



BERENBERG STEWARDSHIP REPORT 2024

BERENBERG



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Foreword

Collaborating closely with companies and issuers as an investor is a fundamental aspect of our investment strategy and ESG approach.

We view stewardship and ESG aspects to be key factors in our investment decisions. ESG factors are an integral part of analysing risk and return. Ideally, we aim to invest without limits but this is only feasible when companies and issuers are managed 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 matters most for us is the direction in which they are heading. We proactively engage with management teams of companies and issuers, monitor how they handle controversial issues over time and encourage them to fulfil their environmental and social responsibilities.

As a bank with international operations, we also monitor the long-term social and environmental impact of our actions. Responsible corporate management involves both forward-thinking corporate governance, as well as the assumption of social and environmental 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 aim to share our stewardship philosophy, governance practices, processes and activities aligned with the 12 principles of the Financial Reporting Council's UK Stewardship Code (the Code).

The UK Stewardship Code became effective on 1 January 2020, establishing high standards of stewardship for asset managers, asset owners, and service providers. Berenberg has long embraced the principles of the Code, aligning with its philosophy of responsibly allocating, managing, and monitoring capital to create long-term value for clients and beneficiaries, while fostering sustainable benefits for the economy, environment, and society. In 2024, Berenberg reached a significant milestone by becoming the first independent private bank from Germany to successfully apply for signatory status to the UK Stewardship Code. This achievement further underscores our commitment to responsible and sustainable investing. This report outlines how Berenberg continues to comply with the Code's principles on behalf of our clients.

Klaus Naeve
Head of Wealth and Asset Management

Matthias Born
Head of Investments

2024 in a nutshell

All areas of the Bank contributed to the good result we have achieved in 2024.

81.6m

Net Profit

39.0bn

Assets under
Management

40.1%

Return on Equity

76.2%

Cost-income ratio

In EUR

Our **Investment Bank** is characterised by long-standing, close relationships with both investors and companies. More than 20,000 meetings that we organised between both sides in 2024, mostly at management level, testify to this. In total, we organised 23 investor conferences in Europe and the US. At the European Conference in Pennyhill Park near London alone, 400 company representatives and 375 institutional investors met at the end of the reporting year.

We have continued to expand our **Wealth and Asset Management** offering. In client services, we expanded our regional network and the number of advisors. The opening of our branch office in Hannover brings the number of German locations to eleven and enables us to expand our client-centred support. With our new Professional Client Advisory, we offer a special service for professional clients that is virtually unrivalled in the market in terms of service level, investment quality, and long-term results. With Berenberg Investment Consulting, we develop customised investment strategies based on the latest academic and technical developments.

In **Corporate Banking**, in addition to traditional corporate client business, we are particularly active for our clients in the areas of shipping, real estate, and infrastructure & energy, as well as in the specialised field of structured finance. Our debt funds are meeting with great demand from an increasingly broad client base. Senior and subordinated collateralised financing for wind farms, solar parks and energy storage facilities increased considerably, making a significant contribution to the energy transition.

Purpose and Governance

Principle 1: Purpose, strategy and culture

Berenberg as an organisation

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. The business divisions are integral parts of Berenberg and not separate legal entities¹.

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 reactivity 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 2024, our Equity Research team covered 772 stocks. In addition, we support IPOs,

¹ It is important to note that the asset management function operates as a business unit within the Bank and is not structured as a separate legal entity. Although it maintains a distinct operational focus, particularly in managing investment portfolios and providing advisory services, it remains fully integrated into the Bank's organizational and governance framework. As such, there is no legal separation between the banking and asset management activities; they are conducted under the same legal entity, subject to the Bank's overarching risk management, compliance, and regulatory oversight structures. Appropriate measures (e.g. Chinese walls) are in place to manage areas of confidentiality and sensitive information. Further information on the identification and management of conflicts of interest can be found under Principle 3.

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 to a limited extent and in addition to our service-orientated business model.

Wealth and Asset Management

Our Wealth and Asset Management division combines expert advisory services for high-net-worth individuals with the active management of our in-house investment funds. We distinguish between two core offerings: bespoke advisory — built around a multi-award-winning approach — and professional portfolio management, where we take on the responsibility of managing client assets with precision and care. Dedicated specialist teams serve the specific needs of entrepreneurs, foundations, and family offices, with a focus on delivering both strategic insight and hands-on management.

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 solutions. The investment strategies developed for our clients stand for high product quality, dynamism and promising performance. The sustainability aspects of assets are taken into account in our investment processes.

Corporate Banking

We advise and assist companies, institutional investors, financial investors and single family offices 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.

Responsible stewardship of the environment

In terms of our environmental responsibilities we follow the principles of the United Nations Global Compact. Our aim is to keep reducing our ecological footprint. A variety of programmes and initiatives at our firm 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 now get around 98% of our electricity from renewable sources, for instance. We have further reduced our paper consumption by continuing to digitise our operations. By financing green infrastructure and renewable energy projects we support the promotion of sustainable technologies and the expansion of renewable energies.

A focus on society and employees

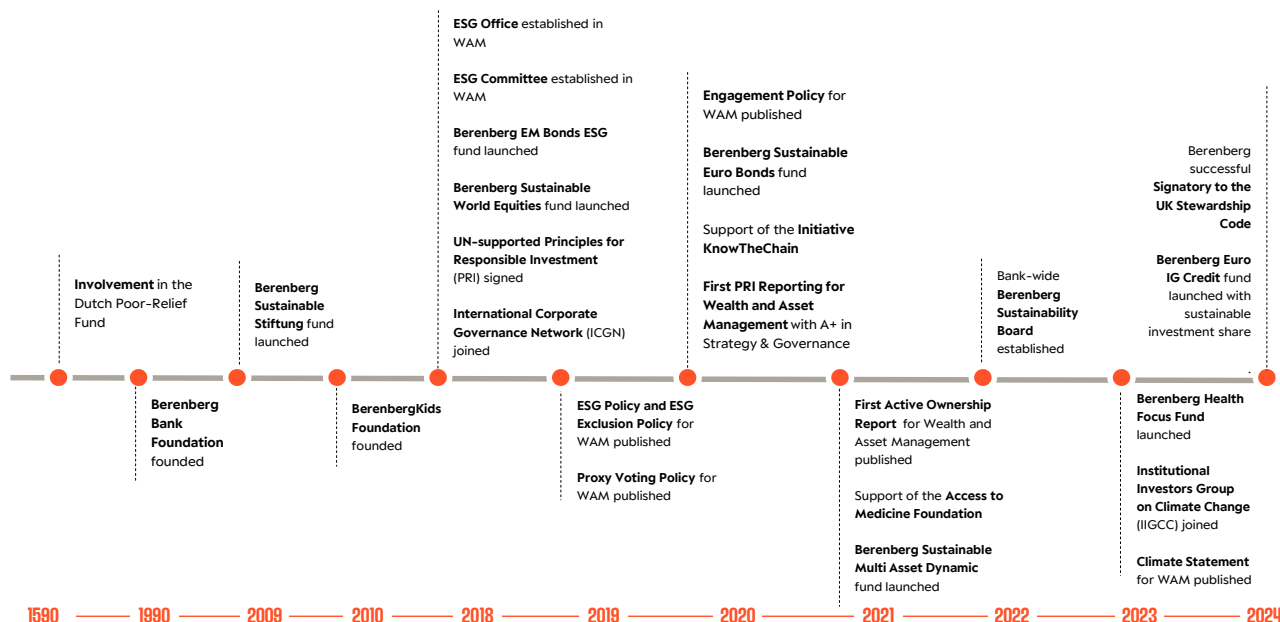
The success of our company depends largely on our employees. We respect social concerns, like compliance with the standards defined in employment law, the compatibility of family and career, professional training and occupational health and safety. Furthermore, we attach great importance to fair pay and diversity within the company. This also reflects our commitment to international legislation, such as the UK Modern Slavery Act.

For us, sustainable corporate governance also means assuming our social responsibilities. Our *Berenberg Foundation* has been sponsoring talented young people in the fields of art and culture since 1990. The *BerenbergKids* employee foundation focuses on supporting children and teenagers in need and from socially disadvantaged backgrounds by means of projects and charity events. Meanwhile, the Berenberg Women's Network supports female talent, raises awareness of gender-specific challenges, and promotes career development.

Responsible corporate governance

Our approach is anchored in responsible corporate governance, focused on delivering sustainable value to all stakeholders. In all our activities we ensure that we respect human rights in accordance with the principles of the United Nations Global Compact. Our Code of Conduct describes the principles and attitudes that we believe represent reliability and responsibility. As a bank we have an important role to play in preventing corruption of any kind. Implementing the "know your customer" (KYC) principle, combined with robust risk assessments, is one of the core elements of effective action against fraud and money laundering. The Sustainability Board reinforces our bank-wide sustainability governance and centrally guides our sustainability initiatives.

Sustainability timeline¹



¹With a focus on Wealth and Asset Management

Investment beliefs

Our *Wealth and Asset Management* (WAM) division is known for its personal advice, comprehensive services and active investment solutions based on the expertise of our renowned specialists. We draw on transparent investment processes, ceaselessly striving for the long-term positive performance of the assets entrusted to us – in portfolio management, investment advisory, our mutual funds, and institutional mandates. Correspondingly, our asset management products have an impact right through to wealth management. Beyond this, WAM is closely intertwined with our other business units. Today, it overlaps in numerous areas with the Investment Bank and Corporate Banking to tap into Berenberg's entire spectrum of services and meet our clients' needs in the best possible way.

In WAM, we are pursuing a clear growth trajectory by expanding our sales activities both regionally and across additional investor groups. To further diversify our product range and meet client needs, we selectively introduce new products. At the same time, we recognise that integrating ESG factors with fundamental analysis is essential for accurately assessing investment risk and return. Our approach involves analysing ESG risks and opportunities using both proprietary 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*. Described in more detail in Principle 7.

Berenberg's *Corporate Banking* has specific expertise in the segments such as structured finance, infrastructure and energy, shipping, real estate and corporate clients. With these teams, we serve predominately Small and Medium Enterprises (SMEs) and capital market-oriented companies. In addition, Berenberg's Corporate Banking is responsible for more than 20 active debt funds with more than EUR 5 billion assets under management, enabling third party investors such as institutional investors and large family offices to invest in our debt funds. We focus on segments, tiers

and structures that fill financing gaps in established asset classes and can generate excess returns due to our unique financing structures, speed, and transaction complexity. Since the inception of the strategy, Berenberg has a clean track record with zero losses and zero value impairments.

Our ESG approach - external recognition & awards

Berenberg



Signatory to the UK Stewardship Code - 2024
First independent private bank from Germany to successfully apply to be a signatory

Good scores in PRI Reporting - 2024
Second highest score of 4 stars in six out of seven reporting modules; 3 stars in remaining module

Shortlist ICGN Global Stewardship Disclosure Award - 2024
in the Asset Manager category (<€60 billion AUM)

Products



Best ESG Investment Fund: Multi-Asset



FNG-Label with 3 stars - 2025
**Berenberg Sustainable World Equities;
Berenberg Sustainable Multi Asset Dynamic**

FNG-Label with 2 stars - 2025
**Berenberg European Focus Fund; Berenberg Global Focus Fund;
Berenberg European Small Cap; Berenberg Aktien Mittelstand**

ESG Investing Award
Berenberg Sustainable Multi Asset Dynamic
Best ESG Investment Fund: Multi Asset

ESG Investing Award
Berenberg Sustainable World Equities
Best ESG Investment Fund: Global Equities – Shortlist 2025

Scope Alternative Investment Awards - 2025
Bester Asset Manager: **ESG Infrastructure**

Scope Alternative Investment Awards - 2025
Bester Asset Manager: **Infrastructure Debt**

Culture

We stand for continuity in investing and believe we have been successful because we understand the needs of our clients and are continually prepared to embrace and adapt to the changes of a highly dynamic industry, in which we play an active role 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 recognise 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.

Evaluation of our commitment to prioritising clients' best interests

Berenberg has considerable experience in managing third party assets, e.g. we are servicing German institutional clients since 1973. The experience in managing third party assets for private clients goes back many more decades. We are committed to serving the best interests of our clients by providing high-quality investment solutions, transparent communication, and a long-term stewardship approach.

To ensure we effectively serve our clients, we:

- **Monitor fund and mandate activity:** We systematically track inflows and outflows across our mutual funds and mandates, enabling us to assess investor sentiment, anticipate trends, and proactively engage with clients to provide strategic insights.
- **Promote long-term investing:** We emphasise the importance of long-term value creation, guiding clients to focus on sustainable investment strategies rather than short-term market fluctuations. This principle underpins our portfolio management approach and client recommendations.
- **Engage with clients on a regular basis:** Maintaining close relationships with our investors is a priority. Our sales and portfolio managers engage with clients regularly, ensuring direct communication, tailored investment discussions, and alignment with their strategic objectives.
- **Organise campaigns and webinars:** To facilitate direct dialogue, we organise client events, offering in-depth market insights and access to senior investment professionals. Additionally, our webinars and virtual updates provide regular touchpoints on current trends, portfolio performance, market dynamics, and investment strategy. In 2024, we organised more than 100 external events in the form of conferences, presentations and webinars.
- **Provide transparent communication:** Our clients receive comprehensive publications, newsletters and investment updates, offering timely analysis of portfolio positioning, macroeconomic trends, and stewardship activities. This structured approach ensures that clients have the necessary information to make well-informed decisions.

By continuously refining our client engagement model and enhancing transparency, we strive to reinforce trust and ensure that our stewardship activities align with the long-term best interests of our investors. We remain committed to adapting and improving our services to meet the needs of our clients and the broader investor community.

