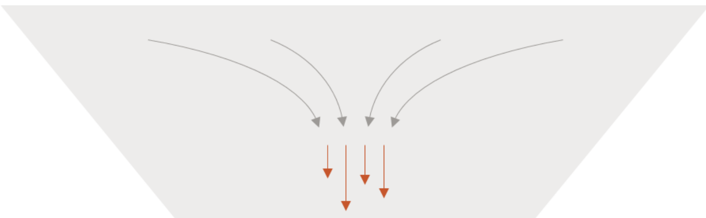
E / S / G Scoring

Scoring of individual vessel or vessel portfolio within the investment decision process.

3

MiFID II Exclusions and PAIs

Good Governance and certain sustainability factors / exclusions are considered in the Loan Facility Agreements.



ESG Asset Screening

As of today, the Ship Finance Portfolio arranged and managed by Berenberg complies with the aforementioned requirements with respect to the Carbon Intensity of the Portfolio. Furthermore, the Portfolio outperforms the Benchmark with respect to its E, S and G Scores and adheres to the MiFID II requirements. PAI-Reporting is performed on an annual basis.

4. Real Estate Equity

Real estate is one of the key asset classes that is enjoying strong demand from both institutional and private investors. The Real Estate team offers our clients, who include institutional investors, wealthy individuals, and family offices, a professional and comprehensive service in all aspects of real estate as a capital investment.

On the investment side, this includes the initiation, structuring and management of structured investments for private clients and open-end or closed-end real-estate funds for professional investors, regulated under the German Capital Investment Code (KAGB). On the service side, we offer asset management over the entire life cycle of a real estate portfolio, comprised by the active planning, management, implementation, and cross-checking of all measures affecting the value of a property. We also offer comprehensive transaction support for buyers and sellers and a broad range of advisory services from real estate and portfolio analyses to the definition of tailor-made real estate strategies.

8. Monitoring managers and service providers

Berenberg has put in place minimum standards, procedures and checklists that govern the selection and approval of third party vendors and ensure compliance with regulatory requirements such as MaRisk AT9 / BAIT (i.e. BaFin requirements for banking IT and risk management). Central procurement department, which is organized in the Bank Management division, is responsible to ensure that applicable procedures are adhered to and supports business unit in the procurement process. Primary objective of the applicable guidelines and procedures are that the bank is protected against risks resulting from external vendor relationships as well as regulatory requirements in relation to outsourcing control, data protection as well as IT security.

In case of service outsourcings Berenberg usually performs a selection process that includes multiple service providers and compares their services in regards to strategic fit, functional and technology requirements, costs and charges as well as service levels and user experience.

After the selection of a preferred provider and identification of service provisioning classification to MaRisk AT9 /BAIT a risk assessment is performed to evaluate whether the outsourcing is 'material' or 'non-material'. Material outsourcings are defined as having a critical business impact in case of an outage or discontinuation of the outsourced service and trigger minimum requirements for contracts with third party vendors (e.g. information rights for internal and external auditors, audit rights, data protection regulations such as GDPR, rights of termination, usage of sub-service providers, auditor reports).

Risk assessments include, among others, the validation of the vendors' services regarding business continuity measures, adherence with data protection requirements, general qualification of the vendor (incl. market positioning), contractual risks as well as the ability to replace the vendor or switch to an internal production. Based on the risk assessment and the definition of the outsourced service as (non-)material, minimum requirements need to be implemented in regards to vendor contracts, outsourcing monitoring and provisions for a service outage or discontinuation.

In case of the selection and approval of a technology vendor additional risk assessment measures are taken to validate IT and data security sufficiency especially when the technology is hosted with the vendor or through a cloud provider. In collaboration with IT security the protection requirements for the particular IT service / application are validated and the provider is tested, among others, in regards to service availability, hosting location, technology configuration, data protection and business continuity strategies.

After the selection and assessment of services, the vendor contracting needs to be approved by the relevant business unit head as well as the procurement, information security, data protection, provider management, business continuity, license management and IT delivery management divisions (where applicable).

ESG data providers

We conduct our own internal ESG research and analysis, supported by external data and research provided, e.g., by MSCI ESG, which provides comprehensive data e.g. regarding ESG controversies, business involvement, ESG metrics such as ratings as well as climate-related metrics. Our portfolio management software tools derive MSCI ESG data via an automated data feed.

Further, we use controversy data from RepRisk, a data provider with a focus on timely controversy news, with which, among others, we aim to enrich our approach to ESG controversy monitoring.

For proxy voting activities we receive analysis by the proxy voting service provider IVOX Glass Lewis. Every voting recommendation is preceded by an initial analysis through IVOX Glass Lewis, and a further in-depth analysis by our ESG Office and the responsible portfolio management entities.

Additionally, Bloomberg, besides providing us with detailed market and financial data, allows us to access ESG and sustainability ratings from other data providers as well as carbon dioxide emissions data. Our proxy voting service provider IVOX Glass Lewis permits us access to selected data from Sustainalytics.

Berenberg Bank has launched a sell-side research team/service which is dedicated to ESG. We are therefore able to access additional high quality and in-depth ESG research internally from an independent source. In addition, other brokers are increasingly providing more ESG content and analysis for companies. These are in some cases very in-depth analytical pieces which are adding significant value.

Broad spectrum of ESG data

MSCI ESG is a key ESG data provider whose data we use in a number of ways, including for automated data feeds into our portfolio management software and for reporting purposes. In particular, we use the following data:

- Monitoring of excluded business activities, i.e. business involvement screens
- Controversy Monitoring
- ESG Ratings
- Climate-related metrics such as emissions and fossil fuel activities
- Data on SDGs and positive impact

Regulatory ESG data

ISS ESG provides us with ESG data required under EU ESG regulatory requirements and specifically for EU Taxonomy reporting requirements.

Analyses for Proxy Voting

IVOX Glass Lewis provides us with individual analyses based on our Berenberg WAM proxy voting policy. For a large part of our equity holdings in mutual funds, we receive voting recommendations for the annual general meetings. Each agenda item is analysed. Typical topics include the (re-)election of the Executive Board and Supervisory Board, remuneration structures as well as capital measures.

ESG controversy data

RepRisk is a provider of controversial news data. Using machine learning, RepRisk checks thousands of documents and data sources in many languages every day for controversial news from an ESG perspective. This information helps us in our investment processes and enriches our ESG analysis.

The selection of ESG data providers follows the same process as for other service providers, as described above. This process typically involves members of the ESG Office, portfolio management and COO. Among others this process includes evaluation of portfolio and benchmark universe coverage, review of providers' underlying models and frameworks, comparison of provider data with internal analysis and assessments. Further teams/colleagues may be involved for specific questions such as feasibility of technical implementation. Following on the due diligence in the selection, the standard process of contractual negotiations and onboarding follows.

In our daily work with ESG data providers we review the provided data with regards to several potential shortcomings, including lack of coverage in the universe for certain companies, data errors, or methodological shortcomings. Where such misrepresentations are suspected we conduct internal review and potentially engage with the data providers and affected companies to further substantiate the suspicions, receive information from the providers on whether the misrepresentations will be corrected and/or decide if we need to overwrite these internally.

CASE STUDY: Analysing a provider's Scope 3 emissions estimations

In 2023, we have engaged with one provider, among others, on their estimation process of Scope 3 emissions, which we suspected to be relatively exaggerated for companies active in the production of microinverters due to a lack of granular in sector classifications. While the provider has not changed its methodology and estimations as of the date of the reporting, we have been assured that internal investigations into the matter are carried out to potentially arrive at more precise estimates.

CASE STUDY: Challenging a provider's estimates of alcohol revenues

We further engaged with a provider on their revenue estimate of alcohol sales for a multinational retail and wholesale holding company, which had been changed by 10% thereby triggering a passive violation of exclusion criteria in some of our portfolios holding the stocks of the company. We inquired about the background of the sudden change in revenue share and shared our view on reasonable estimates based on the company's most recent financial reporting. The provider shared further insights into their estimation process. At the same time, we engaged with the affected issuer, on both their own view on the matter as well as on their exchange with the provider, and received the feedback, that the revenue estimate did not match actual revenues and appeared exaggerated. A few business days after our exchange the estimate had been changed to a lower percentage figure, which was a closer representation of our own estimate of the company's business, and which did no longer trigger a violation of our exclusion criteria. Despite the timely correlation, we cannot be certain whether this change occurred due to our engagement or other factors, such as clarifications by the issuer towards the provider.

CASE STUDY: Regular alignment on proxy voting recommendations

Further in 2023, we have engaged on several occasions with IVOX Glass Lewis on their analysis and recommendations for specific company meetings. The purpose of these exchanges is particularly to clarify their recommendations in the context of our Proxy Voting Policy as the transfer of these general guidelines into company-specific recommendations requires a certain level of discretion on their side. Common clarifications in 2023 included the analysts' approach to mandate counting in the context of potential director overboarding, the assessment of directors' independence, discrepancies between Glass Lewis general and Berenberg policy-specific recommendations or discrepancies in recommendations from one year to the other.

The purpose of our engagements with data providers is to improve the quality of data that we receive but also that the market at large receives.

Besides the ad-hoc review of provided data, we exchange in regular intervals with data providers, e.g. for annual/bi-annual contract renewals to receive information about further developments of their offering, give feedback on the services provided and discuss further enhancements of these. As described above, the review and update of our Proxy Voting Policy includes an exchange with our proxy voting service provider IVOX Glass Lewis ahead of each proxy voting season, taking into account previous vote recommendations and developments in established standards and frameworks.

In addition, our ESG Office, often joined by portfolio managers, meets with other data and service providers, and often tries the data, throughout the year to stay up to date with latest developments in the space and assess whether a new provider can add meaningful value to our approach.

Engagement

9. Engagement

We consider active engagement with companies and other issuers to be an important part of our investment process and responsible investment approach. Engagement enables us to gain deep insights into the behaviour, strategies and processes of companies and issuers. In addition, we can address relevant areas for improvement such as increased transparency. In this way, we can help as an active investor to improve the long-term sustainability profile of companies and issuers as well as reduce potential risks. Therefore, the engagement process is a central element of our investment decisions and its results feed into long-term, successful investments.

As described above, we believe that through intensive fundamental analysis and long-term investing, it is possible to benefit from market inefficiencies and thus achieve above-average performance. Regular and active dialogue helps us to develop and maintain strong relations with portfolio companies and issuers and we believe that such exchange can on the one hand, help to highlight and reduce ESG risks, and, on the other hand, encourage companies to consistently fulfil their responsibility towards society and the environment.

Engagement is the key component of our active ownership approach, alongside the issuance of voting recommendations as part of our proxy voting process. The third component is participation and collaboration in sector and investor initiatives. This allows us to engage with other like-minded investors, access relevant resources, collectively "speak with one voice" and ultimately support positive change.

Engagement trigger, motivation and objectives

The motivations for starting an engagement can be manifold. On the one hand, we hope to obtain relevant information for our investment decisions; on the other hand, we aim to have a positive impact on companies and issuers, be it in terms of their reporting or their activities and strategies regarding material ESG issues.

There are four main ESG-related reasons for us to enter into engagement with a company or issuer:

- to support our investment decision by exchanging on material ESG risks and opportunities;
- to gather information on a severe ESG controversy a company is linked to, understand the company's view and actions and develop our own view on the matter;
- during the proxy voting process, where further clarification on agenda points is required or where we want to communicate our view on corporate governance topics to the company;
  and/or
- as part of the investment approach of our Impact focused funds and strategies, to work with companies and issuers where we are not able to identify all impact-relevant metrics

or where we require further information regarding the impact of their products, services or of financed projects on the environment and society ("impact engagement").

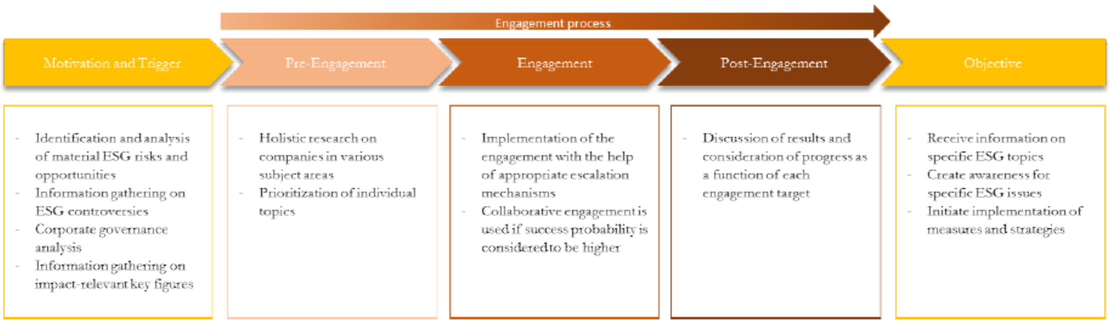
In addition, engagement may be initiated by portfolio companies actively seeking our and other shareholders' views. We welcome these efforts and try to seize these opportunities for a constructive dialogue whenever feasible.

Just as underlying triggers and motivations vary, so do the objectives sought with engagements. The main objectives of engagements are:

- Obtain information on specific ESG issues from the company/issuer.
- Create awareness of specific ESG issues at the company/issuer.
- Encourage implementation of measures and strategies by company/issuer.

Engagement process

Our engagement process, just like our ESG approach in general, is based on collaboration between investment and ESG professionals. This collaboration includes pre-engagement research, prioritization of topics, the actual dialogue, and post-engagement discussion of results and documentation.



Pre-Engagement

We access different sources of information which we use to identify topics for engagement and prioritise accordingly. These sources include company publications and past dialogues, brokers' research, internal exchanges among investment professionals and external ESG data providers.

Considering that the materiality of different ESG aspects vary by industry, region and company size, we aim to take a holistic approach to prioritizing engagements and focus on the ESG risks and opportunities that we consider material to the respective company or issuer.

Third-party analysis may feature into the analysis or even trigger an engagement; however, we do not outsource any active engagement activities as part of our standard process. External analysis that may trigger engagement includes severe ESG controversies that companies are directly involved in, according to analysis by our external ESG data provider MSCI ESG, or corporate governance issues that arise in the proxy voting process based on research by our external proxy voting service provider IVOX Glass Lewis. While these analyses can trigger engagement with companies, we do not limit our research to this input factor, but rather scrutinise the analysis and exchange with our providers to clarify open questions and to understand certain conclusions.

Engagement

The actual engagement is conducted directly by portfolio managers, who are closest to the respective companies, in collaboration with the ESG Office, and can take different forms.

Methods of engagements include:

- Written communication with companies and issuers (typically e-mails, sometimes formal letters)
- One-on-one meetings with company representatives (virtual via telephone or VC, physical)
- Group meetings company representatives (virtual via telephone or VC, physical)

Engagements are typically carried out individually. We rather selectively join collaborative engagements - if we assess the collaborative approach as more promising than the individual dialogue, in order to build expertise through the ex-change with other like-minded investors and to enhance influence to ultimately induce positive change., we may participate in collaborative engagements. In addition, collaborative engagements with other investors can be used as an escalation mechanism.

Post-Engagement

Through engagement with companies, many different outcomes can be achieved, which often only materialize over a longer time horizon. Therefore, regular assessment of the situation by portfolio managers or the ESG Office is necessary. We monitor the progress of our engagement activities using internal systems and tools, including the Sentieo research platform and an internal ESG engagement tracking system. In addition, our active ownership approach, progress, and specific activities are discussed in the quarterly meetings of our ESG Committee, both in relation to individual engagements and to our broader process and potential further developments and focus areas.

Outcomes can be directly fed back into the investment decision-making process and are shared within the team, building on our culture of supportive collaboration. We incorporate our evaluation of the engagement and the feedback we received into our investment decisions and decide whether to remain invested and/or monitor changes as well as follow up on or sell the investment or even exclude it from the investment universe.

Engagement in different asset classes, geographies and funds

Our target is to develop a consistent active ownership and engagement approach that covers all relevant asset classes in a meaningful way and promotes sustainable business practices to protect and enhance long-term financial value. A regular and active exchange with portfolio companies has formed an important part of our investment approach within equities for many years. The access to companies' management is often already available and we can build on established relationships and companies' awareness for investors' interest in a constructive exchange.

For a long time, active ownership, i.e. the active influence of investors on issuers, was considered relevant only for equity investors, especially due to the lack of voting rights in fixed income investments. In the meantime, however, fixed income investors, like us, have increasingly addressed the issue and explored possibilities and mechanisms to live active ownership beyond the exercise of voting rights – because fixed income investors represent an important provider of capital for many issuers.

In the exchange with bond issuers, we still encounter obstacles, particularly with sovereign issuers, as direct points of contact are often not established and escalation measures are lacking. In addition, investors who engage with sovereign issuers and, in this context, often with policymakers, must be careful not to cross the line into lobbying.

ESG criteria are integrated into our selection process for third-party funds. In addition to a qualitative assessment, an internally developed comprehensive questionnaire is used to systematically review the extent to which a third-party fund takes into account the key elements of our ESG criteria in its investment process. The ESG assessment includes topics such as the general sustainable orientation of the asset manager, the ESG exclusion criteria or the handling of active ownership. If third-party funds do not meet the exclusion criteria for target funds defined in our ESG process during the assessment phase prior to initial purchase, if violations are identified during the year, or if we identify potential for improvement, we actively address these with the respective fund managers in the form of an engagement dialog. Even in the absence of a specific engagement case, we are in regular contact with the fund managers to discuss further developments regarding ESG.

While we employ the same engagement approach independent of geographic location of the companies, the specific issues and expectations may at times reflect geographical specifications. Due to the extent of funds and strategies with an European focus, we may have better access to companies located there. We don't shy away from engaging with companies and issuers in other geographic locations, however, we are aware that we may have to adjust our expectations in terms of access and ambition. Furthermore, the particular issues we address vary across geographies. On the example of proxy voting engagement, corporate governance structures vary even within Europe – while for example German companies typically employ a two-tier board structure with an independent supervisory board, this is less common in other countries. Such regional individualities need to be taken into account in the individual engagements.

The extent to which engagement is employed differs across our fund range. This is on one hand due to differences in the investment approach of our funds and on the other hand on varying degrees of ESG integration. Generally speaking, regular and active exchange with portfolio companies takes on a more dominant role in our equity funds than in multi asset and fixed income. Furthermore and as laid out above, active ownership activities are particularly relevant in funds and strategies in our internal categories *ESG integrated* and *ESG targeted & impact focused* and do not constitute a regular component of our *ESG screened* funds and strategies.

Measuring the engagement progress

To measure the progress of our engagement processes and thus our achievements, we use an internal evaluation system that depends on the context of the engagement. Since engagement has different objectives depending on the motivation, the measurement of success must also be adapted individually. Based on these results, we can define our expectations and requirements for each company and track progress accordingly depending on the aspiration.

It is not always possible to attribute an engagement to a single stage of progress or to establish a direct causal link between our engagement and a company's actions in relevant areas. Even if positive changes occur in an area we have addressed with a company, this may not be directly and/or solely attributable to our efforts. Therefore, our progress stages serve as general guideposts rather than checkpoints through which every engagement must pass. As with our overarching approach, we are committed to further developing our processes around monitoring and reporting.

Objective	*Progress*
Information	1. Contact company for information on ESG issue **2. Company provides information on ESG issue**
Awareness	1. Contact company for information on ESG issue 2. Company provides information on ESG issue **3. Company demonstrates awareness of ESG issue**
Implementation	1. Contact company for information on ESG issue 2. Company provides information on ESG issue 3. Company develops measures/strategies on ESG issue **4. Company implements measures/strategies on ESG issue**

Engagements in 2023

79
Engagements on ESG topics

-18%
Engagements in comparision to 2023

61%
Engagements related to Governance issues

33%
Engagements as one-on-one meetings

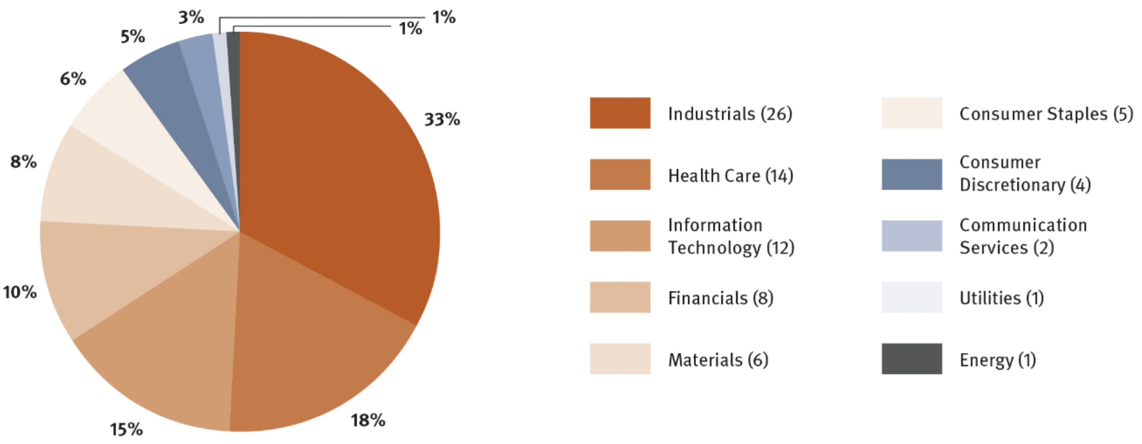
73
Engagements with 73 companies/issuers

62%
Engagements closed with productive feedback

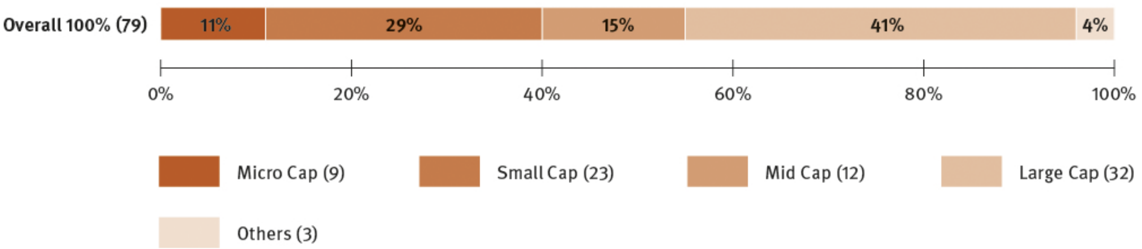
14%
Engagements related to overlapping ESG issues

25%
Engagements due to ESG controversies

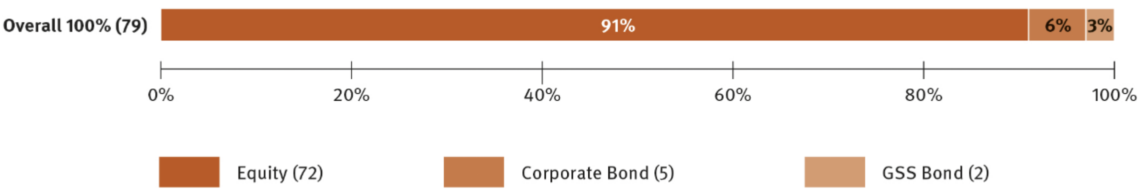
Engagements by sector[1]



Engagements by company size[2]



Engagements by asset class[3]