Principle 2: Governance, resources and incentives

Governance

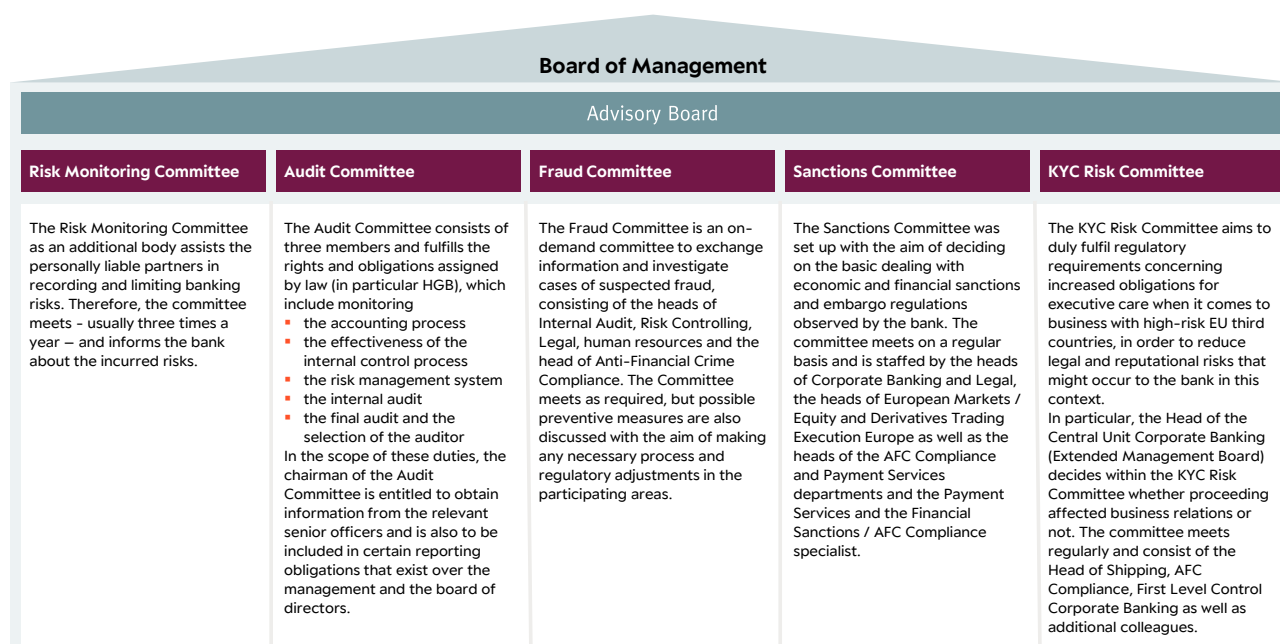
For more than 430 years, Berenberg has been committed to being accountable to its clients. From its earliest beginnings, the Bank has been run by personally liable managing partners, and this principle continues to be the cornerstone of our client relationships, which are based on trust. Our solid reliability 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.

Due to the legal form of the company, the activities of the management are regulated in the articles of association. The close coordination and clearly defined responsibilities enable quick and effective decisions to be made from the management into the overall organisational structure. 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 personal liability of the owners ensures a particular independence from corporate interests, stringent risk management and management continuity. The managers and employees of the company also act in a highly entrepreneurial manner and bear responsibility for their actions.

As a limited partnership Berenberg has no supervisory board. 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. There are two additional committees, the **Risk Monitoring Committee** and the **Audit Committee**. Rules of procedure exist for all committees. The Chair of the Audit Committee and the Board of Directors also regularly obtains information on aspects of business development and the risk profile through on-site discussions with employees.

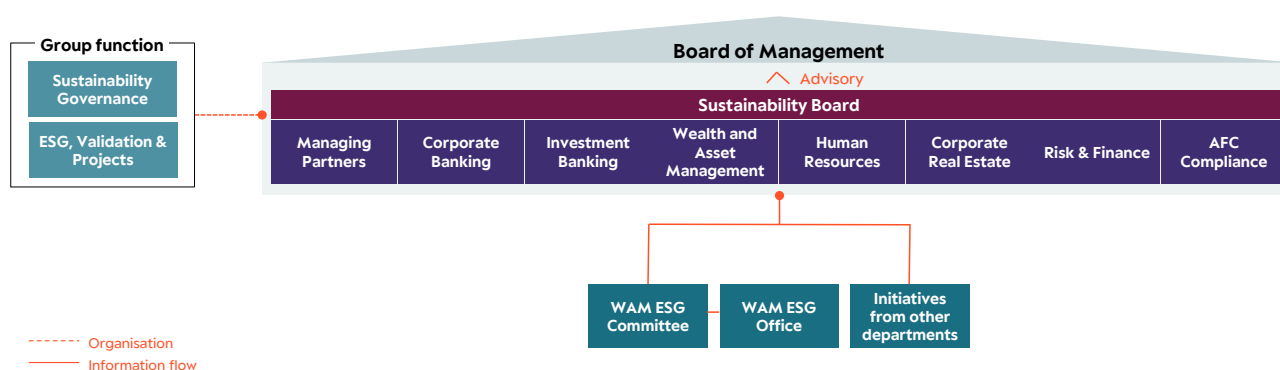
The chart below provides an overview of our governance structure, outlining the key committees that support our decision-making processes, risk management, and regulatory compliance to ensure effective oversight and stewardship.



Our chosen governance structure and processes, built around a framework of dedicated committees, have played a critical role in supporting stewardship by ensuring rigorous oversight, regulatory compliance, and prudent risk management. As a private bank operating as a limited partnership with personally liable partners, our structure fosters accountability and a strong alignment of interests between leadership and stakeholders. The active involvement of personally liable partners enhances long-term decision-making, while our committees provide specialised expertise to mitigate risk and uphold the highest standards of integrity.

Sustainability at Berenberg

In order to fully recognise the importance of sustainability, we have implemented a comprehensive Group-wide sustainability structure. This structure not only ensures the continuous development of Berenberg as a sustainable bank, but also promotes our long-term commitment to environmentally conscious and socially responsible corporate governance.



The **Sustainability Board** is a body that regularly advises the Board of Management on all aspects of sustainable corporate development. The various divisions inform the Board about their sustainability developments in order to centralise all Group-wide activities and initiatives. The Sustainability Board sets the guidelines for Group-wide sustainability development at Berenberg, with the final decision being made by the Board of Management. As a result, a constant flow of information to the Board of Management is guaranteed in such a manner that Berenberg's sustainable development is always in line with the strategy set by the Board of Management. The main tasks are to ensure compliance with all regulatory requirements and to coordinate the flow of information on sustainability and ESG activities across all areas of the Group. Proposals for strategic framework conditions are prepared in the committees and

approved by the Sustainability Board. The Board is also responsible for communication with the bank. 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 (including among others, the Head of European Investment Bank, Head of Corporate Banking, Head of Investments, Head of HR).

In 2024, the Sustainability Board has revised all of Berenberg's published information on sustainability and has restructured parts of the website to centralise the information and ultimately make it more visible for clients and new employees. In addition, the Sustainability Board has been reorganised during the reporting period in order to improve its governance structure and to meet regulatory requirements. The new structure ensures a centralised coordination and facilitation of the meetings as well as strategic advice on ESG regulations through the new Sustainability Governance function. Besides that, a Risk & Finance as well as AFC-Compliance function have been included to provide strategic advice on risk-related ESG topics.

The **Sustainability Governance** function, which reports directly to the Board of Management, is responsible for providing bank-wide advice on regulatory sustainability reporting issues and ensuring that the process is carried out. As a staff function (in the **first line of defence**) within Berenberg, it is responsible for monitoring and coordinating relevant sustainability developments. It also acts as an interface between the company's various stakeholders. Furthermore, its task is to set up a company-wide sustainability management system. The Sustainability Governance function is also responsible for organising and conducting the meetings of the bank-wide Sustainability Board.

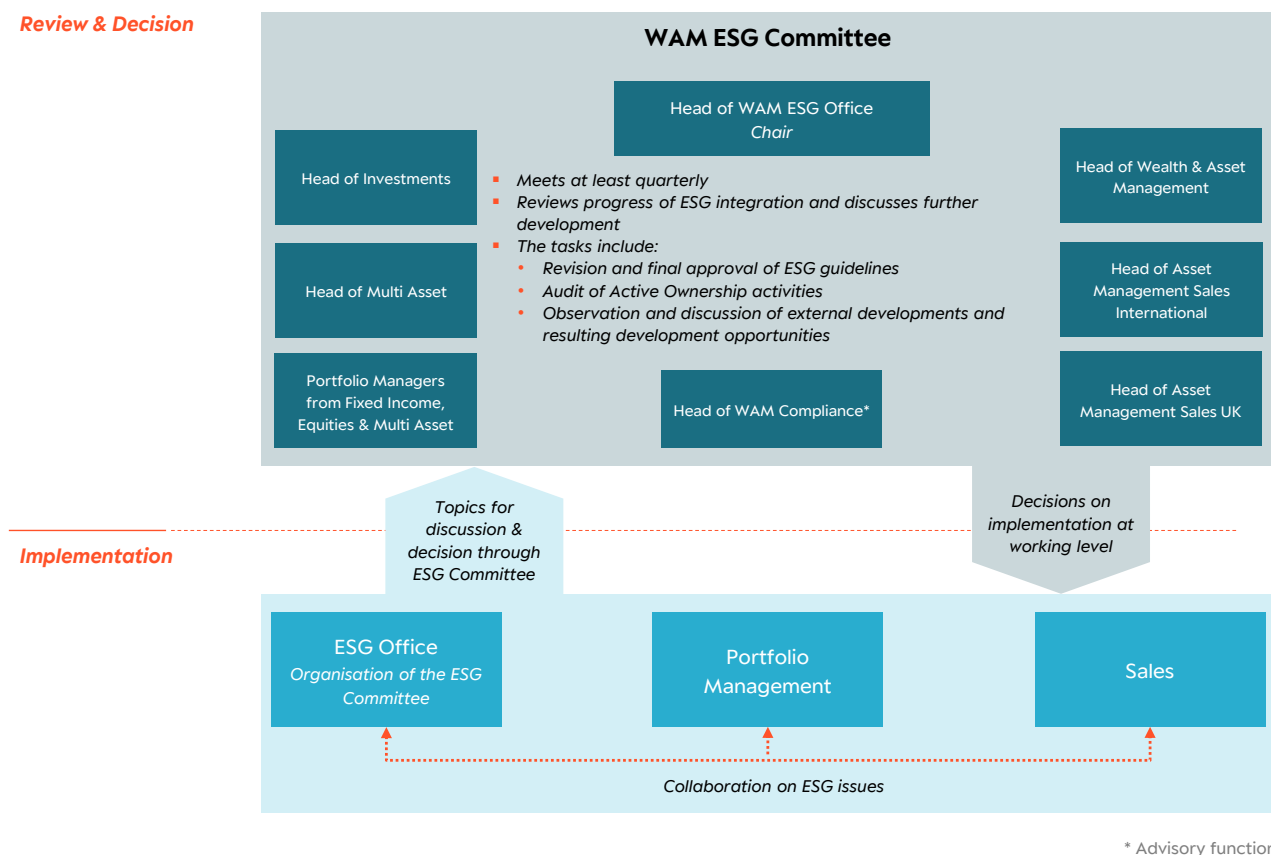
In the Risk & Finance division, the **'ESG, Validation & Projects'** team serves as a market-independent control and project management unit for all regulatory ESG requirements. It guarantees that these are fully included in the Group's risk management and reporting. In line with the three lines of defence model, the team acts as a second line of defence to ensure compliance with all regulatory requirements.

The organisational sustainability structure is regularly reviewed as part of the strategy cycle.

The **ESG Office** of the Wealth and Asset Management division define and further develop the business division's ESG principles, support their implementation and monitor compliance with them.

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. The committee reviews the progress of our ESG activities and discusses their further development, taking into account current trends as well as regulatory changes in the market. Key tasks of the ESG Committee include the revision and final approval of ESG policies, the review of our active ownership activities, as well as the monitoring and discussion of external developments and resulting development opportunities. In the reporting year, the WAM ESG Committee has met four times. Discussions in the WAM ESG Committee may be taken up in the Sustainability Board.

Review & Decision



Furthermore, Berenberg has newly established a specific **Sales-** and **Product Committee** within Wealth and Asset Management. The **Sales Committee** is comprised of senior sales managers and acts as a discussion platform for the ongoing sales and marketing activities. In addition, the sales view regarding our product strategy, benchmarking with peers and market insights with regards to product and sales trends are being discussed regularly. The aim is to develop a transparent and jointly agreed sales strategy and an updates product matrix for any sales priorities. The **Product Committee** is composed of senior product managers and serves as a product management practice group and interface between portfolio management, product specialists, COO and sales. In this regard, the committee focuses on the topics of product management, product pricing and product innovation.

Within this newly established Sales Committee we have introduced a Products & Services Matrix in 2024 as part of our commitment to a transparent and well-structured sales strategy. This framework ensures a consistent and jointly agreed approach to sales steering, enabling a clear alignment between our product and service offerings and our overall strategic objectives. The matrix serves as a central reference point for categorising and prioritising our range of products and services, providing a structured methodology for sales planning and execution. It enhances transparency in decision-making and ensures that sales efforts are aligned with our requirements per channel. Furthermore, our marketing, events, and product specialist teams rely on this classification to tailor their activities accordingly. By using the matrix as a guiding tool, we ensure that resources are allocated efficiently, and efforts are targeted to meet client needs.

Resources

From our Hamburg headquarters, we have established a notable presence in the financial centres of Frankfurt, London, and New York in recent years. Today, we have 1,528 employees at 18 locations across Europe and the US. With the expansion of our Investment Bank, Wealth and Asset Management, and Corporate Banking business divisions, we are well positioned for sustained market growth, making us a reliable and trusted partner for our clients. We analyse the economy and financial markets across all sectors and geographic boundaries and apply our vision.

In-depth expertise and experience are necessary to make sound decisions, so we have built up one of Europe's largest equity research teams, established a highly regarded macroeconomics team, and set up a first-rate group of investment strategists and portfolio managers.