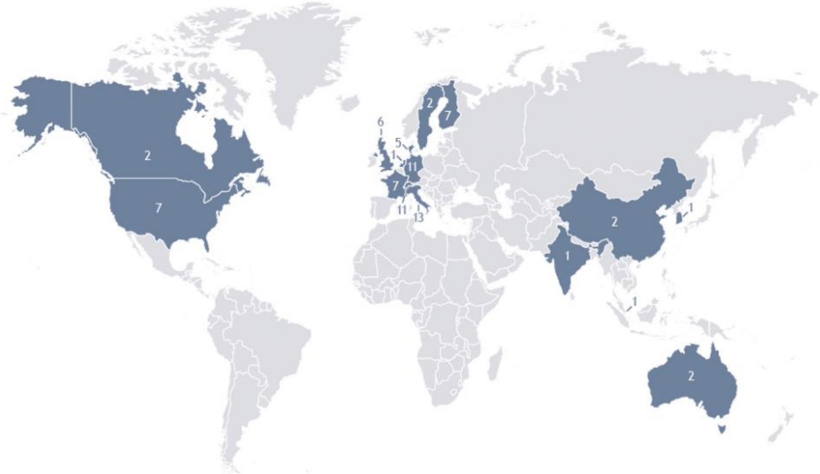


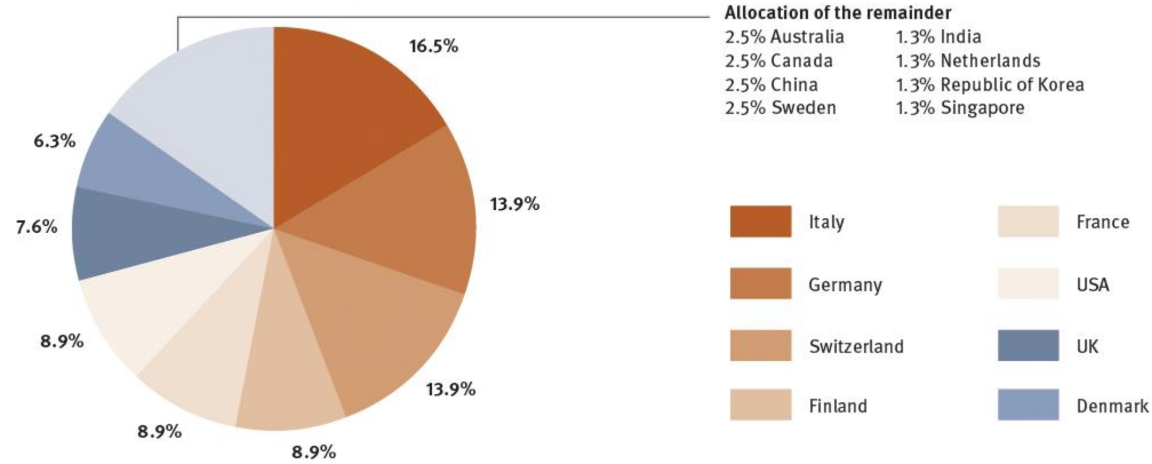
[1] Due to rounding, percentage figures may add up to more than 100% here and in following graphs.

[2] For the purpose of this report, we classify companies with a market capitalization under EUR 300m as Micro Cap, between EUR 300m and EUR 2bn as Small Cap, between EUR 2bn and EUR 10bn as Mid Cap and above EUR 10bn as Large Cap. "Others" includes those companies or issuers without market capitalization, such as state-owned companies.

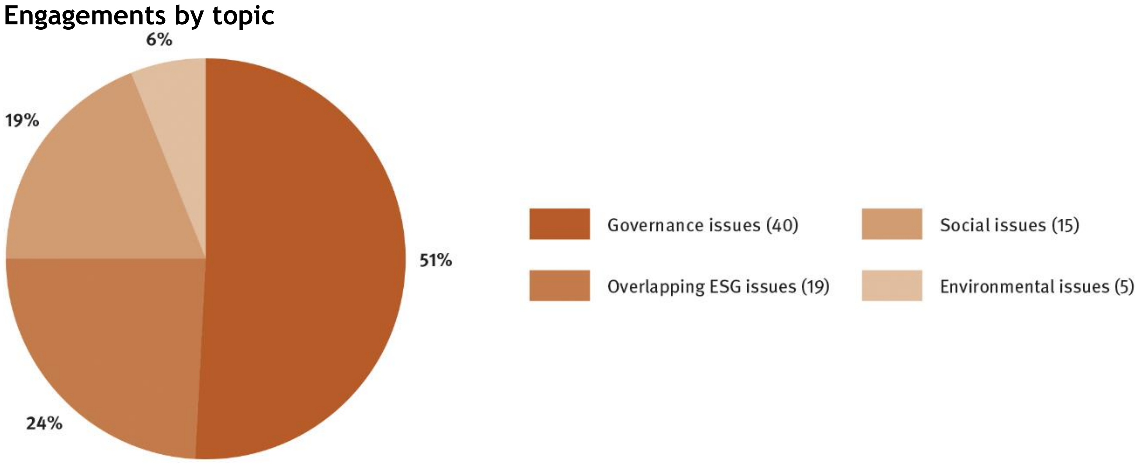
[3] We may hold both equities and corporate bonds of a company we engage with, thus an engagement may not have been conducted exclusively for one asset class. The disclosed figures for "Engagements by asset class" thus refer to the asset class which primarily motivated the engagement.

Engagements by country

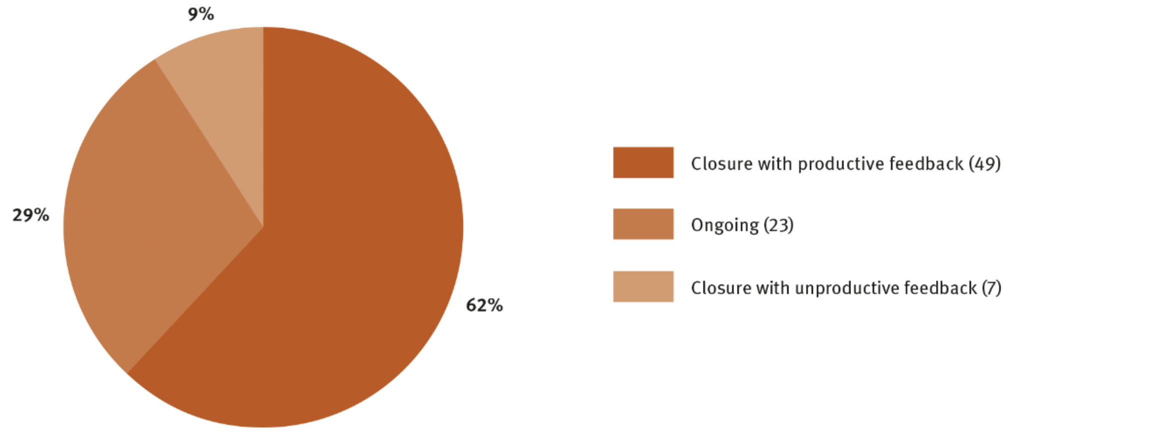




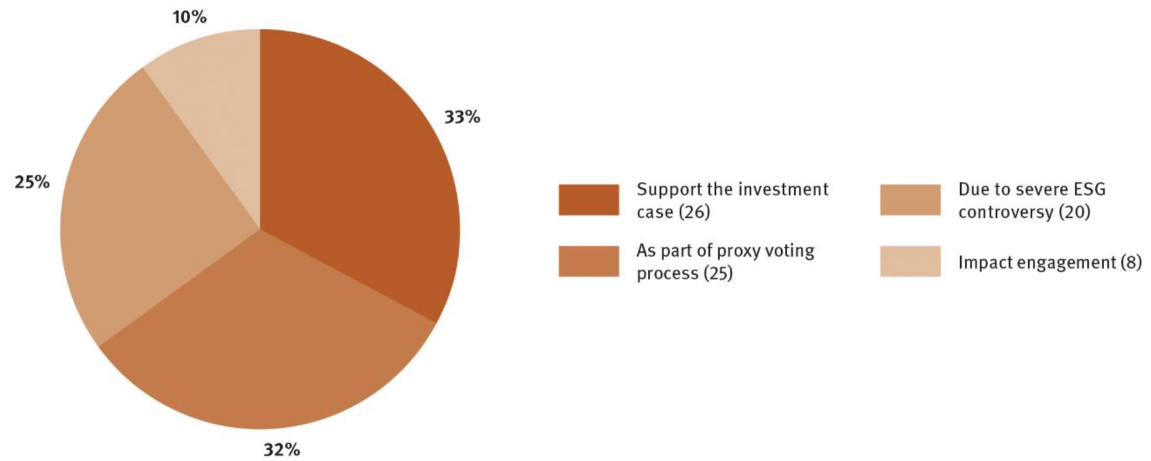
Engagements by topic



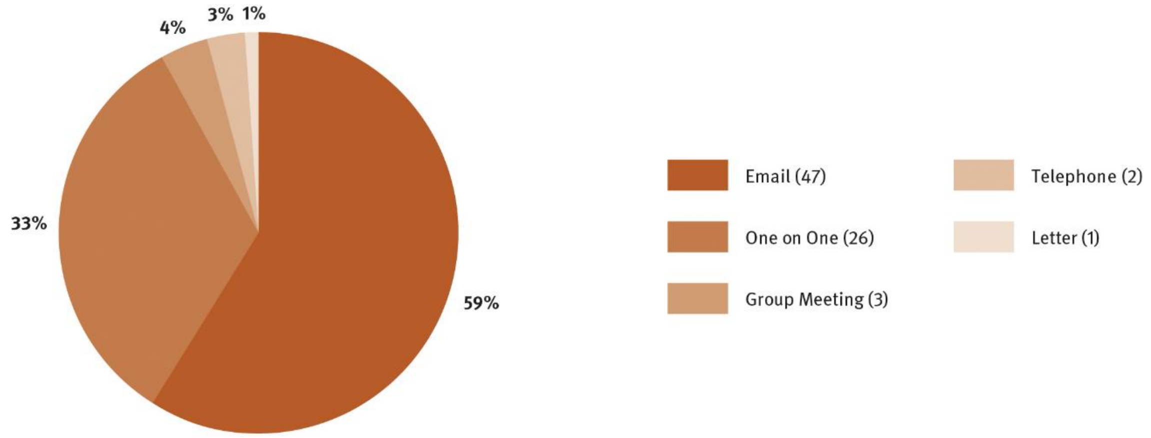
Engagements by status



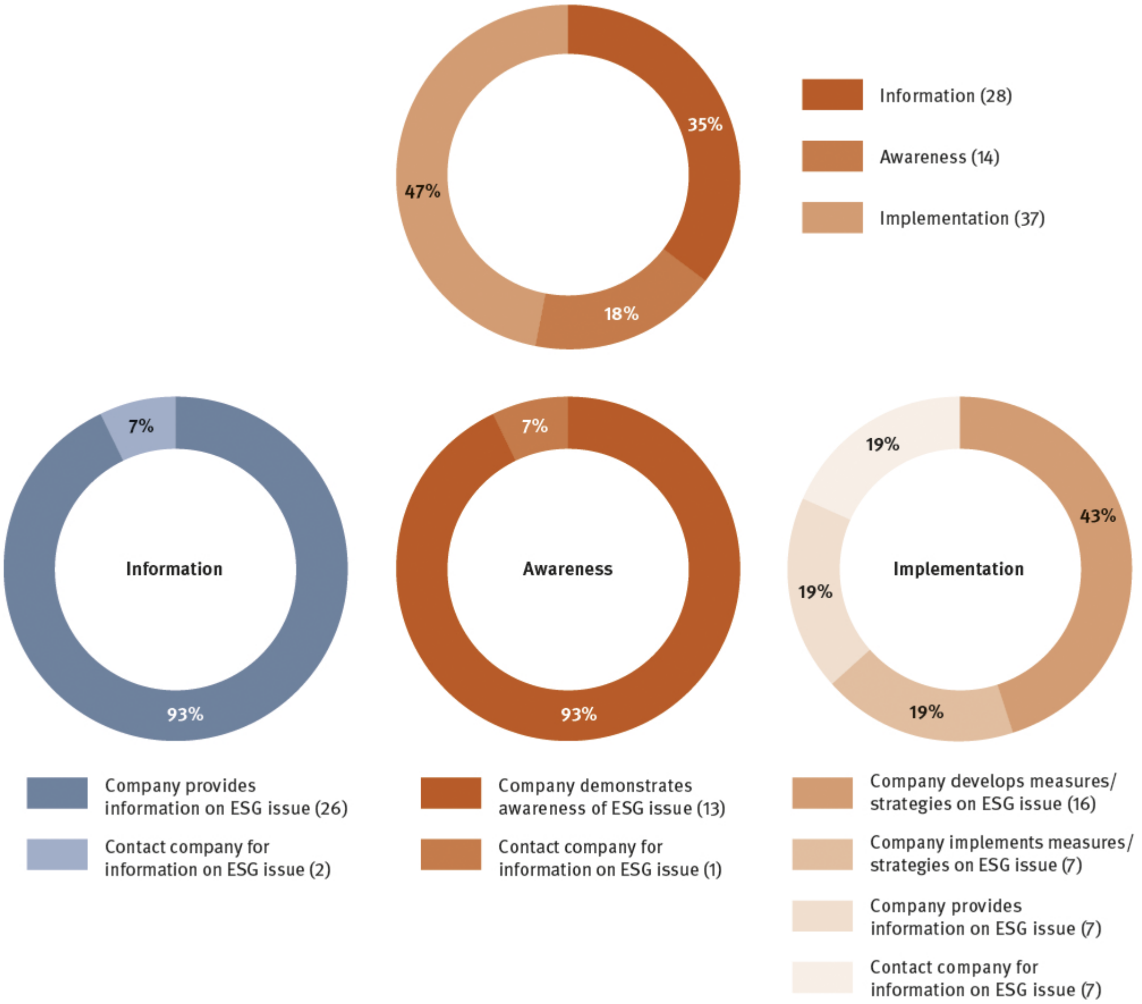
Engagements by motivation



Engagements by method



Engagements by objective and progress



Engagement Case Studies

CASE STUDY 1: Support the Investment Case – European Equity

Sector: Health Care
Region: Europe
Country: Denmark
Focus Areas: S & G
Date: December 2023
Method: E-Mail
Status: Ongoing
Objective: Implementation
Progress: Company develops measures/strategies on ESG issues
Escalation: Vote recommendation against AGM proposal

Method of engagement/ Our approach

Portfolio management engaged with the company, a leading manufacturer of life science analysis equipment, as part of the proxy voting process as well as to support the investment case. The issues prioritized in this engagement were identified during the internal analysis of AGM proposals and during ESG analysis, namely management compensation and talent management, two crucial topics for a company dependent on human capital and R&D efforts. The engagement took place through e-mail exchanges between the responsible portfolio manager and the company's CEO and CFO.

Our objective

The objective of the engagement was to receive further information from the company on the identified areas and motivate the implementation of measures and/or strategies to address and further develop the company in these areas. We initially shared our views regarding the remuneration system and our concerns as the system was lacking a long-term incentive component. While the company reverted back with confirmation that the feedback would be shared internally. We chose to escalate by recommending to vote against remuneration-specific agenda points at the company's 2023 AGM, as we assessed the shortcomings as grave enough and the negative vote as proper means to further strengthen our views in this area. Later during the year, further engagement between portfolio management and CFO followed, in which we reiterated our view on the value of formalized long-term incentive (LTI) components in company's remuneration systems and asked the company for their view and plans in this respect. In addition, we highlighted the need for disclosure on the company's talent management schemes and efforts and their plans to source new and manage existing talent to ensure the company's long-term success.

Progress/ Outcome

The company's CEO described that work on a new LTI share-based remuneration scheme was already ongoing and, while KPIs had not been fully defined, these would likely include qualitative aspects such as ESG targets. In addition, it was highlighted that talent development is one of the company's focus areas in 2024 and that they had already further developed their annual review process to account for professional and personal development of employees.

Next steps

We will monitor the company's progress in the above-described areas, particularly ahead of their 2024 AGM with regards to their remuneration system, and follow-up in the course of 2024 on their approach to talent management.

CASE STUDY 2: ESG Controversy – Emerging Markets Equity

Sector: Communication Services
Region: Asia
Country: China
Focus Areas: S & G
Date: September 2023
Method: One-on-One Call

Status: Closure with Productive Feedback
Objective: Implementation
Progress: Company implements measures/strategies on ESG issues

Method of engagement/ Our approach

Portfolio management engaged with the company, a worldwide leading internet and technology company, due to an orange controversy flag issued by MSCI ESG. The issues prioritized in this engagement were identified based on the assessment by MSCI ESG and substantiated by further internal research, namely the alleged use of the company's technologies in surveillance of minorities. The engagement took place through a call between the responsible portfolio managers and a company Investor Relations Senior Director.

Our objective

The objective of the engagement was to receive further information from the company on the allegations and the implementation of relevant measures and/or strategies to address these issues. Specifically, we inquired about the company's policies on security and usage of users' data and any third-party reviews / investigations to counter the allegations.

Progress/ Outcome

The company's IR representative provided a detailed account of data privacy and security efforts, describing policies, specific measures taken in 2023, as well as internal responsibilities and governance for the area. In addition, further planned steps were described, including the public disclosure of data privacy and security measures for all products and increased transparency through official communication channels. Furthermore, the company's recent commitment to the UN Global Compact was highlighted as part of which it must publicly report on its efforts and progress in the areas of human rights, labour, environment and anti-corruption.

Next steps

We will monitor the implementation of the described measures, the company's disclosure and the assessment by MSCI ESG and other sources with regards to the highlighted controversy.

CASE STUDY 3: ESG Controversy – Emerging Markets Fixed Income

Sector: Communication Services
Region: Asia
Country: Singapore
Focus Areas: S & G
Date: December 2022 to February 2023
Method: E-Mail
Status: Ongoing
Objective: Implementation
Progress: Company implements measures/strategies on ESG issues
Escalation: Intensified follow-up

Method of engagement/ Our approach

Portfolio management reached out to the company, one of the largest Asian telecommunications companies, due to an orange controversy flag issued by MSCI ESG. The issues prioritized in this engagement were identified based on the assessment by MSCI ESG and substantiated by further internal research, namely cyberattacks and privacy breaches at subsidiary companies. As the first attempts of outreach to the company's investor relations was not successful, we escalated the engagement through an intensified follow-up via our ESG Office, to which the company responded. The engagement took place through an e-mail exchange between our ESG Office, the responsible portfolio manager and a company Investor Relations executive.

Our objective

The objective of the engagement was to receive further information from the company on the allegations, the status of internal and external investigations, and the implementation of relevant measures and/or strategies to address these issues. Specifically, we inquired about measures already in place and envisioned to secure good cybersecurity practices at subsidiaries to protect their operations and customers.

Progress/ Outcome

The company's IR representative provided information on defences and processes against cyber threats, the development of partnerships with vendors and regulators as well as the review and further development of advanced technology to mitigate emerging threats. However, as an investigation by an independent external reviewer and a regulatory investigation were both ongoing at the time of our initial engagement, no further information on these could be provided.

Next steps

We have followed-up with the company to received further information on the pending investigations and will monitor the implementation of relevant measures and the assessment by MSCI ESG and other sources with regards to the highlighted controversy.

CASE STUDY 4: ESG Controversy – Europe Fixed Income

Sector: Financial Services
Region: Europe
Country: France
Focus Areas: G
Date: March 2023 to April 2023
Method: One-on-One Call
Status: Closure with Productive Feedback
Objective: Awareness
Progress: Company demonstrates awareness of ESG issue

Method of engagement/ Our approach

Portfolio management engaged with the company, one of Europe's largest financial services providers, due to an orange controversy flag issued by MSCI ESG. The issues prioritized in this engagement were identified based on the assessment by MSCI ESG and substantiated by further internal research, namely allegations of lending rates and foreign exchange market manipulations. The engagement took place through an e-mail exchange and a call between our ESG Office, the responsible portfolio manager and a company Investor Relations manager.

Our objective

The objective of the engagement was to receive further information from the company on the allegations, the status of internal and external investigations, and the awareness with regards to these issues. A specific focus was put on the company's alignment with ESG data providers, including MSCI ESG, as the controversies in question related to allegations dating back a long time.

Progress/ Outcome

The company's IR representative described a recently introduced new risk management framework and compliance program, the status of relevant investigations and lawsuits, as well as internal education programs for sensitive personnel, demonstrating strong internal awareness for the issue.

Next steps

We are monitoring further developments around ongoing investigations and the assessment by MSCI ESG and other sources with regards to the highlighted controversy.

CASE STUDY 5: Proxy Voting – European Mid Cap Equity

Sector: Health Care
Region: Europe
Country: UK
Focus Areas: G
Date: March 2023
Method: One-on-One Call
Status: Closure with Productive Feedback
Objective: Awareness
Progress: Company demonstrates awareness of ESG issue

Method of engagement/ Our approach

We engaged with the company, a UK-based veterinary pharmaceuticals business, after proactive outreach by the company to their shareholders to discuss their updated remuneration structure. The issues prioritized in this engagement were identified based on the company's outreach and further internal analysis with input from our proxy voting service provider Glass Lewis. The engagement took place through a call between our ESG Office, the responsible portfolio manager, the company's Chief People Officer and a Non-Executive Director and Member of the Audit & Risk Committee.

Our objective

The objective of the engagement was to receive further information from the company on their updated remuneration policy, voice our views and assure ourselves of the company's awareness with regards to the sensitivity and importance of sound remuneration structures.

Progress/ Outcome

We discussed in detail specific aspects of their remuneration structure, in particular the relevant benchmarking as well as details on ESG metrics in long-term incentives. In our view, the company set up a sound remuneration structure with meaningful ESG integration elements and we value their proactive approach to shareholder consultation, demonstrating strong internal awareness for this important governance issue.

Next steps

As the company was no longer a portfolio holding at the time of its 2023 AGM, we did not provide vote recommendations on their updated remuneration system and no further next steps were/are planned.

CASE STUDY 6: Proxy Voting – European Small Cap Equity

Sector: Materials
Region: Europe
Country: Denmark
Focus Areas: G
Date: April 2023 to September 2023
Method: E-Mail
Status: Ongoing
Objective: Implementation
Progress: Company develops measures/strategies on ESG issue
Escalation: Communication with C-Suite

Method of engagement/ Our approach

We engaged with the company, a leading Danish packaging manufacturer, ahead of their Annual General Meeting 2023 to communicate our vote recommendations and share our view on the further development of their remuneration structure. The issues prioritized in this engagement were identified based on our internal analysis of the company's AGM proposals with input from our proxy voting service provider Glass Lewis. As our initial outreach had not been answered, the engagement was escalated through direct communication with C-level executives. The engagement took place through an e-mail exchange between our ESG Office, the responsible portfolio manager, and the company's Chief Financial Officer.

Our objective

The objective of the engagement was to share our view and motivate the implementation of further developments of the company's remuneration system.

Progress/Outcome

We shared in detail our view on which components of the remuneration system requires further development in our view, specifically the introduction of a short-term incentive component, further differentiation of LTI performance metrics and the board's discretion to granting one-off bonuses. The company confirmed to take up our input internally and discuss it in future further developments of their remuneration system.

Next steps

We are monitoring the further development of the company's remuneration system, in particular ahead of their 2024 AGM and will consider this in our analysis of relevant agenda points and the definition of our vote recommendations.

CASE STUDY 7: Proxy Voting – European Small Cap Equity

Sector: Industrials
Region: Europe
Country: Switzerland
Focus Areas: G
Date: April 2023 to May 2023
Method: E-Mail
Status: Ongoing
Objective: Implementation
Progress: Company develops measures/strategies on ESG issue

Method of engagement/ Our approach

We engaged with the company, a Swiss industrials technology and logistics company, ahead of their Annual General Meeting 2023 to communicate our vote recommendations and share our view on the independence of their board and related committees as well as the further development of their remuneration structure. The issues prioritized in this engagement were identified based on our internal analysis of the company's AGM proposals with input from our proxy voting service provider Glass Lewis. The engagement took place through an e-mail exchange call between our ESG Office, the responsible portfolio manager, and the company's Chair of Board and Chair of Remuneration Committee.

Our objective

The objective of the engagement was to share our view and motivate the implementation of further developments of the company's board independence and remuneration system.

Progress/ Outcome

We shared in detail our view on which components of the remuneration system requires further development in our view, specifically the introduction of recovery provisions and definition of quantitative performance metrics for the LTI, which had been so far based on the qualitative assessment of strategic initiatives. In addition, we shared our assessment of the individual and aggregate independence of the board. The company responded with comprehensive feedback confirming their consideration of our suggestions while providing detailed reasoning for their choice of remuneration system and view on board independence.