All of this has made Berenberg more than just a bank. As an advisor and trusted partner, we address client needs with responsibility, insight, vision and expertise. In brief, accountability is our guiding principle.

Investment platform WAM

Our investment team comprises 55 highly skilled professionals, including portfolio managers, research analysts and data scientists, who are dedicated to delivering superior investment outcomes. Organised by asset class and specialisation, our teams bring deep expertise across a wide range of markets and strategies. On average, our investment professionals have approximately 13 years of experience, ensuring a strong foundation of knowledge and market insight. Additionally, 23 of the team members hold a PhD and/or CFA designation, reflecting our commitment to intellectual rigor and analytical excellence.

To further enhance our investment process, these professionals are supported by a team of seven product specialists who bridge the gap between investment management and client needs. Their expertise ensures that our strategies are clearly communicated and aligned with client objectives. Together, our teams combine research-driven insights, disciplined risk management, and a collaborative approach to drive long-term value creation.

Our Innovation & Data Team plays a vital role in strengthening our investment capabilities by focusing on AI-driven developments and advanced analytical tools. Their expertise in leveraging cutting-edge technologies enhances decision-making and risk management, supporting a robust, data-driven investment approach.

ESG analysis is integrated directly into the investment process and is primarily conducted by the respective portfolio managers in collaboration with the WAM ESG Office. While critical issues are cross-checked with the WAM ESG Office, we believe ESG risks and opportunities are best managed by those making the investment decisions. The ESG Office also works closely with all relevant teams to support the integration of ESG considerations into broader processes.

The WAM ESG Office is responsible for our overall ESG strategy and integration. It ensures compliance with relevant standards and leads internal knowledge-building on ESG topics. Established in 2018, the ESG Office comprised four ESG professionals in the reporting year 2024, where an ESG analyst joined in the first quarter of 2024. On average, the ESG professionals bring eight years of industry experience, contributing valuable expertise to the development and implementation of ESG practices. The Head of the WAM ESG Office reports directly to the Head of Investments.

In addition to deep technical expertise, our team brings strong stewardship-relevant capabilities, including ESG integration, active ownership, and corporate engagement. Several members have direct experience engaging with company boards and executive teams on governance and sustainability issues. The team also participates regularly in industry working groups and ongoing training related to responsible investment practices. This combination of analytical rigour and stewardship expertise enables us to align our investment activities with long-term value creation and the principles of responsible ownership.

Investment platform Private Debt

Our investment team comprises 86 highly skilled professionals, covering a wide range of expertise from portfolio / investment management to risk management or legal advice, dedicated to delivering superior investment results. Organised by asset class, our teams bring deep expertise across markets and strategies. On average, our investment professionals have over 10 years of experience, ensuring a strong foundation of knowledge and market insight. To further enhance our investment process, our professionals are supported by a dedicated product specialists team who bridge the gap between investment management and investor needs. Their expertise ensures that our strategies are effectively communicated and aligned with our clients' objectives. In addition, Berenberg has a team dedicated to the risk management, which is separate from the investment team, as required by BaFin.

ESG analysis is carried out by portfolio managers in collaboration with an internal ESG team. The in-house Berenberg ESG tool analyses the sustainability risks of a (new) credit investment in a standardised way. It generates an ESG grade for sustainability risks, which forms part of the investment proposal for the debt funds. In the case of significant ESG risks, the mitigating factors are recorded in the ESG tool. Only if the ESG risks can be sufficiently mitigated will Berenberg proceed with the transaction. The tool is based on the exclusion of certain industries, governance risks based on the World Bank Governance Indicator, and environmental and social risks based on the S&P ESG Sector Risk Atlas, which combines environmental and social risks related to the relevant industry with a focus on credit-specific impacts.

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-)Learning & 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. In 2024, the WAM ESG Office held, among others, ESG Sales trainings onsite in our Hamburg and Frankfurt offices and online for colleagues from other locations in German and English and sent out a quarterly ESG Newsletter to inform on ongoing ESG projects and product developments, global ESG developments and relevant research and reports on the topic.

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 world-wide. In order to support the integration of people with disabilities and with equivalent conditions or diseases, Berenberg and the council of employees with disabilities have signed an inclusion agreement. That means treating everyone equally and fairly across all areas of the business.

Recruitment Partnerships

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|  <p>Bright Network</p> <p>▼</p> <p>Bright Network connects Berenberg with the next generation of bright and diverse graduate talent. One of these initiatives includes the Women in Leadership event, which we attend yearly</p> |  <p>University Partnerships</p> <p>▼</p> <p>Event collaborations with universities across Europe, including tailored presentation at Frankfurt School of Finance: Women in Business Society</p> |  <p>Hacker School</p> <p>▼</p> <p>Berenberg supports the Hacker School by providing IT online courses to school kids across Germany</p> |  <p>Visionpath</p> <p>▼</p> <p>Through our social mobility partnership, Berenberg colleagues host regular workshops to equip disadvantaged students from London with skills to support their progressions from school to work</p> |  <p>Girls & Boys Day</p> <p>▼</p> <p>Girls & Boys Day offers the opportunity for the children of colleagues to expand their career choices through job shadowing in Germany and London</p> |
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Policies & Employee Support

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|--|---|---|--|---|---|
|  <p>Female Client & Employee Events</p> <p>▼</p> <p>We celebrate the women we work with by hosting exciting female-led events for our clients together with female employees</p> |  <p>Family Friendly Policies</p> <p>▼</p> <p>Enhanced paid maternity leave in the UK, US, and emergency childcare in Germany. Flexible working arrangements possible, including part-time work option worldwide</p> |  <p>Women's Network</p> <p>▼</p> <p>Our Women's Network supports female talent by raising awareness of gender challenges, and supporting professional development and retention</p> |  <p>Learning & Development</p> <p>▼</p> <p>Berenberg offers a comprehensive Learning & Development Calendar for all staff members including mandatory trainings covering equal treatment and diversity, language lessons</p> |  <p>Health & Wellbeing</p> <p>▼</p> <p>Health care benefits incl. gym membership, medical cover, company sports, employee assistance programme, representation of disabled persons in Germany</p> |  <p>Buddy Support</p> <p>▼</p> <p>Buddy support system and mentorship programme available for all new joiners</p> |
|--|---|---|--|---|---|

Incentives

Principles for the remuneration of employees are fully established and practised within the framework of regulatory requirements. The remuneration regulations fulfil the requirements of the Remuneration Ordinance for Institutions in Europe (IVV) as well as the provisions of KWG 1 (21), 25a, 5b and follow the risk taker definition set out therein. The appropriateness of the remuneration systems is regularly reviewed in accordance with the requirements.

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.

Sustainability factors (ESG) are taken into account in particular in the variable remuneration. Variable remuneration is based on individual quantitative and qualitative performance as well as on the business results of the respective division and the Berenberg Group. In line with a sustainable corporate and Group strategy, not only the opportunities but also the risks of the business activities of the individual business divisions and subsidiaries as well as the safeguarding of client interests are considered in the assessment. To determine the bonus amount, the performance of the employee, the business division and the Bank as a whole is evaluated qualitatively and quantitatively, whereby sustainability factors can always be used as a qualitative characteristic.

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.

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.

Principle 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 in this area, the issue may be escalated to the Wealth and Asset Management 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 organisational 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 2024. 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.

Principle 4: Promoting well-functioning markets

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 of several organisations and associations, e.g. the Association of German Banks.

The Association of German Banks represents the interests of private banks in Germany. With 179 banks as members (mainly private banks operating in Germany) as well as extraordinary members such as 16 fintechs and seven state associations, the Association of German Banks is the leading organisation in shaping the transformation of the financial industry. Berenberg maintains close contact and a long-standing 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 organisation 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. We also endorse the German Renewable Energy Federation (BEE) and the Renewable Energy Hamburg Cluster (EEHH), both of which advocate for the expansion and promotion of renewable energy sources.

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 United Nations supported 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 supported the Task Force on Climate-related Financial Disclosures (TCFD).

Berenberg has signed the PRI for the whole bank and not only for specific sub-divisions which shows our overall commitment to sustainability. In our most recent PRI reporting (2024), which we completed on a voluntary basis, we again 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 recognise 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 led the expert committee on sustainability disclosure of the DVFA Governance and Sustainability Commission and is an 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) where they provide published views on various sustainability reporting standards such as CSRD and the upcoming Omnibus legislation. In addition, one of our ESG Investment Specialists within the WAM 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 2024, the discussions within this group have focussed particularly on the redesign of the PRI's reporting framework, contributing relevant practitioners' input into the design process.

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*, our Chief Economist regularly talks to various experts about the economic outlook and capital market topics.

Berenberg HORIZON | Capital Market Outlook Wealth and Asset Management



HORIZON

- Opinionated and comprehensive on all asset classes including asset allocation assessment
- Quarterly
- Print & online | 16 pages



HORIZON Handout

- Compact 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 charts
- fortnightly
- Online | ~13 pages



FOCUS

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



IC PROTOCOL

- Assessments and allocation results of the Investment Committee (IC)
- 2x per quarter
- Online | 6 pages

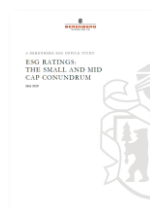
Further, we aim to contribute to the discussion and further development of sustainable investments by conducting our own analyses and communicating our views through the studies we publish. Since inception of the WAM ESG Office, we conduct ESG-related studies, in which we focus on topics material to our investment approach. Besides our own publications, the members of our WAM ESG Office often work together with other stakeholders to publish further articles and studies. All ESG-related studies are available at www.berenberg.de/en/esg-publications.



Berenberg ESG Survey: Understanding the SDGs in sustainable investing



Berenberg ESG Office and Makro Research Study: Sustainability (only German)



Berenberg ESG Study: ESG Ratings - The Small and Mid Cap Conundrum



Berenberg ESG Survey: Exploring Investor Sentiment



Berenberg ESG Survey: SDG and Climate Investing - Exploring Investor Sentiment



Berenberg ESG Study: Small Caps und ESG-Ratings - The Companies' Perspective

2018

2019

2020

2021

2022

2024

Risk management at company level

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. Berenberg is not considered to be systemically relevant for regulatory purposes and is not regarded as correspondingly large. Due to the defensive risk strategy and the focus on the service business, no special security precautions need to be taken in

accordance with AT 1 No. 3 of the Minimum Requirements for Risk Management (MaRisk). Nevertheless, Risk Controlling always keeps abreast of the latest regulatory developments in relation to risk management and assesses the need for process changes where necessary.

Risks are regularly identified in accordance with MaRisk AT 2.2 para. 1 and AT 4.3.2 para. 2 and categorised in terms of their materiality. MaRisk requires suitable indicators for the early identification of risks, which can be based on quantitative and/or qualitative risk characteristics depending on the type of risk. Information from other monitoring units (compliance, service provider management, information security, data protection, etc.) is included in the risk inventory process for the identification of risks.

In the first step, a catalogue of possible main and sub-risk types is considered in terms of their relevance to the institution (relevant/not relevant). In the next step, each relevant sub-risk type is analysed with regard to the impact of ESG aspects. This is followed by a materiality classification on a scale already established at Berenberg for other risk assessments (OpRisk self-assessment, information security, business continuity management, service provider management). This contains six defined gradations. The materiality classification is divided into two considerations: the impact on the net assets and results of operations on the one hand and the impact on the liquidity situation on the other. Where possible, quantitative key figures are compared with predefined financial thresholds. If this is not possible, a qualitative expert judgement is made.

Depending on the risk level, the monitoring of the risk, the assessment methods and the treatment in the ICAAP (Internal Capital Adequacy Assessment Process) are defined.

The overall assessment of all risks and their evaluation is made available to the management on an annual basis.

We recognise that market-wide and systemic risks, such as climate change, technological disruptions, regulatory changes, and geopolitical instability, have a material impact on our investments and the broader financial system. As an asset manager and bank, we are committed to continuously assessing and mitigating these risks through proactive monitoring, scenario analysis, and strategic decision-making.

Environment and climate change at the Group level

With regards to Berenberg's environmental responsibilities in its own operations, it is the bank's aim to keep reducing its environmental footprint. A variety of programmes and initiatives at Group 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.

It should be noted that certain measures – such as pursuing a digitalisation strategy, the upcoming move to a new building aiming for the Deutsche Gesellschaft für Nachhaltiges Bauen (DGNB) Gold certification, the preference for Green Lease agreements, the introduction of a Computer-Aided Facility Management (CAFM) tool to simplify energy monitoring, the use of cloud computing and energy-saving measures, particularly in the Global Technology sector, as well as the procurement of green electricity at all German branches – are related to climate protection and adaptation to climate change but were not initiated with this intention.

The same applies to the downstream value chain. For example, Berenberg offers corporate banking products that can contribute positively to climate protection through investments, such as financing renewable energy projects or implementing energy efficiency measures in the real estate sector. In the shipping sector, Berenberg supports its clients in transforming the maritime industry.

Enhancing Digital Operational Resilience: Implementation of DORA Requirements in 2024

In 2024, we enhanced our approach to identifying and responding to systemic risks, with a particular focus on digital operational resilience following the implementation of **the EU's Digital Operational Resilience Act (DORA)**. We have proactively initiated implementation of the requirements and concluded the project in January 2025. Understanding the critical need to strengthen our digital resilience, we took several measures to ensure compliance and enhance our cybersecurity framework and we continue to improve upon these in 2025.

For Berenberg, DORA means that it includes not only information security but also business continuity, third-party management, and operational IT risk management in an overarching Digital Operational Resilience (DOR) strategy. This enables the systematic identification, assessment, and management of information and communication technology (ICT) risks, as well as the implementation of robust measures to ensure continuous business operations even in the event of serious ICT-related incidents.

Information and Communication Technology Risk Management

We conducted a comprehensive assessment of our ICT systems to identify potential vulnerabilities and threats. This involved implementing robust risk management frameworks that align with DORA's stipulations, ensuring that all identified risks are systematically addressed and mitigated.

We have established a **Resilience Committee**, which acts as a central risk control function to oversee the handling of ICT risks. The committee more closely integrates the previously existing functions for Information Security Management (ISM), Business Continuity Management (BCM), Third Party Risk Management (TPRM), and Operational ICT Risk Management.

Incident Management Enhancements

We improved upon our advanced incident detection and response protocols to strengthen our ability to respond to and recover from ICT-related incidents. This includes real-time monitoring systems and a dedicated incident response team trained to handle various cyber threats, thereby minimising potential disruptions to our operations.

A unified classification scheme for identifying major ICT related incidents and process for reporting incidents to supervisory authorities (also unifying similar reporting requirements resulting from other regulations, e.g. PSD2) have been established.

Business Continuity Management and IT Service Continuity Management

We thoroughly plan our emergency preparedness based on regular business and risk impact analyses and implement appropriate business continuity plans and procedures. These are regularly tested to ensure continuity of our business operations.

Digital Operational Resilience Testing

In compliance with DORA's requirements, we conduct regular resilience testing of our ICT systems to assess their ability to withstand and recover from various disruptions, ensuring the continuity of critical functions under adverse conditions. To enhance digital operational resilience, Berenberg systematically evaluates the effectiveness of established processes and measures. The Information Security and Business Continuity Management functions define specific testing requirements in underlying instructions and monitor their effectiveness. The results of these tests are integrated into our ICT risk management framework, supporting continuous improvement and optimisation of our digital resilience.

Third-Party Risk Management

Acknowledging the risks associated with third-party service providers, we have refined our guidelines and procedures for managing third-party services and their associated risks and aligned them to DORA requirements. Regular internal and external reviews ensure that the control and documentation of the outsourcing arrangements meet the regulatory requirements. In addition, emergency plans for dealing with disruptions that are aligned with the risk profile of the service are incorporated into the contracts.

Governance and Oversight

We have reinforced our governance structures by ensuring that senior management possesses the requisite knowledge and skills to oversee ICT risks effectively. This includes setting clear responsibilities for all ICT-related functions and fostering a culture of accountability within the organisation.

Through these targeted actions, we have not only aligned with DORA's regulatory requirements but also strengthened our overall operational resilience, thereby safeguarding the interests of our clients and maintaining trust in our services.

Risk management at the product level

Macroeconomic risks

Our investment teams closely monitored geopolitical developments and inflationary pressures, adjusting our engagement priorities to focus on corporate resilience and supply chain transparency.

| Theme | Macro Risk | Impact | Mitigation |
|--------|---|---|--|
| Policy | Central Bank policy error <ul style="list-style-type: none"> Interest rate changes Inflationary pressure Economic recovery | <p>Following the Covid-19 pandemic, many economies around the world suffered from excessive inflation, exacerbated by rising commodity prices.</p> <p>As a result, central banks tightened monetary policy significantly in 2022 and 2023. While inflationary pressures have eased and central banks around the world have started to cut interest rates, inflationary pressures remain sticky, especially given the inflationary effects from trade wars, which has become a more prominent risk under the new US administration under President Trump. In addition, economies, particularly in developed markets, have reacted very differently to higher interest rates.</p> <p>This situation creates considerable uncertainty about future central bank policy and increases the risk of policy 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.</p> | <p>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.</p> <p>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.</p> |
| | Fiscal policy error <ul style="list-style-type: none"> High budget deficits due to high government spending and fiscal stimulus to meet infrastructure and defence deficits and provide economic stimulus Insufficient government investment in some economies Government intervention in China/ economic slowdown | <p>Many countries increased government spending and investment to provide the necessary stimulus to mitigate the economic impact of the Covid-19 pandemic and wider infrastructure and defence deficits, as in Germany. However, as government revenues declined during the period following the Covid-19 pandemic, debt burdens increased. With interest rates still high, this poses a potential solvency risk in the future.</p> | <p>The economic environment is continuously analysed by our economists and strategy and research team, who ensure that the asset management is always up to date.</p> <p>In order to be well positioned for economic uncertainty, our asset management teams ensure that the portfolio is diversified both</p> |

| | | | |
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| | | <p>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.</p> <p>In the past, the Chinese economy has delivered stellar growth, providing a stimulus to the global economy. Faced with structural problems, China has disappointed in its economic recovery since the Covid pandemic, 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.</p> | <p>geographically and in terms of sectors and style.</p> <p>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.</p> |
| Politics | <p>Domestic political uncertainty</p> <ul style="list-style-type: none"> Upcoming elections and rising populism Protectionist trade policies | <p>The dire economic situation coupled with high inflation 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.</p> <p>An example of this uncertainty is the friction between the US governments and trade counterparties like China, Europe, Mexico, Canada and Russia. During his presidential term, Donald Trump launched a trade war between the US and China and Europe in particular. These protectionist trade policies have enforced a trend of deglobalisation by disrupting the flow of goods between the countries and causing significant supply chain problems and ultimately posing inflationary risks. In anticipation of the second term and tariff announcements, many companies had begun to move key parts of their supply chain onshore to avoid supply disruptions and tariffs, especially in the commodity sector. Nevertheless, a second trade war with China or any other party would pose a significant risk to markets and the economy.</p> | <p>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.</p> |
| Politics | <p>Geopolitics</p> <ul style="list-style-type: none"> Russia-Ukraine conflict Israel-Hamas conflict and related attacks by Houthi rebels US-China tensions China-Taiwan tensions Various other regional issues | <p>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</p> | <p>In response to the conflicts, we have closed all positions in Russia and Belarus in 2022 and will not be investing in the region for the foreseeable future, taking into account ESG parameters. In addition, we continue to</p> |

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. A de-escalation of these conflicts and potential ceasefire negotiations bear upside risks to investor sentiment as well as trade flows.

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.

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.

Risk management in the investment process

Risk control and management are a clear focus of 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 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. If this does not change, we may buy up rather than indiscriminately liquidate falling exposures. However, many risk ratios presuppose functioning markets; especially in crisis phases, these ratios often give an inadequate picture of the portfolio risk. Therefore, stress tests and scenario analyses also play an important role in our risk management.

The portfolio risk must fit our market opinion and the portfolio sensitivities must fit our assessment of the most important risk factors in the capital markets. Central to this is continuous monitoring of portfolio risk. It is about understanding how a portfolio may behave in certain market phases and then reacting to them. To do this, we look at certain risk parameters. Simply put, based on historical data, how will the portfolio react if European equities fall by 1%, or if interest rates rise? This gives us a good idea of the risks that our portfolios are exposed to, and we can estimate the risk contribution of individual positions in relation to the overall portfolio risk to avoid excessive individual risks. The goal is to minimise the risks by means of a skilful selection of investment components with a corresponding return. However, it is also clear that we cannot and do not want to eliminate all risks, as there is no return without risk.

By means of various positioning and sentiment analyses, we also continuously try to deduce how susceptible the capital markets are to a correction or when a correction may be over. We thus also control the portfolio risk through our active allocation decisions. We usually monetise riskier, tactical ideas quickly. If we are optimistic and the risk premiums on the markets are attractive, an above-average risk in the portfolio makes sense.

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. The last point includes, for example, opportunistically adding safe government bonds as a hedge if necessary, even though we find them unattractive in the long term due to low interest rates. Since we are primarily invested in high-growth, quality companies on the equity

side over the long term, agile risk management in the multi-asset sector also involves balancing out such a strong portfolio bias from time to time, especially in market phases in which this investment style threatens to weaken. Depending on the strategy or mandate type, quota control, as well as tactical positioning, can also be carried out via derivatives.

A key aspect of our risk management approach is ensuring that our investment strategies remain resilient across different market conditions. While our multi-asset risk management framework relies on portfolio construction, quota control, and tactical adjustments to manage volatility, our approach to equities takes a more nuanced view. We do not equate volatility with risk, nor do we focus on tracking errors or statistical deviations from benchmarks. Instead, we prioritise company-specific risks that could impact profitability and valuations. By maintaining deep knowledge of the companies we invest in, we can proactively address risks such as weakening market growth, deteriorating returns on capital, or poor capital allocation—ensuring that our portfolios remain well-positioned even amid market fluctuations.

Our risk management processes focus 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

In the Wealth and Asset Management 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 WAM 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. Beyond 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 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 with portfolio companies with severe

controversies (orange flag) about the controversies. In this way, we can 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 focused* products and strategies in the Wealth and Asset Management.

| I. Flagging | | II Active engagement | | III Assessment and follow-up |
|-----------------------------|---|---|---|---|
| ● No or Minor controversies | » | No analysis of the controversies | » | Not excluded |
| ● Moderate controversies | | | | |
| ● 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 |

Assessing climate risks

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 2024, we onboarded further climate-related data from our ESG data provider MSCI ESG, which increases our abilities in measuring, integrating and reporting on climate-related risks and opportunities.

In our 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.

Risk and Performance Review Forum

Our quarterly “Risk and Performance Review Forum” (RPR Forum) takes place in order to review portfolios and ensure that respective portfolio and performance risks are properly understood and managed by the portfolio managers and responsible management team. In addition, the forum monitors the portfolio management team’s adherence to defined investment approaches and discusses unexpected deviations. The RPR Forum also deals with the further development of the portfolio and performance risk management activities within Berenberg’s Wealth and Asset Management business and develops proposals for additional policies and procedures. This includes, for example:

- Monitoring of key performance and risk indicators of each strategy (funds and wealth management strategies), e.g. active/total risk, tracking errors, vola, portfolio characteristics, factor attribution, style analysis, performance drivers, attribution analysis
- Monitoring of Peer Group Positioning
- Monitoring of Liquidity risk across portfolios, single positions and portfolio liquidity
- Monitoring of concentration risks on a combined portfolio level
- Monitoring of operational risk incidents
- Monitoring of Best Execution for Equity/FX and Fixed Income (Execution Performance, Broker Performance, Venue Access)

We continuously review and refine our processes to drive ongoing improvement and ensure the highest standards of efficiency and quality.

Evaluating the effectiveness in identifying and responding to market-wide and systemic risks and promoting well-functioning financial markets

As part of our commitment to rigorous risk management and responsible stewardship, we continuously evaluate the effectiveness of our processes in identifying and addressing market-wide and systemic risks. Our comprehensive governance framework, supported by dedicated committees – including Risk Monitoring and Audit – ensures a structured approach to analysing emerging threats and their potential impact on our portfolios, clients, and overall financial stability.

Through our participation in industry-wide initiatives, panel discussions, publications, and studies, we further expand our engagement efforts and contribute to policy discussions on market-wide and systemic risk mitigation. To enhance our effectiveness, we continually refine our risk assessment methodologies, improve cross-functional communication, and integrate advanced technologies – such as machine learning and big data analytics – into our monitoring processes. By doing so, we strive to remain at the forefront of risk management, ensuring the protection of our stakeholders’ interests in an evolving financial landscape. In addition, recognising the growing threat of cyber risks and ICT disruptions, we undertook a series of measures to strengthen our operational resilience and ensure compliance with DORA’s stringent requirements.

Through a combination of quantitative risk models, scenario analyses, and macroeconomic research, we actively monitor key risk indicators, including market volatility, liquidity conditions, geopolitical developments, and regulatory changes. Our investment professionals and risk management teams collaborate closely to ensure that insights are swiftly integrated into our decision-making processes. Our response mechanisms are designed to be both proactive and adaptive – stress testing and contingency planning allow us to prepare for adverse market conditions, while real-time monitoring enables timely adjustments to our strategies. Additionally, our personally liable partners ensure a high level of accountability, reinforcing a culture of risk awareness and long-term resilience.

Principle 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 and 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 specialised 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

organisation. Deloitte is Berenberg's current external auditor. In addition, the bank is subject to the supervision of the BaFin.

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.

In 2024, beyond regular update checks, key policies have undergone a thorough review and been significantly enhanced to ensure full alignment with DORA requirements, as outlined in Principle 4.

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 analyse 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 analysed against appropriate benchmarks by using both transaction-cost-analysis (TCA) by independent TCA provider ISS LiquidMetrix. Reports with standardised benchmarks are created automatically on a regularly base or ad-hoc (outlier) and controlled by the Head of Buyside Trading. On a quarterly basis, the review is presented in the Risk and Performance Review Forum (described in Principle 4).

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 review our ESG Policy and reflect further developments 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 are provided under 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 vote recommendations for agenda items of general meetings of portfolio holdings in our mutual 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 WAM 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's capital management company, we pass on our recommendations to the capital management company, which takes these recommendations into account when voting. More details are provided under Principle 12.

Independent and in-house verification



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.

In 2023, 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 updates followed from our reviews.

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 Group-wide policies and publications can be found via <https://www.berenberg.de/en/legal-notice/joh-berenberg-gossler-co-kg/>.

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 some of our mutual funds for the FNG Label of the German Forum Nachhaltige Geldanlage (FNG). Further, 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 2024, six Berenberg mutual funds applied for the FNG label, of which four received two stars and two received three stars.

Funds FNG-Label 2025 & Stars

| | | |
|---|---|---------|
| Berenberg Sustainable World Equities |  | 3 Stars |
| Berenberg Sustainable Multi Asset Dynamic |  | 3 Stars |
| Berenberg Global Focus Fund |  | 2 Stars |
| Berenberg European Focus Fund |  | 2 Stars |
| Berenberg European Small Cap |  | 2 Stars |
| Berenberg Aktien Mittelstand |  | 2 Stars |

The UK Stewardship Code report is prepared by a dedicated working group comprising the COO WAM, the WAM ESG Office, and Product Specialists team. Additional departments and stakeholders are engaged as needed to ensure comprehensive input. Once finalised, the report undergoes a review by the Compliance department before being submitted to and approved by the WAM ESG Committee.