For their 2024 AGM, the company presented an update of their remuneration system which included recovery provisions as well as a LTI component based on quantitative performance metrics. In addition, IVOX Glass Lewis assessed the company's board and committees as majority independent in their analysis of the 2024 AGM.

Next steps

We are analysing the further development of the company's remuneration system and board independence in the run up to their 2024 AGM and provide our vote recommendations accordingly.

CASE STUDY 8: Impact Engagement – European Mid Cap Equity

Sector: Industrials
Region: Europe
Country: Switzerland
Focus Areas: E
Date: June 2023
Method: One-on-one meeting
Status: Closure with productive feedback
Objective: Information
Progress: Company provides information on ESG issue

Method of engagement/ Our approach

We engaged with the company, based in the Netherlands and active in industrial machinery, as part of the investment approach of our impact focused funds and strategies, to acquire further information on the impact of their products on environment and society. The issues prioritized in this engagement were identified based on our internal impact analysis. The engagement was conducted in an one-on-one meeting between responsible portfolio manager and a company investor relation representative.

Our objective

The objective of the engagement was to receive further information on the impact of their products on environment and society.

Progress/ Outcome

In a personal meeting with the company's Head of IR, we asked for their assessment regarding the positive impact of their products and services. Additionally, we inquired about targets in the area of water efficiency and encouraged the company to collect data in this area. The company's representative updated us on the current measurement system and gave an outlook on future measures.

Next steps

We believe that ESG targets and their attainment are currently adequately addressed within the company and relevant measures are being taken. We will particularly monitor their progress regarding further transparency on water efficiency.

CASE STUDY 9: Collaborative Engagement – European Large Cap Equity & Corporate Bond

Sector: Consumer Staples
Region: Europe
Country: Switzerland
Focus Areas: S
Date: September 2023
Method: Letter
Status: Ongoing
Objective: Implementation
Progress: Company provides information on ESG issue
Escalation: Collaborative Engagement

Method of engagement/ Our approach

We joined this collaborative engagement with the company, a Swiss consumer goods producer, after we had been in contact on different occasions before through individual engagements. The collaborative engagement was organized by ShareAction as part of their "Healthy Markets Initiative" and asked for a shift towards healthier products in the company's product portfolio. We chose this escalation because we assessed the collaborative approach for this particular demand as more promising than the individual approach, especially as it was requesting implementation of a significant change in the company's portfolio strategy. The engagement was conducted through a letter to the company management and further exchange with ShareAction and other participating investors.

Our objective

The objective of the engagement was to share our view and motivate the implementation of further targets and actions to shift the company's product portfolio towards healthier products.

Progress/ Outcome

In reaction to the collaborative engagement, the company had engaged with the group of investors and announced new targets in 2023, which were assessed by ShareAction as falling short of expectations. As of writing of this report, the initiative had filed a shareholder proposal at the company's 2024 AGM.

Next steps

We are currently assessing the company's reaction to the collaborative engagement, their newly announced targets and our view on the shareholder proposal filed.

Third-party fund ESG analysis and asset manager engagement

In 2022 we rolled out a process for an ESG analysis of third-party funds, which includes an engagement component with the respective asset managers.

A case for engagement in fund selection arises, when third-party funds do not meet the exclusion criteria for target funds defined in our ESG process during the review phase prior to the initial purchase if violations are identified during the year or if we identify potential for improvement.

Case Studies: Adjustment of fund exclusions & reporting setup

As part of the ESG analysis, it was found that a European equity fund did not exclude companies that violate the UN Global Compact (UN GC) or that involved in the production of controversial weapons as part of its investment policy provided to us. This violation of our selection criteria triggered an engagement from our side with the objective to motivate the implementation of these criteria. The discussions with the company produced two main outcomes: Firstly, at the time of the engagement, the fund did not hold any companies in breach of the UN GC or involved in the production of controversial weapons in its portfolio. Secondly, the asset manager implemented the criteria as binding aspects of its investment process.

A similar case arose with another European corporate investment grade fund which did not formally exclude companies that violate the UN GC, leading to a violation of our selection criteria. During the engagement, with the objective to motivate implementation of the criterion, we received a written confirmation by the asset manager that this restriction will be included and going forward monitored within their portfolio management/trading system.

Since the setup of our process in 2022, we have noticed in our analysis and exchanges with asset managers that our criteria became more of a common standard, so that less cases arise in which we have to enter into an engagement to motivate the implementation of these criteria.

Asset manager engagements in 2023

27 questionnaires sent out

2 engagements

2 successful engagements

10. Collaboration

As mentioned in Principle 4, participation in sector and investor initiatives is important for us to exchange with other like-minded investors, access relevant resources, engage jointly "with one voice" and, ultimately, to support positive change. We view collaboration as a way to further develop and strengthen our own ESG approach. We are part of overarching initiatives such as the Principles for Responsible Investment (PRI) and the International Corporate Governance Network (ICGN), and also support initiatives that address specific aspects of sustainable business. In 2020, we signed the investor statement of the KnowTheChain initiative, underpinning our expectation for companies to address forced labour in their global supply chains, and in 2021 the investor statement of the Access to Medicine Foundation to further engage on the issue of access to medicine in developing countries. In 2022, we endorsed the PRI stewardship initiative "Advance". In 2023, we joined the initiative Institutional Investors Group on Climate Change (IIGCC) as an investor member.

Collaborations with other investors can be used as an escalation mechanism and in case the collaborative approach is considered more promising than the individual interaction. Through dialog with other like-minded investors, we hope to build expertise and strengthen our influence to ultimately bring about positive change. To this end, we make particular use of our membership in above-mentioned specific sector and investor initiatives.

Currently, we choose to participate in collaborative engagements on a case-by-case basis. Please see below list of sector and investor initiatives including collaborative activities over the last years, where relevant:

Initiative	Description	Collaborative activities
Principles for Responsible Investment (PRI)	The UN-backed initiative PRI has been signed by and works with a wide range of international investors to put its six principles of responsible investing into practice. It aims to understand the impact of ESG factors on investment decisions and help signatories integrate them into their strategies and activities. We are a signatory to the PRI since 2018 and endorsed their stewardship initiative "Advance" in 2022.	We endorsed the PRI's collaborative stewardship initiative "Advance" in 2022 and are assessing if and how to get further involved. We are engaging with the initiative and other asset managers, among others through our active membership in the Sustainable Systems Investment Managers Reference Group (SSIMRG).
International Corporate Governance Network (ICGN)	The ICGN consists primarily of members from the asset management industry and works to define and promote effective standards of corporate governance and investor stewardship.	We are regularly exchanging with members of the initiative and participated in their investor conferences over recent years.

	We are a member of the ICGN since 2018.	
KnowTheChain	KnowTheChain is a partnership of the Business & Human Rights Resource Centre, Humanity United, Sustainalytics and Verité, and is supported by investors and companies. The initiative provides supporters with resources to understand and address forced labour risks in supply chains. We are a signatory to its investor statement since 2020.	We have participated in different collaborative engagements through the initiative over recent years.
Access to Medicine Foundation	The Access to Medicine Foundation is an independent non-profit organisation dedicated to advancing the engagement of the pharmaceutical industry in low- and middle-income countries. We have signed the initiative's investor statement in 2021.	Besides its investor statement, we signed the initiative's 2021 call for a fair, equitable and global response to the COVID-19 pandemic and participated in collaborative engagements through the initiative over recent years.
Institutional Investors Group on Climate Change (IIGCC)	The IIGCC brings together the investor community to address the long-term financial risks associated with climate change. We are an investor member since 2023.	We provided feedback and input to the initiatives response to the European Commission's SFDR consultation in 2023 and are currently assessing further collaborative activities with the initiative.

Examples of collaborative engagement over the last years are:

Initiative	Year	Focus company	Objective	Outcome
KnowTheChain	2020	German apparel and footwear company	This collaborative engagement, in which we participated in a lead position, focussed on the company's alleged connections to forced labour in the Xinjiang Uyghur Autonomous Region as well as the	The company issued official statements on its efforts to support supply chain workers during the pandemic and in reply to the initial forced labour allegations. Furthermore, the company confirmed that no contractual

			COVID-19 pandemic's adverse impact on its supply chain workers. The objective of the engagement was to encourage the company to implement actions with regards to the protection of supply chain workers and publicly disclose on these. The engagement took place through written exchange and virtual meetings with the company and other investors.	relationships existed with implicated suppliers. While room for improvement prevails, the company is a leader within its sector as indicated by the KnowTheChain Benchmark ratings.
Access to Medicine Foundation	2021	Danish Health Care	This collaborative engagement was carried out in the context of the publication of the 2021 Access to Medicine Index and focussed on the company's ranking within this index. The objective of the engagement was to get a better understanding of the company's access to medicine programs and initiatives, their outlook on future developments as well as to discuss current challenges and industry best practices. The engagement took place through virtual meetings with the company and other investors.	The company shared their view on the initiative's research, their ongoing activities regarding providing access to medicine, and openly received investors' feedback and insights.
ShareAction	2022	Swiss consumer goods	This collaborative engagement was carried out in the context of a special shareholder resolution on healthy diets coordinated by ShareAction. The objective of the engagement was to directly describe our views to the company and to	The company announced ahead of its 2022 AGM to set a new benchmark for healthy nutrition transparency and to publish new targets in collaboration with ShareAction. In response, the shareholder resolution was withdrawn.

			communicate the need for stronger disclosure regarding specific health-related metrics. The engagement took place through a letter to the company's chair and non-executive director, which we shared directly with the company.	
Shareholder Association for Research and Education (SHARE)	2022	US online retail	This collaborative engagement focussed on an independent audit on freedom of association and collective bargaining. We had already supported the respective shareholder proposal at the company's 2022 AGM, which was submitted by SHARE. Since the proposal did not obtain the majority of votes, SHARE took this issue up as collaborative engagement. The objective of the engagement was to reiterate the views expressed in the shareholder proposal. The engagement took place through a letter to the company's Board of Directors, which we signed.	The company's response through a letter was assessed as insufficient by the initiative. We supported another shareholder proposal on the matter at the company's 2023 AGM.
Access to Medicine Foundation	2022	German Health Care	This collaborative engagement was carried out in the context of the publication of the 2022 Access to Medicine Index and focussed on the company's ranking within this index. The objective of the engagement was to get a better understanding of the company's access to medicine programs and initiatives, their outlook	The company shared their view on the initiative's research, their ongoing activities regarding providing access to medicine, and openly received investors' feedback and insights.

			on future developments as well as to discuss current challenges and industry best practices. The engagement took place through virtual meetings with the company and other investors.	
KnowTheChain	2022-2023	Italian luxury goods	This collaborative engagement, in which we took on a co-lead role, was carried out in the context of the publication of the 2022 KnowTheChain benchmark and focussed on the company's ranking within this. The objective of the engagement was to share our view on the matter, discuss the findings and motivate the company to actively participate in the benchmark assessment. The engagement took place through e-mail exchange.	The company shared their view on the assessment and communicated that, while they are aware of and monitoring the benchmark, they had chosen for the time being to not actively participate, given the already high number of ESG- and sustainability-related assessments they are contributing to. The company stressed that our feedback and preference was duly noted and will be taken into account in future assessments.
KnowTheChain	2022-2023	French luxury goods	This collaborative engagement, in which we participated as a supporting investor, was carried out in the context of the publication of the 2022 KnowTheChain benchmark and focussed on the company's ranking within this. The objective of the engagement was to share our view on the matter, discuss the findings and receive further information on the company's actions in this regard as well as to motivate further action. The engagement took	The company shared their view on the assessment, their ongoing and planned actions in their supply chain, and openly received investors' feedback and insights.

			place through virtual meetings with the company and other investors.	
ShareAction	2023	Swiss consumer goods	This collaborative engagement was organized by ShareAction as part of their “Healthy Markets Initiative”. The objective of the engagement was to motivate further targets and actions for a shift towards healthier products in the company’s product portfolio. The engagement was conducted through a letter to the company management and further exchange with ShareAction and other participating investors.	In reaction to the collaborative engagement, the company had engaged with the group of investors and announced new targets in 2023, which were assessed by ShareAction as falling short of expectations. As of writing of this report, the initiative had filed a shareholder proposal at the company’s 2024 AGM. We are currently assessing the company’s reaction to the collaborative engagement, their newly announced targets and our view on the shareholder proposal filed.