Enhancements implemented in 2024

For 2024, we have enhanced our UK Stewardship Report in response to feedback provided by the Financial Reporting Council (FRC), strengthening the transparency and effectiveness of our disclosures. Additionally, we have onboarded new climate-related data to improve the depth of our ESG analysis and our offerings in ESG reporting, reinforcing our ability to assess and manage climate risks across our investment portfolios. As part of our commitment to continuous improvement, we have established a structured process for reviewing our adherence to the UK Stewardship Code. This process includes a comprehensive review of this report by the WAM ESG Committee, ensuring robust oversight, fostering transparency, and driving further enhancements to our governance practices.

Furthermore, our policies have been updated to reflect the requirements of the Digital Operational Resilience Act (DORA), ensuring that our approach to stewardship incorporates robust operational resilience measures. These enhancements underscore our ongoing commitment to responsible investment and the effective stewardship of assets on behalf of our clients and beneficiaries.

CASE STUDY: WAM Active Ownership Reporting over the years

At Berenberg WAM, we believe that reporting and transparency needs to go hand in hand with stewardship. In 2020, we decided in discussions between our WAM ESG Office and WAM 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 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 particularly proud that our 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 can further improve. 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' capital 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 setup 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.

In 2024 we integrated our Active Ownership Report into our first Berenberg Stewardship Report, with which we successfully applied to be a signatory to the UK Stewardship Code.

Investment approach

Principle 6: Client and beneficiary needs

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.

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 again won an award for its quality. Institutional investors are familiar with the service, but it can also offer added value for very-high-net-worth 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.

Depending on their needs, our clients can choose between 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 select 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.

■ Ambitions for growth

Following the opening of our Nuremberg office in late 2023, we expanded our presence in Munich in 2024 by moving into a new, substantially larger office there in February. This reflects our ambitions for growth, despite the challenging environment. We believe in the potential to be found in Bavaria and want to tap into this accordingly. Beyond this, we opened also an office in Hanover to expand our regional presence there, as well, underpinning our ambitions for growth. In 2025, we will create a new Head of Growth position to bolster the management team and substantiate our growth ambitions on a structural level, too.

In **Asset Management**, we offer our clients outstanding investment solutions across a variety of asset classes. We concentrate on insurance companies, pension funds, provident funds and family offices, plus the wholesale area. Our investment solutions focus on three cornerstones. Our equity funds reflect our well-founded expertise in equities concentrating on quality growth approaches and small/micro-cap companies. 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. There is also an offering in the fixed income segment, which comprises euro and emerging market strategies.

These core competences are supplemented by additional solutions; our capital market communication underpins our skills in this area. 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. Via Berenberg Investment Consulting, we develop tailor-made investment strategies based on the latest academic and technological advancements. The established strategic asset allocation (SAA) approach has now been expanded to obligation-focused investors as part of asset

liability management (ALM). In this context, the Berenberg SAA & ALM Innovation Hub was launched, a digital advisory platform that enables all the Bank's investor groups to develop investment strategies in real time. In collaboration with our partners, we also offer our clients access to overlay management solutions. Alongside a proprietary, AI-driven investment approach that generates trading signals, within the Innovation & Data team we are focusing on AI-based developments and tools for our investment processes.

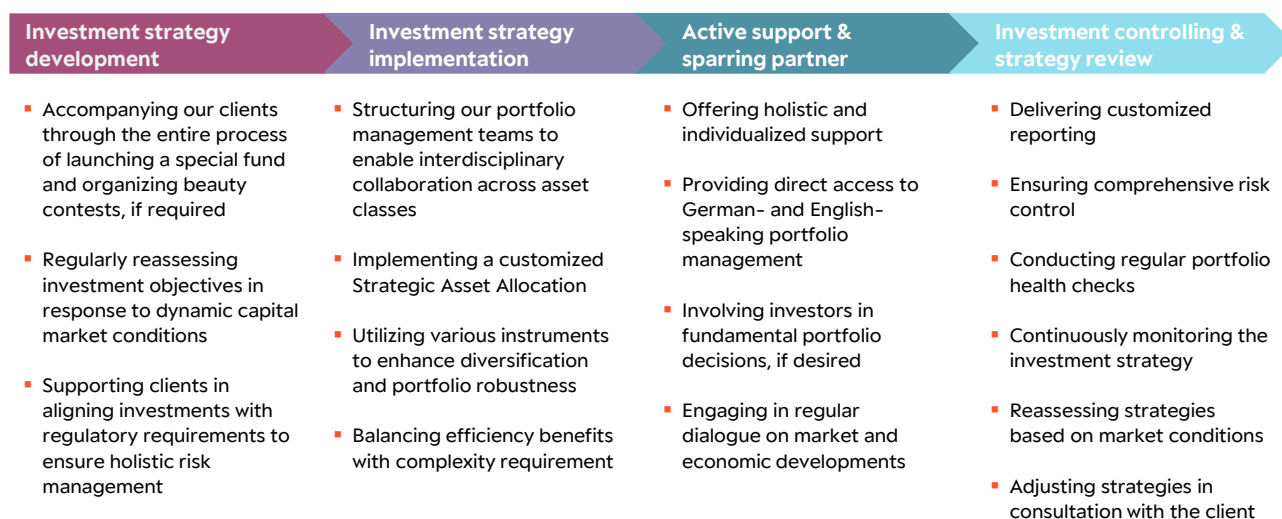
We also see the integration of ESG principles as a valuable component of our investment decisions because it enables us to manage fundamental portfolio risks and identify opportunities more comprehensively. Our WAM ESG Office is responsible for this, and active dialogue with companies and issuers plays a key role.

■ Ambitions for growth

We have continued to build a strong position in the market courtesy of our clear product range. Just eight months after it was set up in November 2023, the **Berenberg Guardian** managed to break the EUR 100 million barrier. As of the end of the reporting year, the assets under management amounted to c. EUR 150 million. In addition, six Berenberg funds were certified again with the **FNG Label** for sustainable investment funds in 2024. Two of our funds were awarded three out of three possible stars and the four other funds were each awarded two out of three possible stars. Our multi-asset series of publications, including HORIZONS and MONITOR (as highlighted in Principle 4) continues to enjoy great acclaim. Our investment experts are highly regarded by specialist, trade, and mainstream media as trusted interview partners. Additionally, they actively share their insights and perspectives at numerous industry conferences, fostering direct dialogue with clients and prospective investors. In addition, we have decided to take over a team and launch a **merger arbitrage strategy** to selectively expand the offering and diversify it in a sensible way. The event-driven approach uses pricing anomalies with public mergers and acquisitions to generate stable, diversified returns that are largely independent of the market.

With our strong international presence, our sales strategies are also perfectly tailored to our various target markets. Apart from Germany, Austria and Switzerland (the DACH region), in Europe these markets primarily include France, the UK, Italy and Spain. We have our own sales units in Germany, France, the UK and Switzerland and have continued to expand these. In other markets, we use sales partners. Since 2019, we have been positioned with pension funds outside Europe, particularly in Chile and Mexico, via our local sales partners. We have expanded this network of sales partners over the past year so we can now offer a top-notch service to clients in the **Netherlands and Brazil** as well. In 2024, Berenberg was the first independent German private bank to sign the **UK Stewardship Code**. The Code has become a crucial criterion for institutional investors when selecting an asset manager in the UK; this puts us on a course for expanding our institutional sales activities in this region.

To ensure a comprehensive and integrated approach to stewardship, we have established a holistic advisory process that provides support across the investment value chain, as illustrated in the chart below.



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.

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. 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 recognise that the integration of ESG factors 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 Label awarded by the Forum Nachhaltige Geldanlage (FNG) for the year 2025 for six 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 our clients remain well informed. It also serves as an important avenue through which we, as their investment manager, gather feedback on our approach and performance to ensure that our clients' ever-changing goals are met.

Berenberg regularly reviews client feedback across the spectrum to inform and shape our client service proposition, our investment approach, as well as reporting and stewardship activities. The way in which we implement this feedback depends on the nature of the issue and the investment vehicle in which the client is invested.

For example, specific ESG constraints, such as an explicit exclusion list, can be integrated into a client's investment guidelines when investing 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 is an example of the actions Berenberg has taken in response to specific client feedback:

Product development – pooled vehicle: In 2022, we collaborated with one of the UK's largest single-employer Defined Contribution pension schemes and their advisor to develop the Berenberg Protected Equities Strategy. Through this process, we assessed both the specific needs of the client and the broader suitability of the strategy for the wider DC market across several key areas:

- Meeting daily liquidity and pricing needs to ensure seamless integration into DC platforms;
- Addressing the requirement for full transparency of underlying holdings
- Incorporating ESG and Climate Change considerations to align with evolving regulatory as well as client and members' expectations
- Ensuring accessibility through multiple investment platforms

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

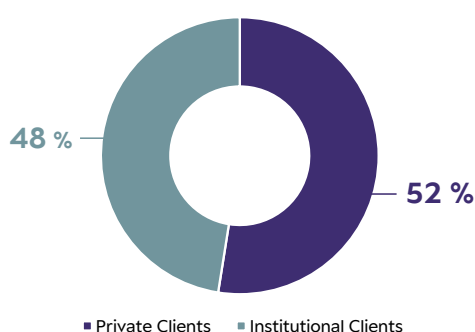
Berenberg has a diverse institutional client base, including corporate pension plans (DB and DC), local government pension schemes ("LGPS"), insurance companies and charities. Given the varied nature of our clients' long-term liabilities and investment objectives, our strategies are designed to outperform across full market cycles (typically 5-10 years). Whether through the quality-growth focus of our equity strategies, the stable return profile of our private debt strategies, or the diversifying nature of our 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 which are continuously monitored by our compliance team.

Assets under management (AUM)

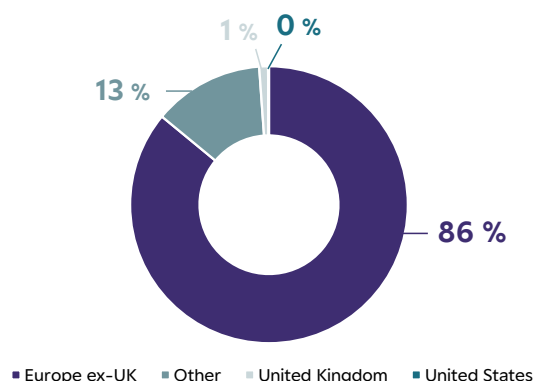
The Berenberg Corporate Banking and Wealth and Asset Management central business units recorded combined assets under management of EUR 30.5 billion as of December 31, 2024.

These assets can be split as follows:

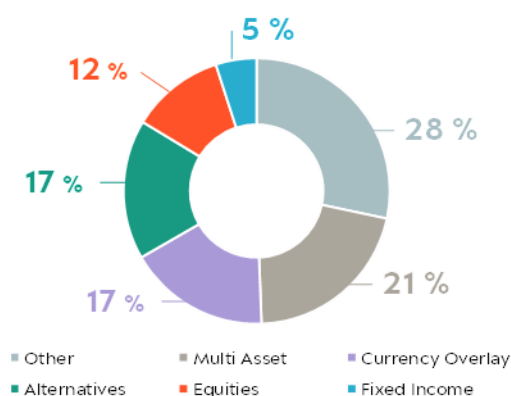
Client type



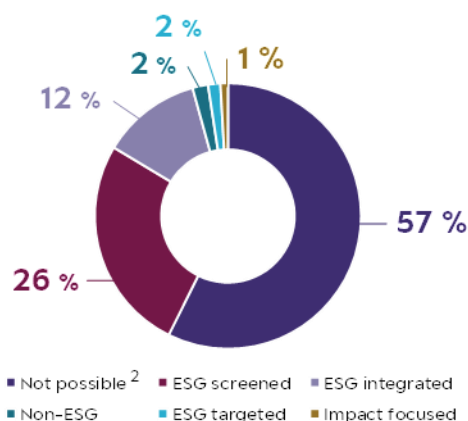
Client origin



Asset class



ESG integration¹



¹ Wealth and Asset Management only

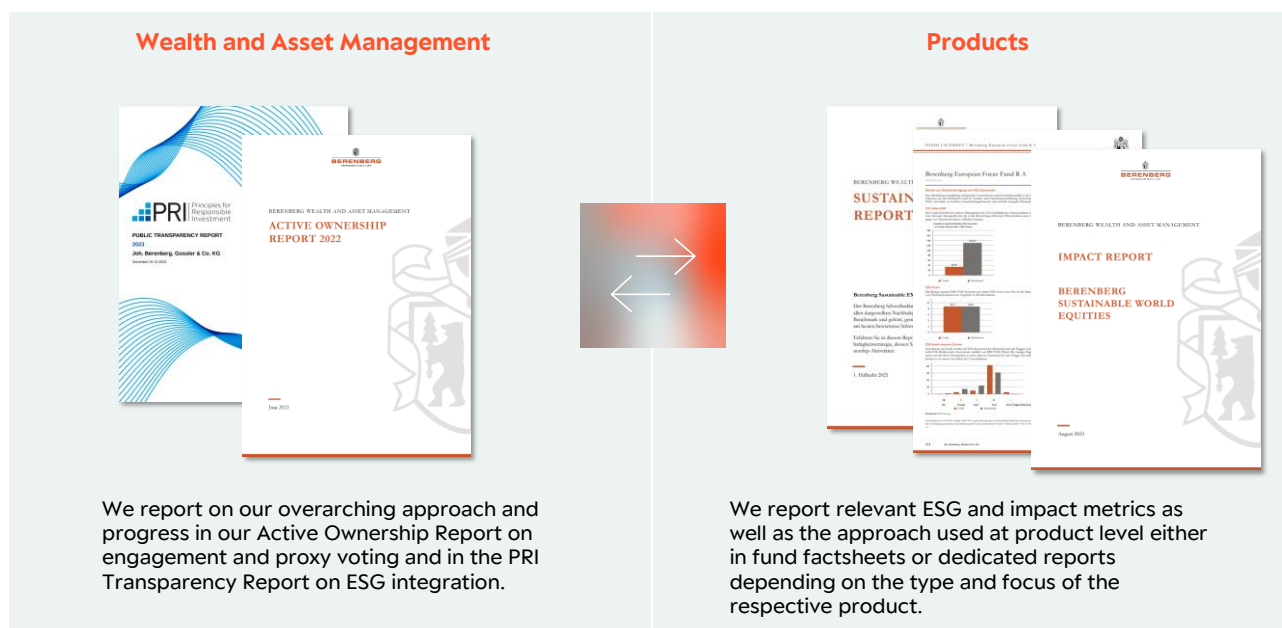
² No ESG integration possible, specifically in FX, advisory- or execution-only approaches

Note that AuM combined, by asset class and region, are not available.