11. Escalation

We seek to engage in a confidential and constructive manner with companies and issuers without making these efforts necessarily public. We generally believe that we can profit from good relationships with our portfolio companies, which are often open to our engagement efforts. However, if we do not receive sufficient answers, we intensify our follow-up, escalate further to management/C-suite level, adjust our vote recommendations for the companies' annual general meetings or work with other shareholders through collaborative efforts. While we do not necessarily rule out public escalation measures such as issuing public statements, submitting shareholder proposals or speaking at general meetings, we do generally not make use of these public measures in the usual course of our approach. Exiting the investment is a measure of last resort in case an engagement on a relevant issue is deemed as having failed.

Any escalation is generally dependent on the size of our ownership, the engaged issue and its relevance to the overall investment case, our relationship with the company's management and board, and the possibility and success potential of collaborative engagement with other investors. Our escalation approach does in general not differ between funds, equities and corporate bonds or geographies; however, the methods and access to companies available may differ due to these characteristics. Naturally, corporate bonds do not offer the escalation method of adjusting our vote recommendations for annual general meetings. Furthermore, access to and openness of management to exchange may be different due to geographical location, ownership share within a fund or other factors.

Engagement is core to our stewardship efforts as it provides us with the platform to provide company feedback on their sustainable business practices as well as for us to understand their risks. Though we do not officially set specific engagement priorities especially on themes, we engage with companies based on our ESG Controversy Monitoring strategy. We would directly reach out to companies with an orange flag to better understand the controversy and if it is not successful, we will then revert to our above-mentioned escalation strategy.

See our engagement case studies in section Principle 9 for examples on escalation.

Exercising rights and responsibilities

12. Exercising rights and responsibilities

Exercising rights and responsibilities in equities

Besides engagement as laid out above, we see the exercise of voting rights (i.e. Proxy Voting) as an important tool for positively influencing companies with regard to corporate governance structures and, at the same time, for strengthening shareholder rights. By supporting the exercising of voting rights, we want to ensure that companies operate sustainably in the long term and that they adhere to good corporate governance standards. Therefore, we have created a Proxy Voting Policy, which incorporates relevant Environmental, Social and Governance (ESG) aspects.

To this end, we develop and provide recommendations for agenda items of general meetings of portfolio holdings in our public funds based on our comprehensive Berenberg WAM Proxy Voting Policy.

Since the voting rights for the holdings in our mutual funds legally reside with the fund administrator, we pass on our recommendations to the administrator, which takes these recommendations into account when voting.

Guidelines for proxy voting

Our Berenberg WAM Proxy Voting Policy, published for the first time in 2019 and regularly updated since then, is a guideline for our proxy voting activities. Based on this policy, we define and provide our vote recommendations. The Policy has been developed and is updated considering current corporate governance standards, environmental and social guidelines, industry standards as well as the potential impact of the proxy voting decisions on the investments. It is important to note that voting recommendations are subject to regional and country-specific differences and our Policy is not inclusive of all considerations in each market. As a basic principle, we provide voting recommendations in accordance with local laws as well as good corporate governance standards.

This Policy sets the guideposts for our voting recommendation activity, and it represents our philosophy and beliefs regarding ESG issues in companies. Our Policy is, deliberately, not to be thought of as a hard set of rules, but rather as a set of guidelines on which we base our analysis. It forms the basis of any vote recommendation we define and provide, irrespective of the fund or strategy within which the company in question is held (see below for further information on the scope of our proxy voting approach).

A review of our policy takes place annually, led by the ESG Office in exchange with our external service provider IVOX Glass Lewis in order to identify any potential areas for updates. The existing policy is thereby compared against relevant regional standards such as the Analysis Guidelines for Shareholder Meetings of the German Association BVI as well as against our analysis in the previous year. Any potential updates are analysed in terms of their potential impact on voting behaviour and discussed internally with the portfolio management team. In case of material updates, the updated Policy is reviewed and signed off by the Wealth and Asset Management ESG Committee.

Key areas of our Proxy Voting Policy

1 Board-related issues	4 Company control issues
2 Audit-related issues	5 Operational and business issues
3 Capital structure issues	6 Environmental and social issues

You can find our Berenberg WAM Proxy Voting Policy at www.berenberg.de/en/esg-publications.

Scope

The scope of our proxy voting approach covers a large portion of the equity investments in our mutual funds. Since the voting rights for these holdings are legally held by our mutual funds' investment management company (administrator) Universal Investment, we pass on our vote recommendations to the management company, which takes them into account when voting.

Certain countries/jurisdictions in which portfolio companies are located have specific legal or procedural requirements regarding the exercise of voting rights. These requirements include, for example, powers of attorney, required physical presence at meetings or share blocking around the time of meetings. These may lead to our capital management company currently not being able to exercise its voting rights in these jurisdictions, which in turn limits our geographical scope for the provision of voting recommendations. Restricted jurisdictions in 2023 included Sweden, Norway, and others. We continuously work with our capital management company on extending this geographical scope and including further countries in our process. In 2023, we added Denmark, and in 2022 Finland and Switzerland.

In addition, not all our public funds are already fully in scope of our proxy voting approach, so that holdings in these funds are only included in the approach if they fulfil the following conditions: in case of German holdings and/or in case the fund's ownership in the holding exceeds 0.5%.

Based on the requirements as formulated above, a weekly holdings file is generated and passed on to our external proxy voting service provider IVOX Glass Lewis. IVOX Glass Lewis monitors for all holdings on this file whether a company meeting is coming up and provides us with meeting information as well as their initial analysis via their platform Viewpoint. Our ESG Office monitors all upcoming meetings and initial analysis by Glass Lewis on the platform and carries out the subsequent analysis as further described below.

The scope of our proxy voting approach does not extend to our wealth management or our asset management in special funds and mandates (i.e., separate/segregated accounts), as the voting rights reside across a large and diverse client base. We do not exercise voting rights for our clients, nor do we provide voting recommendations to them on a standardised basis. We currently do not offer clients the option to direct voting in mandates and segregated accounts as our proxy voting process in place is set up to provide vote recommendations for holdings within our public mutual funds. On specific occasions we may provide recommendations to clients with special funds and special mandates on an informational basis in instances where portfolio holdings overlap with those of our mutual funds for which we provide recommendations within our regular scope.

We do not carry out stock lending in our mutual funds subject to our proxy voting process per the respective funds' prospectus; hence, we did not formalise an approach to stock lending in terms of recalling lent stock for voting or on how to mitigate "empty voting".

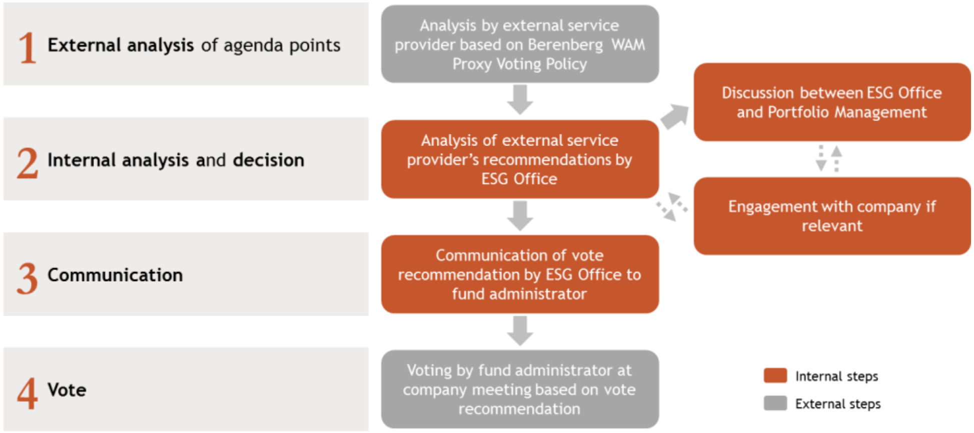
Proxy voting process

Our Berenberg WAM Proxy Voting Policy is not to be thought of as a hard set of rules, but a set of guidelines on which we base our analysis and final definition of vote recommendations.

Every vote recommendation is preceded by an initial analysis through our external proxy voting service provider, IVOX Glass Lewis, and a further in-depth analysis by our ESG Office and the responsible portfolio management entities. The initial analysis by IVOX Glass Lewis is based on our Proxy Voting Policy. However, as set out above, our Policy is not to be thought of as a hard set of rules, but rather as a set of guidelines on which we base our further analysis. Accordingly, the same holds for the custom recommendations received from IVOX Glass Lewis, which are further analysed by our ESG Office together with the responsible portfolio managers.

If questions arise during this analysis, we take them up directly with the company as part of our engagement process and, if possible, incorporate our findings into our final recommendation. Thus, all final vote recommendations are to our full discretion and they might divert from the initial custom recommendation received from IVOX Glass Lewis. No final decision on our vote recommendations is outsourced to a third party.

The final vote recommendations are then passed on to the public funds' management company, which adjusts their voting for the shareholdings of our public funds in accordance with our vote recommendations. Where our vote recommendation and subsequent vote diverts from how the management company would have voted otherwise, this is disclosed in the annual voting records published by the management company.



Proxy voting communication & disclosure

We may communicate with companies as part of our proxy voting process if:

- we require further information to adequately analyse an agenda point and develop our vote recommendation;
- we identify agenda points and underlying corporate governance topics that do not comply with our proxy voting guidelines or our broader thinking regarding good corporate governance and recommend voting against these agenda points; or
- we identify agenda points where we see room for improvement in terms of good corporate governance but recommend voting for these agenda points.

In addition, companies also approach us directly for discussions about corporate governance topics, often before annual general meetings, such as in the form of shareholder consultations or governance roadshows to understand investors' views. We appreciate companies actively seeking investors' input and aim to take up the offers whenever possible.

Direct communication with companies may lead us to adjust our vote recommendation if the company sufficiently demonstrated that it has or will address the issue of concern or, alternatively, if the issue of concern was, for example, based on a lack of disclosure and the company committed to improved disclosure. While the tight time- and deadlines of the global proxy voting season do not always leave sufficient room for exchange with companies prior to annual meetings, we believe this approach can create room for discussion and can help companies to further develop sustainably.

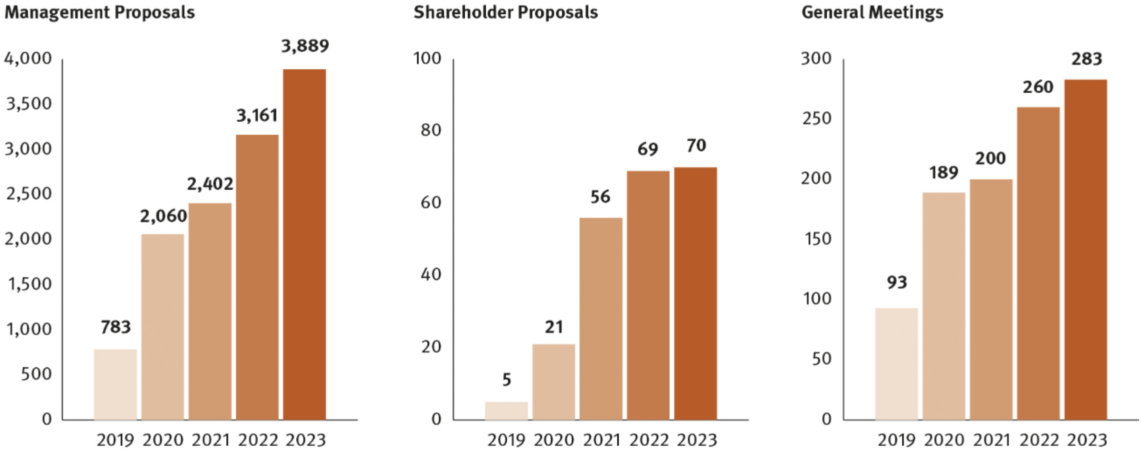
As for engagement activities, we may report on an ad-hoc basis to clients on proxy voting activities relevant to their portfolios and report publicly on our approach and activities on an aggregate basis annually since our first Active Ownership Report published in 2021.

The management company of our public mutual funds publishes their consolidated voting behaviour in their annual Participation Report. Within this report any agenda item, for which our vote recommendation led to a diverging vote for our funds' holdings, is highlighted. The annual

Participation Report can be accessed at: https://www.universal-investment.com/en/Corporate/Compliance/Germany/.

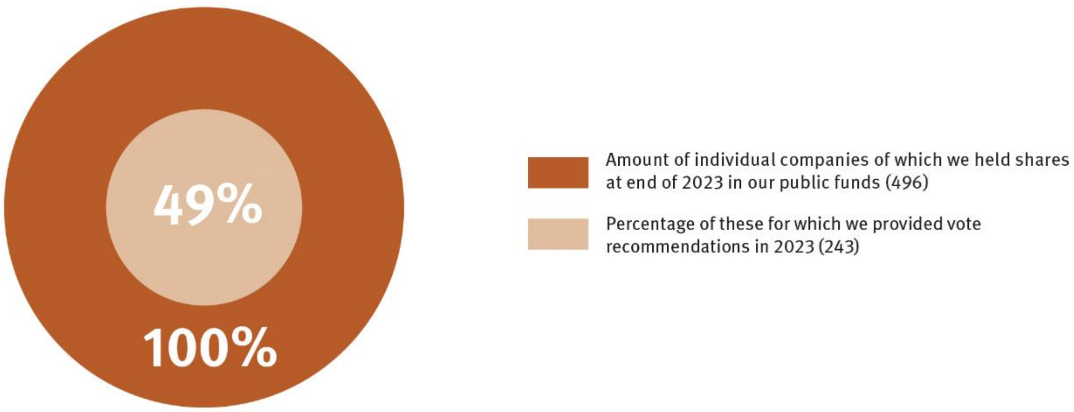
Voting statistics

Proxy voting from 2019 to 2023: meetings and proposals



In addition to expanding our approach to include more funds and companies, we are also continuously working on further expanding our approach from a process perspective. In particular, we attempt to communicate our voting recommendations even more transparently to portfolio companies and explain the reasons for our recommendations against management proposals in a comprehensible way. This gives us the opportunity to enter into an exchange with companies on relevant corporate governance and other proxy-voting-related topics beyond the mere voting recommendation.

Proportion of mutual fund equity holdings for which voting recommendations were provided in 2023



The proportion of shares for which voting recommendations were provided for a given year needs to be approximated, for example due to portfolio turnover leading to holdings being invested after or being divested before annual general meetings were held in a given year. We approximate a proportion of 49% of equity portfolio holdings for which vote recommendations were provided in 2023, by comparing the total of company meetings for which we provided voting recommendations in 2023 to the equity portfolio holdings in our mutual funds at year-end 2023. Equity portfolio holdings for which we provide vote recommendations are selected based on the scope as described above.

Proxy voting in 2023: overview[4]

3959
Provided recommendations for 3,959 agenda points/proposals

283
Provided recommendations for 283 meetings

3330
recommendations WITH management

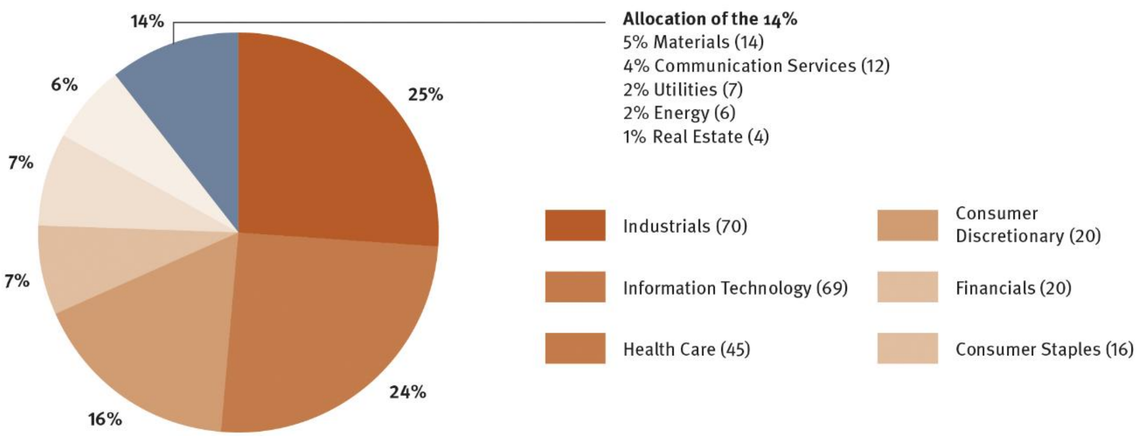
250
Provided recommendations for meetings of 250 companies

1656
of recommendations were board-related

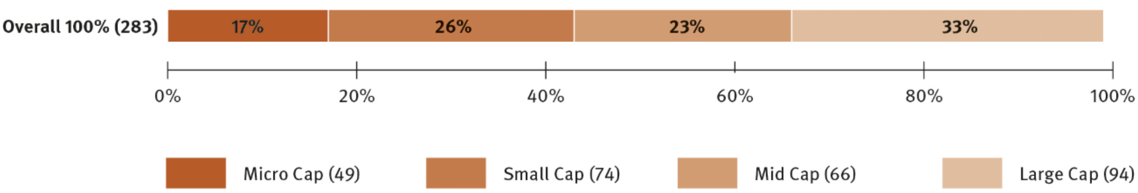
606
recommendations AGAINST management

172
meetings with at least one recommendation against management

Proxy voting by sector

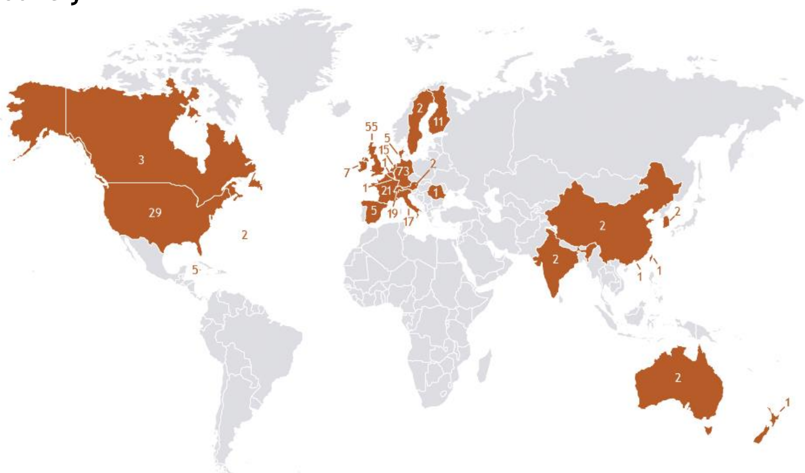


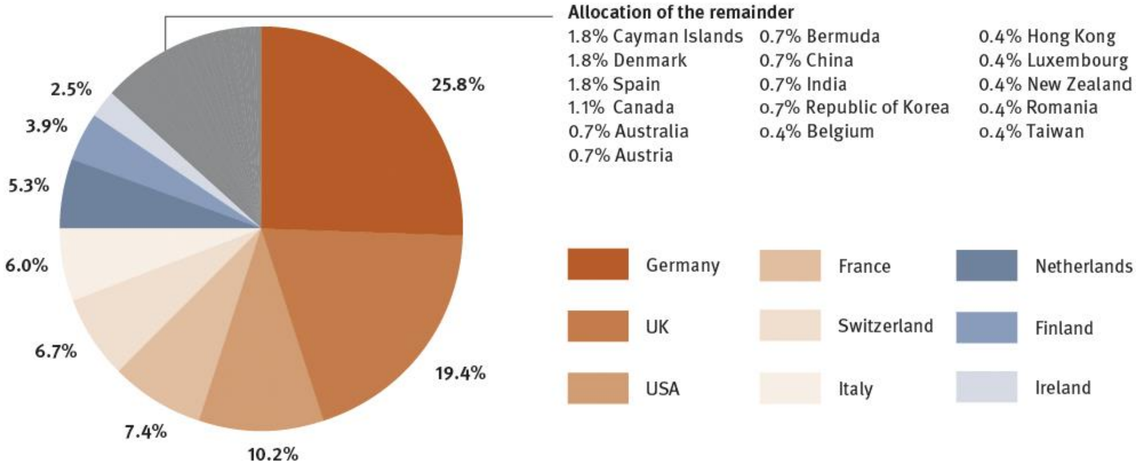
Proxy voting by company size



[4] The difference between the total number of recommendations provided and the sum of recommendations with and recommendations against management is due to 23 recommendations not being assignable to either category.

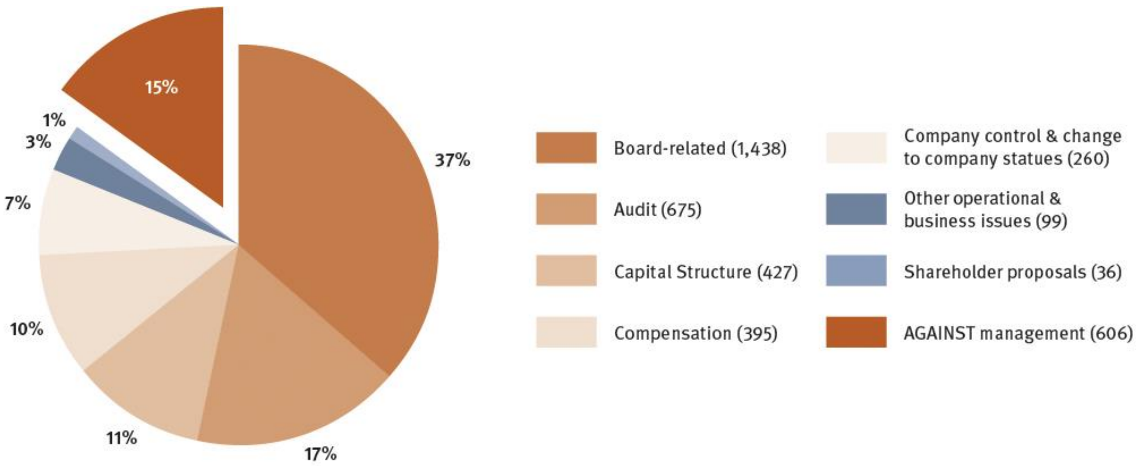
Number of company meetings for which we provided voting recommendations in 2022, by country