Client reporting

At the Group level, we annually publish our Annual Report and a separate Sustainability Report which includes our non-financial statement. Our Group-wide sustainability reporting will reflect regulatory requirements, among others from the Corporate Sustainability Reporting Directive (CSRD), as they become effective. In addition, a Risk Report and Disclosure Report are available on our website at <https://www.berenberg.de/en/publications/>.

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. 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.



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.

Current Project: Assessment for a new CRM system

In 2024, our WAM division embarked on a comprehensive assessment of a new Customer Relationship Management (CRM) system to enhance client interactions, streamline processes, and improve overall efficiency. This case study outlines the approach taken, the key steps in the evaluation process, and the path forward for implementation.

Market research and vendor engagement: To ensure we selected the most suitable CRM solution, we conducted an extensive market research phase. This included:

- Identifying leading CRM solutions tailored to the Finance industry.
- Evaluating key features, functionalities, and integrations that align with our business needs.
- Analysing peer reviews, industry reports, and case studies to benchmark potential solutions.

Following the initial research, we engaged directly with several CRM service providers. This engagement included:

- Detailed discussions to understand product capabilities and alignment with our requirements.
- Requesting and reviewing tailored proposals from shortlisted vendors.

Demonstrations and technical deep dives: A critical part of our assessment involved hands-on experience with the CRM platforms through demo sessions. These sessions allowed stakeholders to:

- Explore user interfaces and assess ease of use.
- Evaluate core functionalities such as client data management, reporting, and automation.
- Assess compliance and security features essential for regulatory adherence in the Wealth and Asset Management sector.

In addition, technical deep dives were conducted to:

- Analyse integration capabilities with existing systems.
- Assess scalability and adaptability for future business needs.
- Evaluate data migration strategies to ensure a seamless transition.

Selection of implementation partner: Recognising the complexity of transitioning to a new CRM system, we engaged with an implementation partner to support the process. The selection criteria included:

- Proven expertise in CRM deployment within financial services.
- Experience in handling data migration and system integration.
- Ability to provide training and ongoing support for a smooth transition.

Next Steps:

Decision and Implementation: The final decision on the CRM tool will be made at the beginning of 2025. Upon selection, the implementation phase will commence, following a structured timeline:

- 2025: System configuration, data migration, and initial user training.
- 2026: Full-scale implementation, optimisation, and adoption across all relevant business units.
- End of 2026: Project completion with full integration and performance evaluation.

Conclusion

This structured and thorough assessment ensures that our organisation selects a CRM tool that not only meets current business needs but is also scalable for future growth. By involving key stakeholders, engaging with leading vendors, and partnering with experienced implementation specialists, we are positioned for a successful CRM transition that will enhance our client relationships and operational efficiency in the Asset Management industry.

Awards

In 2024, 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.

- **DIE ELITE DER VERMÖGENSVERWALTER (HANDELSBLATT)**
 - Highest distinction of summa cum laude
- **Asset Management Test 2024 (n-tv And Focus Money)**
 - »Excellent Asset Management« for offering and advice
- **SCOPE ALTERNATIVE INVESTMENT AWARDS 2025**
 - Best Asset Manager in the category Infrastructure Debt
 - Best Asset Manager in the category ESG Infrastructure
- **CFI-Awards 2024 (Business magazine Capital Finance International)**
 - Best Strategic Asset Allocation & Asset Liability Management Team Germany 2024
- **Citywire Germany Private Banking Awards 2024**
 - Best Investment Approach Private Banking
- **FNG-Label 2025 for Sustainable Investment funds**
 - For all six participating Berenberg Funds
- **Leaders in Trading Awards 2024 (The Trade Magazine)**
 - Best Trading Performance in Algorithmic Trading in both the US and EMEA

Principle 7: Stewardship, investment and ESG integration

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

At Berenberg 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 recognise the importance that Environmental, Social and Governance (ESG) factors have in value creation. 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 third-party funds.

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 different 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 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. controversial weapons, norm violations and others) | ● | ● | ● |
| ESG controversy monitoring & exclusion of very severe ESG controversies ("red flags") | ● | ● | ● |
| ESG risk and opportunity analysis | | ● | ● |
| Engagement with companies and issuers | | ● | ● |
| Provision of vote recommendations ¹ | | ● | ● |
| Extended exclusions (e.g. alcohol, pornography, gambling, countries with death penalty) to further support positive impact ² | | | ● |
| Specific ESG targets | | | ESG targeted ● |
| Impact focused investments and engagement | | | Impact focused ● |

¹ For equity investments in mutual funds dependent on local restrictions.

² In individual cases, extended exclusion criteria may also be applied to portfolios categorised as ESG screened and ESG integrated and only basic exclusion criteria may be applied to portfolios categorised as ESG targeted (e.g., Berenberg Euro IG Credit).

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:

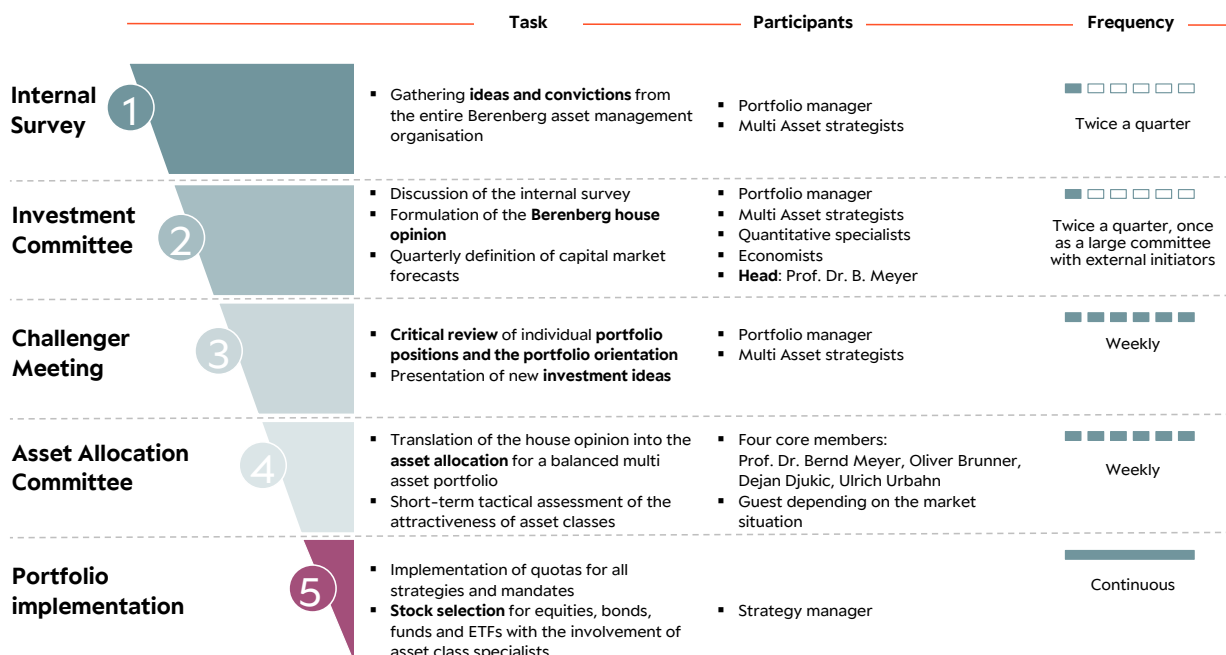
❶ Multi Asset, ❷ Equities, ❸ Fixed Income and ❹ Third Party Funds and ETFs.

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). The AAC is complemented by a weekly **Challenger Meeting**, in which market events and the current portfolio orientation and positioning are critically reviewed and discussed with all portfolio managers. 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

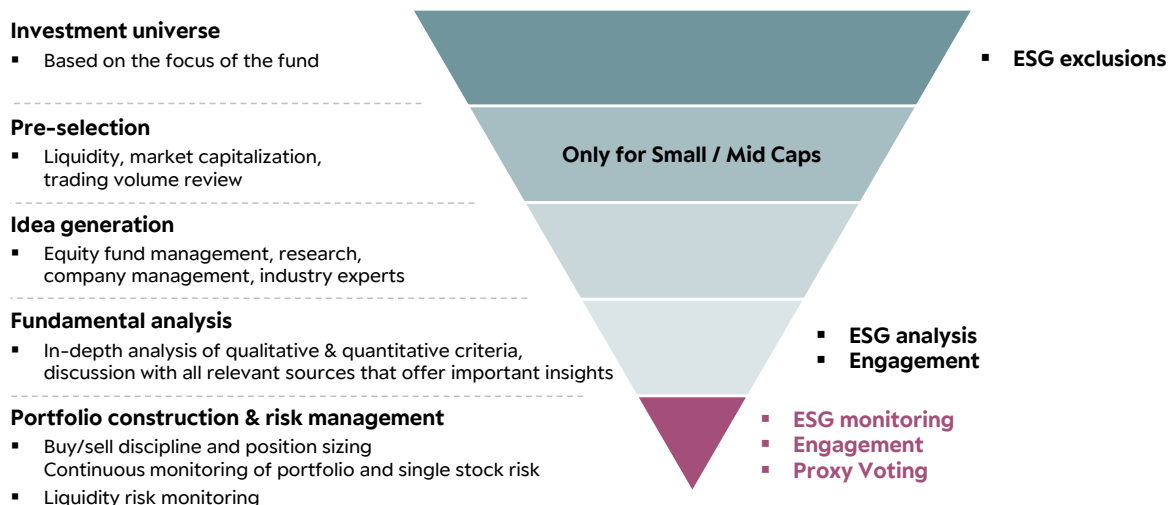
Generally, we use derivatives and structured products opportunistically for hedging purposes or as an additional layer to improve the performance. In addition to the criteria of risk and creditworthiness of the issuer (structured products), we pay attention to performance, transparency, conditions, tradability,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

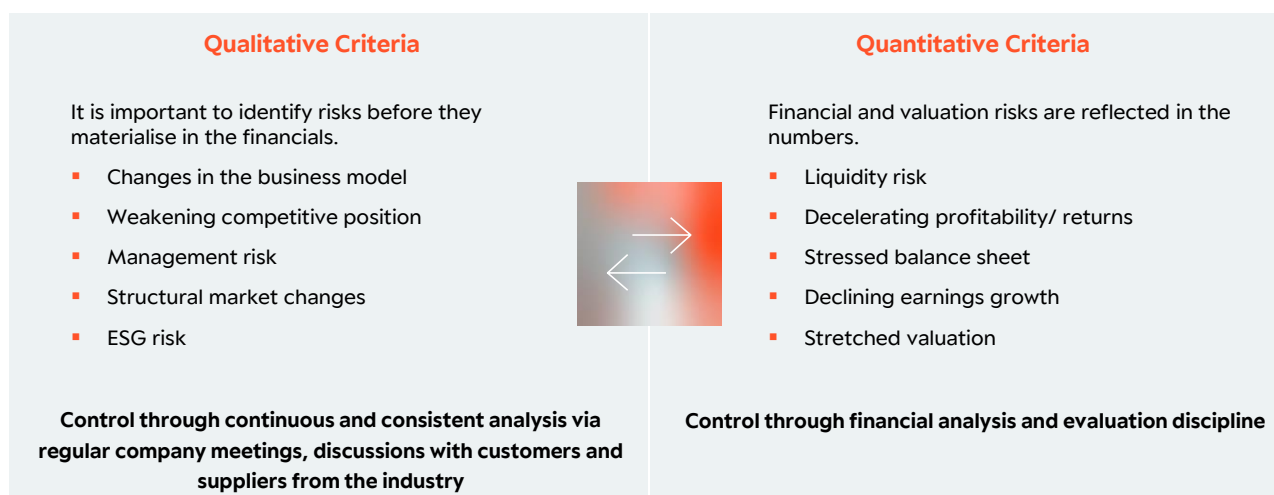
We look for companies where the forecasted growth potential is not (or not yet) entirely priced in. We want to anticipate rather than react and are careful not to overpay for a "growth story", exercising considerable discipline on this front. The portfolio management team specifically aims to identify 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:



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



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: 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 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 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 | » | No analysis of the controversies | » | Not excluded |
| ● Moderate controversies | | | | |
| ● 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 capital management company, Universal Investment, which in turn takes these recommendations into account when exercising its voting rights.

Investment example: Equity – Dutch Semiconductor Supplier

Overview: The company is a global supplier of semiconductor wafer processing equipment for the fabrication of integrated circuits. It enables the production of cutting-edge microchips used in electronics, communications, and computing devices worldwide.

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

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

Research: The company was assessed with fundamental and ESG analysis, incorporating 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. The company is a critical technology provider for the newest innovation in chip designs and structures to produce more powerful chips but also with a lower power intensity. Achieving this is increasingly challenging for the semiconductor industry at each new technology node, driving demand for advanced process steps and new materials. The Dutch company is the leading supplier of atomic layer deposition (ALD) equipment and has a strong position in Epitaxy tools. ALD and Epitaxy tools are increasingly important in manufacture of leading-edge semiconductors, which in turn are key to enabling multiple secular trends such as artificial intelligence and 5G connectivity.

In recent years, the company has made significant efforts to improve its sustainability approach and reduce its environmental impact. On the environmental side, it has established validated SBTi 2035 Net Zero targets. Specifically, the company aims to reduce absolute Scope 1 and 2 GHG emissions 50.4% by 2032 from a 2021 base year. Scope 3 GHG emissions should be reduced by 58.2% per EUR of value-added gross profits within the same timeframe. Already the firm is sourcing 100% Renewable Electricity since 2024.

Safety is a very critical aspect of its operations, reinforced through regular audits. These safety standards are also upheld at the supplier level with even higher requirements.

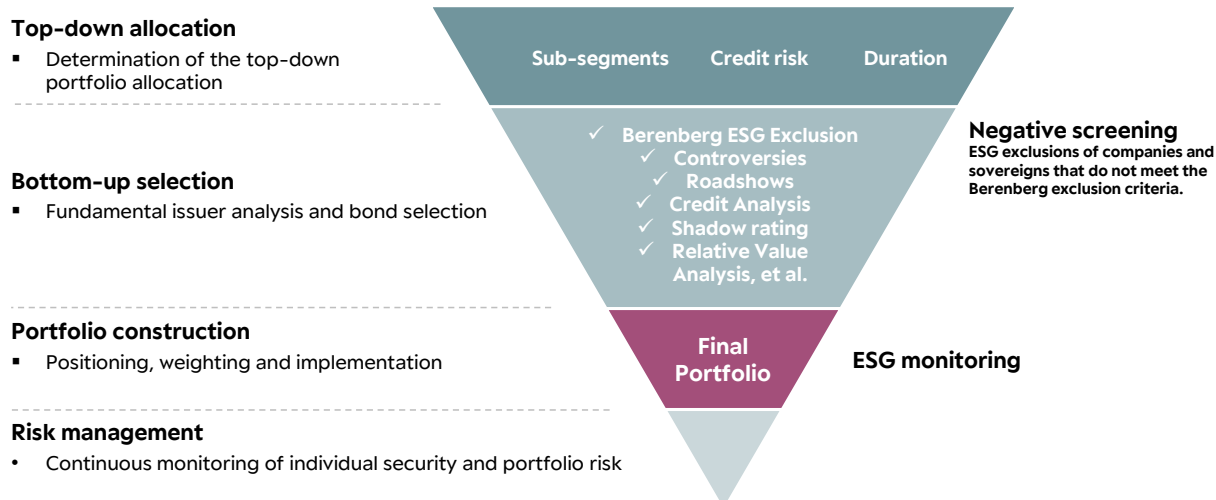
Engagement: Over recent years, portfolio management and the ESG Office have maintained regular communication with the company's management and investor relations team regarding its business development, financial performance, and ESG-related issues. Recent discussions have focused on the disclosure and target-setting on energy intensity of their machines per produced wafer, a metric increasingly reported by peer companies. Furthermore, our engagement efforts have addressed the disclosure level of financial reports for specific business units and end markets, where the company currently lacks adherence to industry standards.

Proxy Voting: We have provided voting recommendations for the company's annual general meetings over the last years. Each recommendation is based on an initial review by IVOX Glass Lewis, guided by our WAM Proxy Voting Policy, as well as internal analysis and alignment between the ESG Office and the responsible portfolio manager.

Summary: The company remained a core holding in several of our portfolios throughout 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.)

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

| 1 Idea generation and quantitative analysis of the investment universe | 2 Qualitative analysis of the business model and material drivers | 3 Bond analysis including prospectus screening | 4 Selection and portfolio construction |
|--|--|---|--|
| <p>At segment / sector level:</p> <ul style="list-style-type: none"> Relative attractiveness of different segments Regulatory drivers <p>At issuer level:</p> <ul style="list-style-type: none"> Fundamental, sector-specific financial ration analysis Validation through proprietary shadow rating ESG exclusion criteria | <ul style="list-style-type: none"> Industry & competitive situation Business model Management Corporate strategy Ownership structure Material ESG aspects Controversies & conflicts | <ul style="list-style-type: none"> Liability relationships, guarantees, letter of comfort Analysis of the transaction structure Credit clauses (covenants) Regulatory peculiarities Market liquidity | <ul style="list-style-type: none"> 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 as set out in our WAM exclusion criteria. 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*. 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 categorisation.

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 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 building material company

Overview: The company produces materials for the construction of houses, traffic routes, infrastructure, as well as commercial and industrial facilities. Its core products are cement, aggregates, ready-mixed concrete and asphalt. The company also offers services such as worldwide trading in cement and coal by sea. The Use of Proceeds of the Green bond focuses on pollution prevention and control, and circular economy adapted products, production technologies and processes. All lead to a reduction of GHG.

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 been linked to some ESG controversies based on the assessment by MSCI ESG Research and received an orange controversy flag indicating severe controversies. Thus, engagement was necessary on this basis.

Engagement: The portfolio management and ESG Office approached the company's investors relations on their assessment and recent developments regarding flagged controversies. Issues addressed included NGO criticism over cement operations and community opposition to a planned limestone mine and cement factory.

Research and Impact analysis: The Green bond enables investments in pollution prevention and control as well as circular economy adapted products, production technologies and processes.

The green bond contributes to the SDG 12 and 13 Goals.

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

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.

Third party funds

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.

ETFs

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 specialise 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 recognise 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 specialises 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 33 million 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, cyclicity etc.

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

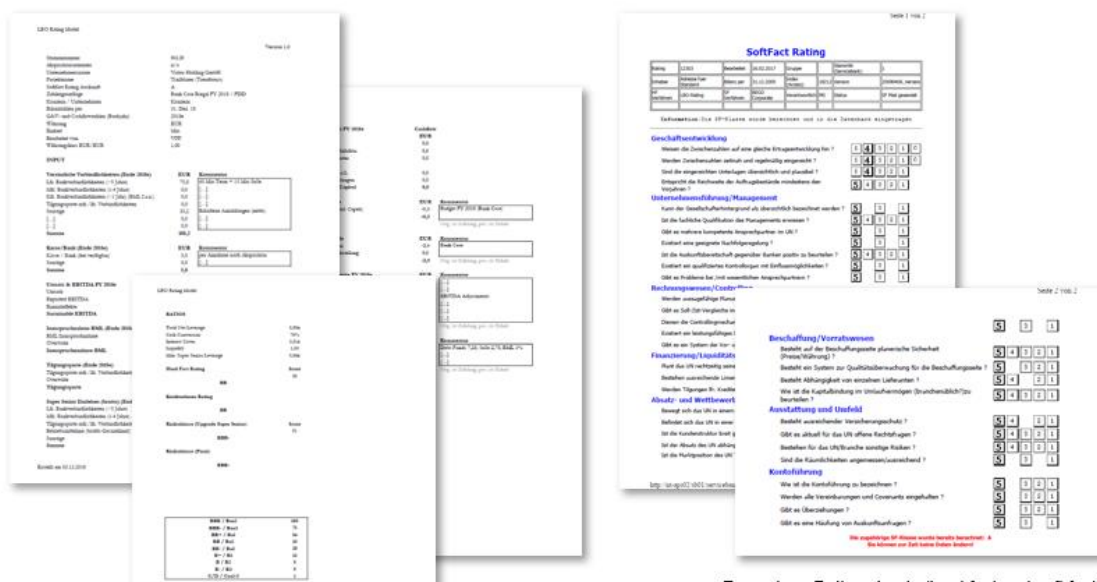
Legal: Patents, trademarks, insurance, legal disputes, employment contracts, antitrust issues etc.

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.



The image displays several overlapping rating sheets. The 'Hard Fact Rating' sheet on the left contains sections for 'Liquidity Rating', 'Credit Rating', and 'Rating Summary'. The 'Soft Fact Rating' sheet on the right includes sections for 'Geschäftsfeldbewertung', 'Unternehmensbewertung/Management', 'Finanzstruktur/Lebenszyklus', and 'Absatz- und Wettbewerb'. Both sheets feature tables for scoring and a final rating summary.

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 specialised 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 includes 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.

Our ESG Investment Strategies

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 | » | <ul style="list-style-type: none"> No pornography, tobacco, armor, alcohol, gambling, nuclear power, genetically modified organisms |
| Level 2 | Potential country related risks | » | <ul style="list-style-type: none"> Identifying potential governance risks based on country governance scores (Worldbank) |
| Level 3 | Potential industry related risks | » | <ul style="list-style-type: none"> Identifying potential environmental and social risks based on industry classification (S&P Scoring and some) |
| Docu ment ation | Assessment | » | <ul style="list-style-type: none"> 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, defence, 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.

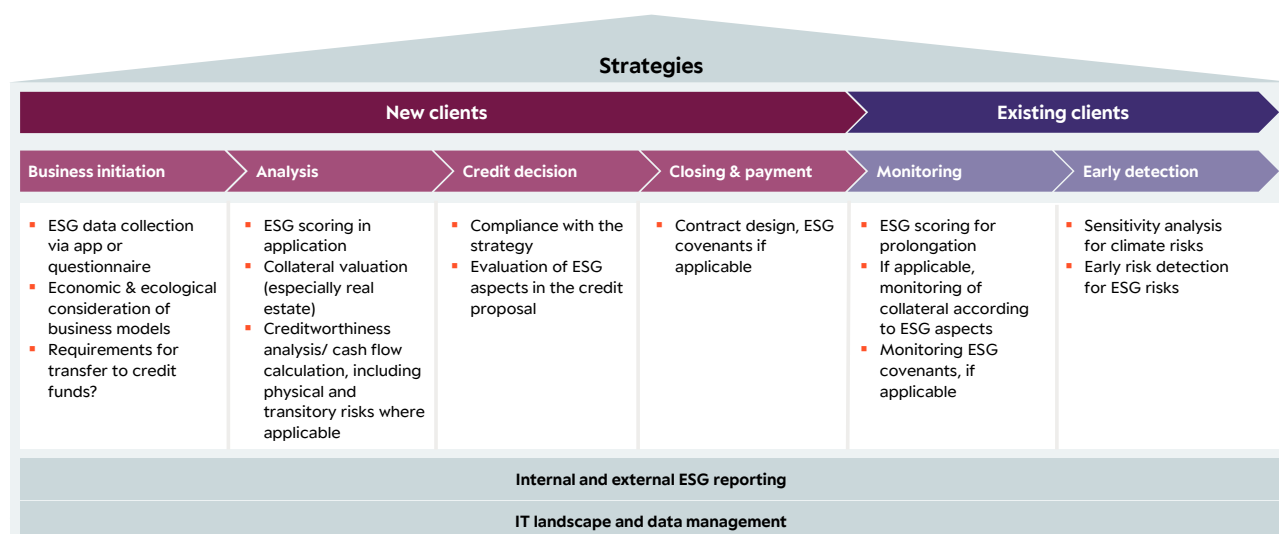
Output

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.

| | | | | | |
|---|---------|----------------|--|---------------------|----------------|
| Stamnummer | | | | | |
| Unternehmensname | | | | | |
| Industry (S&P) | | Health care | | Environmental risk | |
| | | | | | |
| Country of Residence (HQ) | | Germany | | Social risk | |
| | | | | | |
| 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% |
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| | 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, utilising 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 utilised. 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 laboratory testing services

Sector: TIC Status: Holding

Region: Europe

The borrower is a leading independent laboratory group specialising in the analysis of samples for composition, contaminants, microbial load and stability, with a focus on food, environmental and pharmaceutical testing. The company has strengthened its health and safety management with an annual report that tracks key metrics such as accident frequency and absenteeism. To improve employee wellbeing, the group launched a support programme with a stress hotline and fitness challenges. A new DE&I policy, supported by diversity training, promotes inclusivity. Sustainability efforts include mapping service impacts, preparing for public ESG reporting, conducting a carbon footprint assessment and developing a decarbonisation plan. The company has also assessed biodiversity risks at its sites and replaced fossil fuel vehicles with hybrid or electric models across its fleet. Through an individual Sustainability Margin Adjustment Agreement with Berenberg, the borrower is incentivised to achieve sustainability targets, including the use of renewable electricity, energy consumption and employee training. These achievements allow 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 mutual funds. In addition, Berenberg is also partly contributing to the financings as a Lender. The Funds with a total fund volume of approx. EUR 1 billion 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 finalised, 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.

ESG Approach

Governance

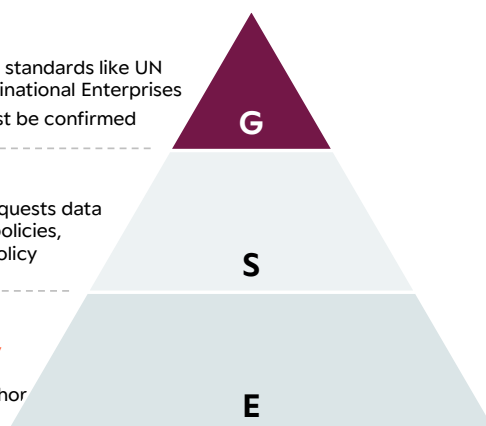
- The investees must comply with international standards like UN Global Compact or OECD Guidelines für Multinational Enterprises
- Anti-corruption and anti-bribery policies must be confirmed

Social

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

Environmental

- The investment criteria of the fund allow **only investments in renewable energy assets** or associated infrastructure, thus being the anchor 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 100gCO ₂ e/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 specialises in financing maritime assets by providing loans to regional and international shipping companies. These loans typically range from USD 5 to 100 million, 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 800 million 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 2.0 billion 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 then summarises the relevant deal parameters, and 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 summarises 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 utilising 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 Fund will consider the UN Sustainable Development Goals (SDGs) and take into account principal adverse impacts (PAIs) on sustainability factors. In addition, specific minimum exclusion criteria in line with regulatory requirements (e.g. MiFID II and SFDR) will be observed.



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.

01

Carbon intensity

Berenberg aims to predominantly 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.

02

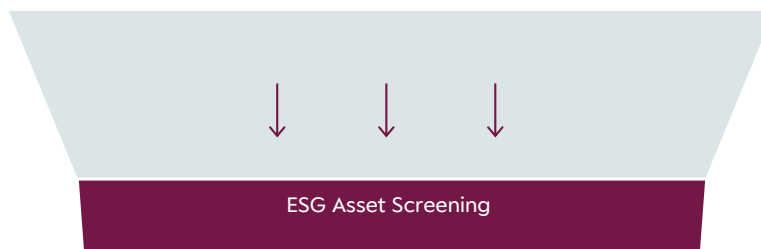
E / S / G Scoring

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

03

MiFID II Exclusions and PAIs

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



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.