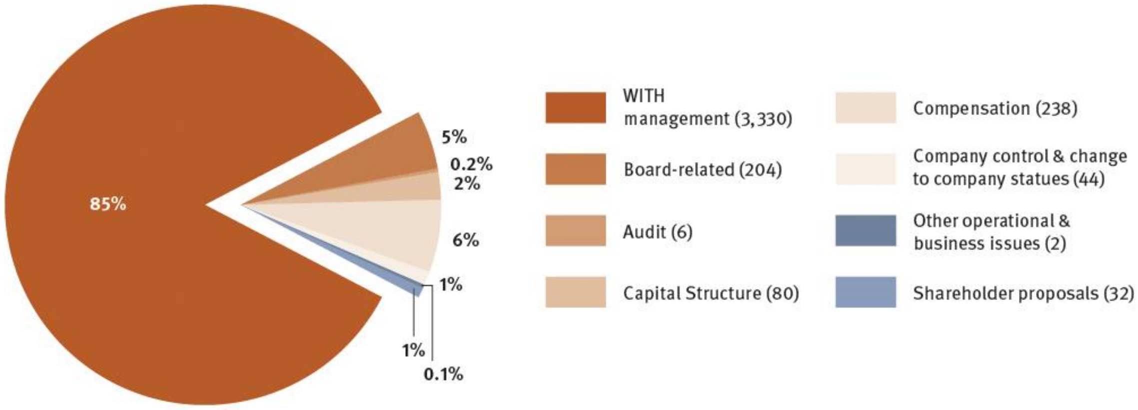


Proxy voting by topic

Split of voting recommendations WITH management by topic



Split of voting recommendations AGAINST management by topic



Voting recommendation highlights

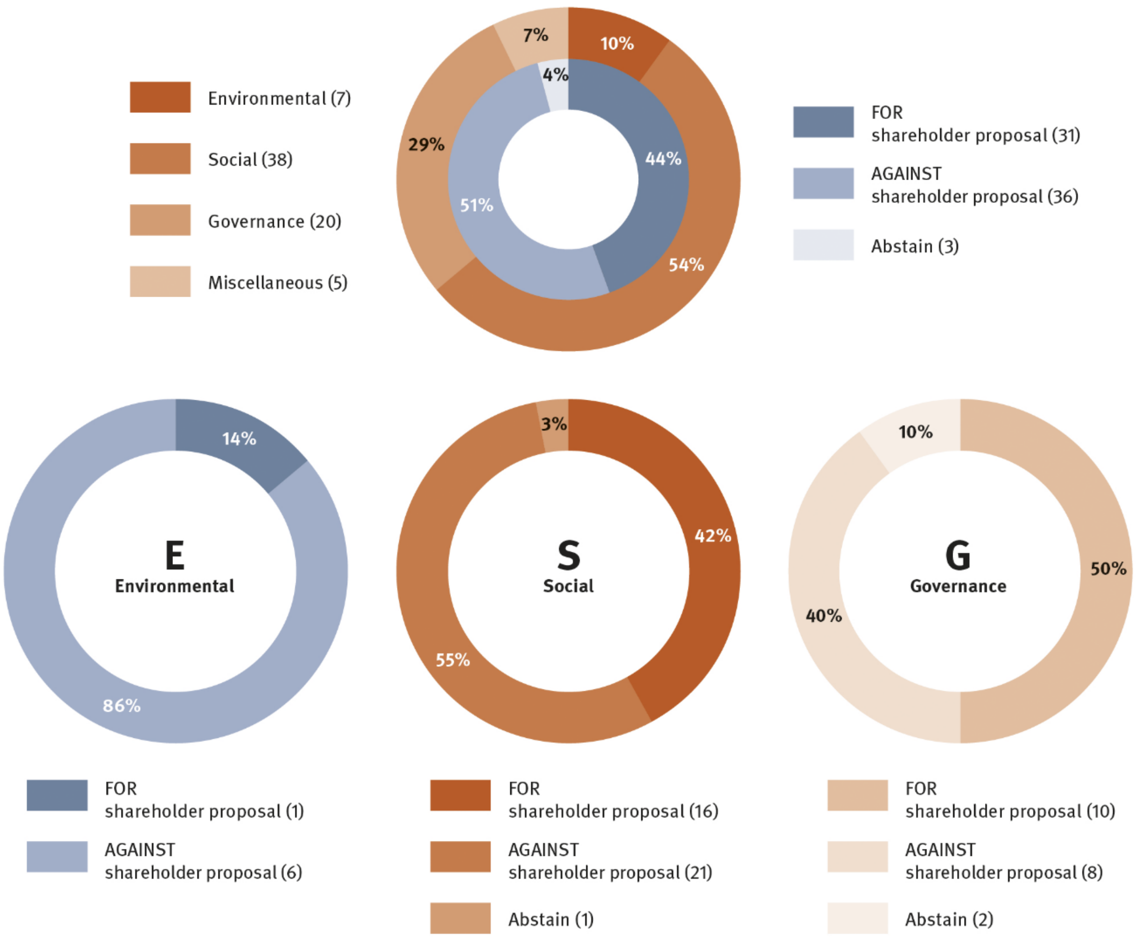
Recommendations on shareholder proposals: Proposals initiated by shareholders make up only a small part of all proposals on which we provide vote recommendations (2% of all proposals in 2023). Such proposals are analysed in the same manner as management proposals, in that we receive external analysis on the respective agenda points based on our Proxy Voting Policy and analyse these internally between the ESG Office and portfolio management. We recommend voting for a shareholder proposal if we believe that it sufficiently promotes good corporate governance structures, expands or strengthens shareholder rights and contributes to a company's ability to operate sustainably in the long term, insofar as we believe the company has not yet taken sufficient action in that area.

CASE STUDY 1: Vote Recommendation Against Shareholder Proposal

Sector: Health Care
Region: Europe
Country: Denmark
Focus of Shareholder proposal: S
Vote recommendation: Against
Date of AGM: March 2023

The shareholder proposal asked for the company to reduce the prices of vital medicines, so that the operating profit is aimed at being reduced by a specified amount.

After analysis by our external proxy voting service provider and further internal analysis, we decided to recommend to vote against this shareholder proposal. Firstly, we believe that setting a profit boundary cannot be in the interest of shareholders. Secondly, while affordability of vital medicine is a topic that among others pharmaceutical companies need to address, we believe the company had taken relevant steps in this area, e.g., by integrating an access-to-medicine strategy into its corporate strategy and engaging in capacity building initiatives, and the content of this specific shareholder proposal is not expedient to further the case of access and affordability.



Recommendations against board (re-)elections: When analysing proposals on board (re-)elections, we pay particular attention to the board's ability and capacity to execute independent oversight. For this, we review aspects such as independence of board members, constitution of board committees, diversity and mandates in other similar bodies. In 2023, board-related proposals made up about 42% of all proposals and we recommended voting against 12% of board-related proposals.

CASE STUDY 2: Vote Recommendation Against Board Re-Elections

Sector: Health Care
Region: Oceania
Country: Australia
Topic of proposal: Board re-elections
Vote recommendation: Against
Date of AGM: November 2023

After analysis by our external proxy voting service provider and further internal analysis, we decided to recommend to vote against the re-election of four Board of Director members, which we assessed as not independent. This decision was based on our assessment that the board as a whole as well as the audit committee were not sufficiently independent. In both cases we are looking for at least a majority independence (i.e., more than half of the members of the board and of the relevant board committees should be assessed as independent). If this is not the case, we generally opt for a recommendation to vote against the (re)election of all members that are assessed as not independent. In the case of this company, the board consisted of eight members, of which three were company insiders classified as not independent by the company and a further two members were assessed as not independent in our analysis as one member was the director and shareholder of a company with a material business relation with the firm and another member was a former executive director of the company and had in the past financial years received consultancy fees from the company.

Recommendations against compensation reports and systems/policies: Our Proxy Voting Policy sets out aspects of good remuneration practices for executive and non-executive board directors. On one hand, remuneration systems and respective remuneration reports need to contain a sufficient level of disclosure detail for shareholders to make an informed assessment about the company's practices. On the other hand, remuneration systems should be designed in such a manner that they appropriately balance short- and long-term incentives as well as fixed and variable compensation and contain necessary elements to align remuneration with shareholder interests. In 2023, compensation-related proposals made up about 16% of all proposals and we recommended voting against 36% of compensation-related proposals.

CASE STUDY 3: Vote Recommendation Against Remuneration Policy

Sector: Energy
Region: Europe
Country: France
Topic of proposals: Remuneration Policy of CEO and Chair
Vote recommendation: Against
Date of AGM: November 2023

After analysis by our external proxy voting service provider and further internal analysis, we decided to recommend to vote against the proposed remuneration policies for CEO and Chair, which were assessed as lacking relevant aspects and did not sufficiently address the significant shareholder dissent communicated in the previous AGM. The decision regarding the remuneration policy of the CEO was based on our assessment that the policy did not specify the definition of fixed salaries going forward, did not contain an STI plan and had several shortcomings in the LTI component, such as short performance periods and no recovery provisions. The decision regarding the Chair's remuneration policy was primarily based on the assessment that the policy allowed for the non-executive Chair to receive equity compensation, which we assess as incompatible with the oversight role of non-executive directors in the Board of Directors. We believe that non-executive should receive fixed fees and not any kind of variable or performance-based remuneration, in order to sufficiently differentiate their perspective from management.

Recommendations to Abstain: We aim to avoid to recommend to abstain from voting as we believe that, if sufficient information is provided, the decision should be between voting for or against a proposal. This being said, we would opt for recommending to abstain from voting in cases where insufficient information has been provided ahead of the meeting in order to carry out a meaningful analysis of the respective agenda point and in case the company could not provide further information in time on request.

In 2023, we opted for recommending to abstain from voting at the AGMs of several of our German portfolio companies on their proposals for Amendments to Articles with regards to Virtual Shareholder Meetings. If the approval period for such virtual meetings extended beyond two years and no further information was provided on how and under which circumstances shareholder meetings would be conducted in a purely virtual format, we recommended to Abstain from voting on the proposal. Other proposals for which we recommended to abstain from voting included, among others, elections of directors, where no sufficient information on their background was published.

Recommendations "Against" our Proxy Voting Policy: As described above, our Policy sets the guideposts for our voting recommendation activity, and it represents our philosophy and beliefs regarding ESG issues in companies. It is not to be thought of as a hard set of rules, but rather as a set of guidelines on which we base our analysis. The possibility to recommend "against" our policy is thus a deliberate part of our approach.

In 2023, we decided to recommend to vote for a number of proposals to authorize the respective companies to issue shares with pre-emptive rights, even though these issuances by themselves or together with other current approved issuances exceeded the limit of 40% of currently issued capital as set by our policy. We chose to allow the companies this flexibility as we assessed it to be in line with their growth strategy and existing capital needs and have had no indication of any past abuse of this flexibility.

Exercising rights and responsibilities in fixed income

For fixed income assets, the focus of our approach is on reviewing prospectus and transaction documents. As our risk management recommends the early access of positions at risk of restructuring, we are typically not in the situation to seek amendments to terms and conditions in indentures or contracts, to seek access to information provided in trust deeds, or to deal with impairment rights. If in a situation of debt restructuring and where our holdings give us sufficient influence, we would join the ad-hoc committee of bondholders formed to manage the restructuring to work with other parties to deliver the best outcome for our clients.

In our review of prospectuses and transaction documents, we pay particular attention to issuer information, inclusion of collateral, relevant credit clauses / covenants with a particular focus on those with potential detrimental effects. Relevant information in this regard is obtained by third party providers or involved parties. On a "drive-by" transaction (i.e., unexpected deals launched and priced on the same day without lengthy roadshow), our ability to influence bond documentation is more limited, but we will only invest in such transactions where the credit is a well-known, frequent issuer. However, our engagement in secondary markets through dialogue between portfolio manager and research analyst may also provide feedback to the issuers in determining what type of bond documentation we expect in business-as-usual settings. With regard to liquid bond markets, we have less opportunity to influence the existing language in bond documents. However, as an investor in bond markets on behalf of our clients, banks might approach us for our thoughts on language.

In relevant cases, we would involve our legal department and, if necessary, also call on external law firms / advice.

Important notes

This document is a marketing communication.

This information and references to issuers, financial instruments or financial products do not constitute an investment strategy recommendation pursuant to Article 3 (1) No. 34 Regulation (EU) No 596/2014 on market abuse (market abuse regulation) nor an investment recommendations pursuant to Article 3 (1) No. 35 Regulation (EU) No 596/2014, both provisions in connection with section 85 (1) of the German Securities Trading Act (WpHG).

As a marketing communication this document does not meet all legal requirements to warrant the objectivity of investment recommendations and investment strategy recommendations and is not subject to the ban on trading prior to the publication of investment recommendations and investment strategy recommendations.

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However, it does not replace a legal, tax or individual financial advice.

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The statements made herein have not been audited by any external party, particularly not by an independent auditing firm.

The statements contained in this document are based either on the company's own sources or on publicly accessible third-party sources, and reflect the status of information as of the date of preparation of the presentation stated below.

Subsequent changes cannot be taken into account in this document. The information given can become incorrect due to the passage of time and/or as a result of legal, political, economic or other changes. We do not assume responsibility to indicate such changes and/or to publish an updated document.

Past performance is not indicative nor a guarantee of future returns. These materials may contain past market data, which is not a reliable indicator of future market behavior and may not represent all trends that may be material to a prospective investor.

Please refer to the online glossary at www.berenberg.de/glossar for definitions of the technical terms used in this document.

Date: 29 April 2024

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