Principle 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 Regulation (EU) 2022/2554 (DORA) and MaRisk AT9 (i.e. BaFin minimum requirements for 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 and digital operational resilience.

In case of service outsourcings Berenberg usually performs a selection process that includes multiple service providers and compares their services in regard 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 functions and MaRisk AT9 a risk assessment is performed to evaluate whether the outsourcing is 'material' or 'non-material' and / or supports a critical or important function. Material outsourcings and ICT services that supports a critical or important function 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, concentration risks, 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 or critical, minimum requirements need to be implemented in regard 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 Information Security the protection requirements for the particular IT service / application are validated and the provider is tested, among others, in regard 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. In 2024, we onboarded further climate-related data from our ESG data provider MSCI ESG, which increases our abilities in measuring, integrating and reporting on climate-related risks and opportunities.

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 vote 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 further company-specific ESG data.

Berenberg Bank offers sell-side research with a focus on sustainability. 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.

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 out 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.

CASE STUDY: Exchanging with a data provider on regulatory exclusions

We engaged in 2024 with our data provider on how to translate regulatorily defined exclusion criteria into the provider's screening factors. After ESMA published in May 2024 its final report on "Guidelines on funds' names using ESG or sustainability-related terms", requiring, among others, the application of exclusion criteria from the Paris-aligned Benchmarks (PAB) rules for certain funds, we looked in depth into how to construct these criteria with available data. In this process, we regularly exchanged with our data provider on available factors, their specific definitions and scope, alignment with definitions as set out in the regulatory documents, and the possibility to construct data feeds for automatised screening within our internal systems.

CASE STUDY: Challenging a data provider's Scope 3 emissions estimations

In 2023, we started to engage with one of our data providers on their estimation of Scope 3 emissions on the example of a specific company producing microinverters for solar modules and selling storage systems for solar PV, which we suspected to be relatively exaggerated relative to peers due to imprecise sector classifications. The provider initially responded with an explanation of its classification and estimation process and assured that internal investigations into the matter are carried out to potentially arrive at more precise estimates. We followed up with the data provider in 2024 and estimates for the company in question were ultimately changed to estimates more in line with its peers.

CASE STUDY: Regular alignment on proxy voting analysis

We have engaged on several occasions in 2024 with our proxy voting service provider 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 2024 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 our policy-specific recommendations or discrepancies in recommendations from one year to the other.

Engagement

Principle 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. 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 provision of vote recommendations as part of our proxy voting process. The third component is participation and collaboration in sector and investor initiatives, which 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;
- 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").

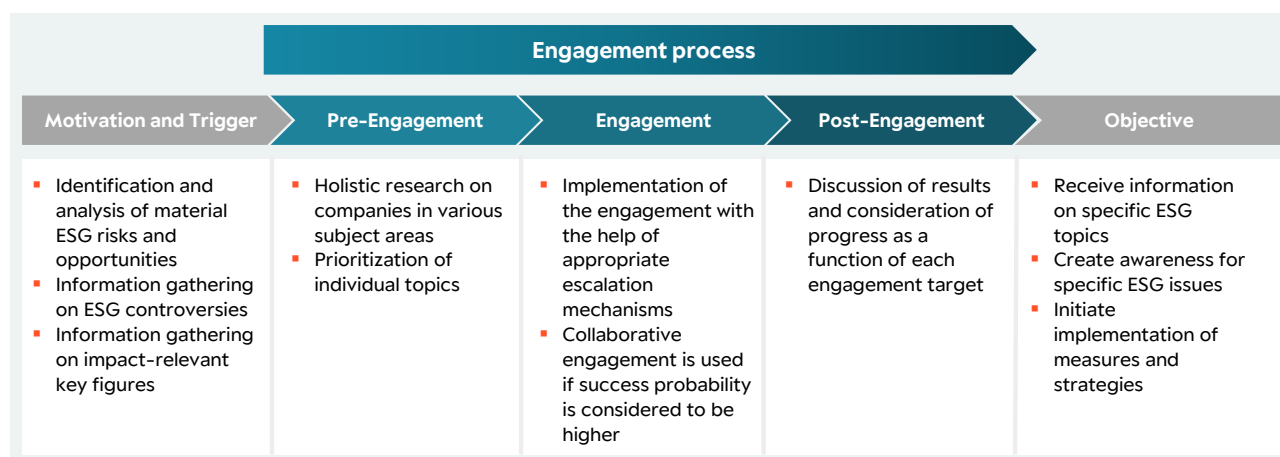
In addition, engagement may be initiated by portfolio companies actively seeking our and other shareholders' views. We welcome these efforts and try to seize these opportunities for a constructive dialogue whenever feasible.

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, prioritisation 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 prioritising 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 selectively join collaborative engagements - if we assess the collaborative approach as more promising than the individual dialogue, in order to build expertise through the exchange with other like-minded investors and to enhance influence to ultimately induce positive change. 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 materialise 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 AlphaSense research platform and an internal ESG engagement tracking platform. In addition, our active ownership approach, progress, and specific activities are discussed in the quarterly meetings of our WAM 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 apply 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 was considered relevant only for equity investors, largely due to the lack of voting rights in fixed income investments. However, in recent years, fixed income investors, including us, have increasingly engaged with the concept and explored ways to practice active ownership beyond the exercise of voting rights. This is because fixed income investors play a crucial role as a significant source 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 a 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 issues we address vary across geographies. On the example of proxy voting engagement, corporate governance structures vary even within Europe – for example German companies typically employ a two-tier board structure with an independent supervisory board, but this is less common in other countries. Such regional individualities need to be considered in the individual engagements.

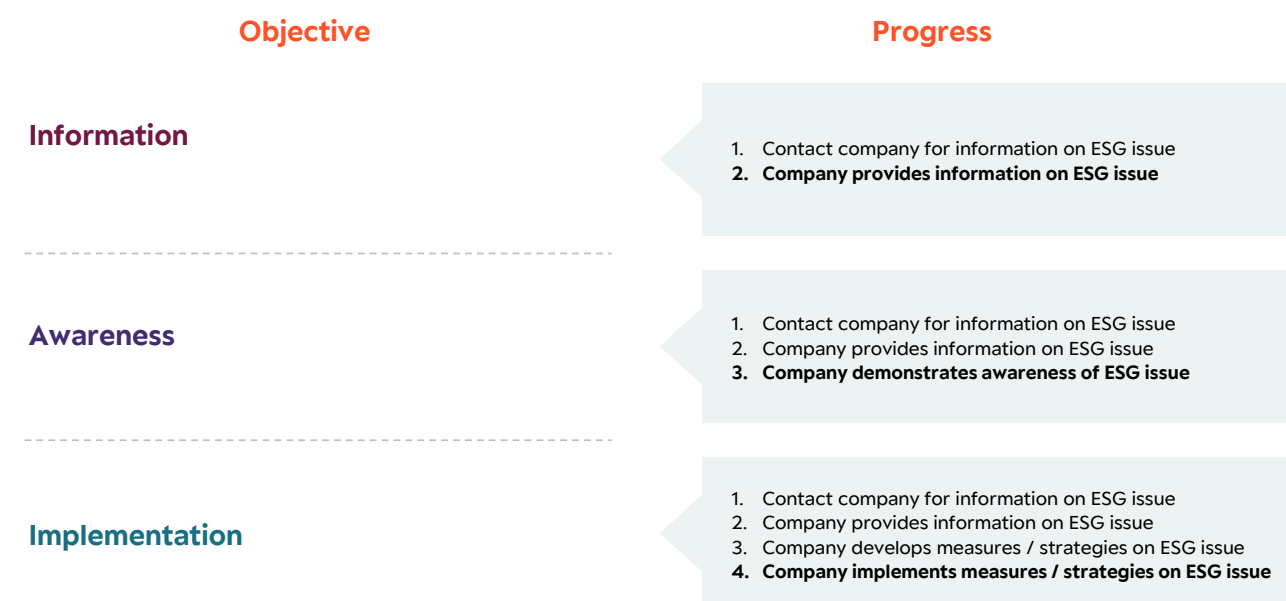
The extent to which engagement is employed differs across our product range. This is on one hand due to differences in the investment approach of our products and on the other hand on varying degrees of ESG integration. Generally speaking, regular and active exchange with portfolio companies takes on a more dominant role in our equity funds and strategies 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.

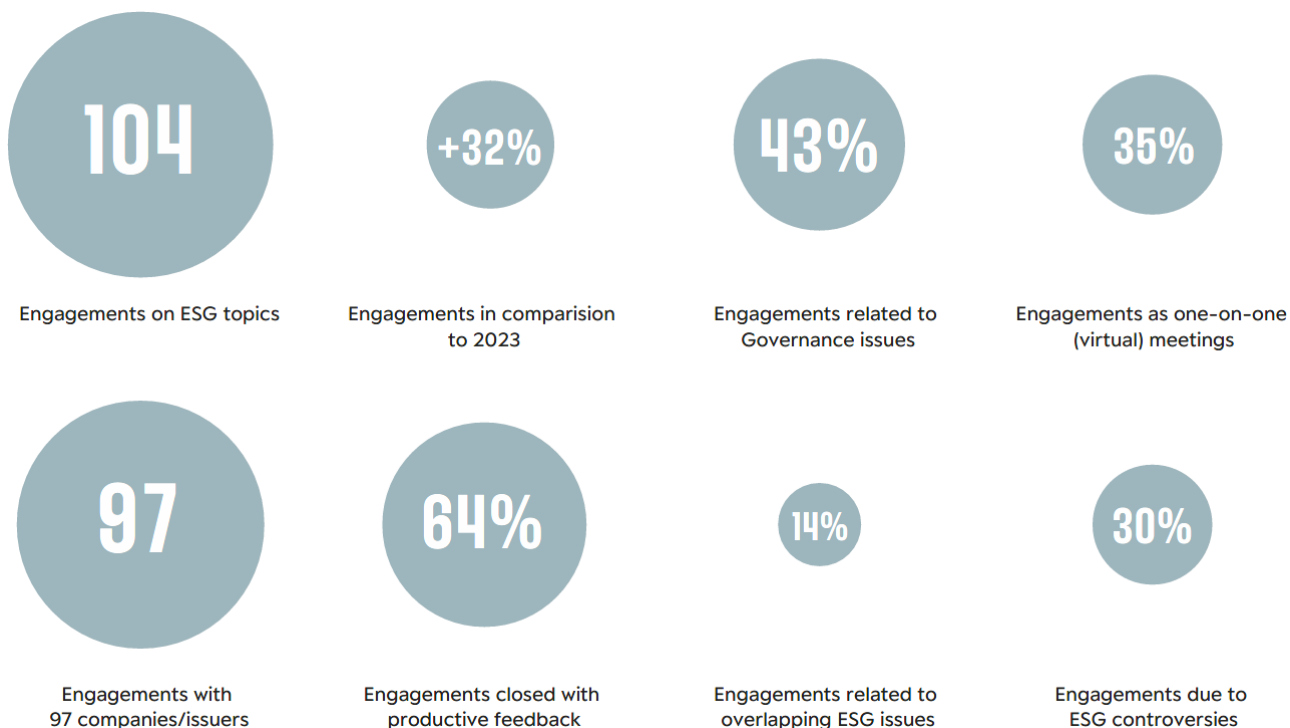
Measuring the engagement progress

To measure the progress of our engagements 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.

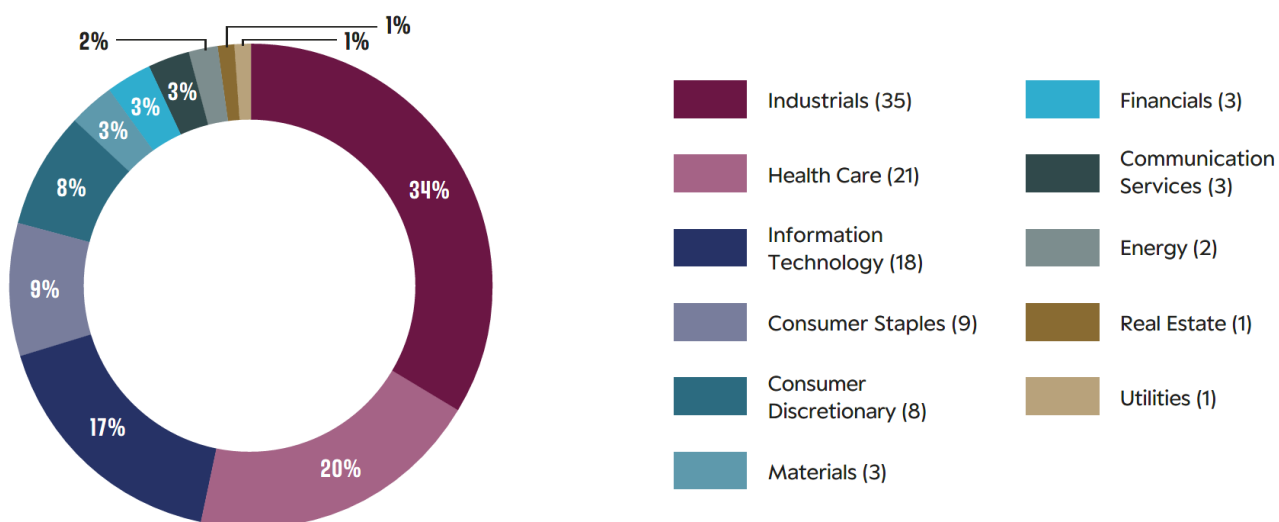
It is not always possible to attribute an engagement to a single stage of progress or to establish a direct causal link between our engagement and a company's actions in relevant areas. Even if positive changes occur in an area we have addressed with a company, this may not be directly or solely attributable 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.



Engagements in 2024

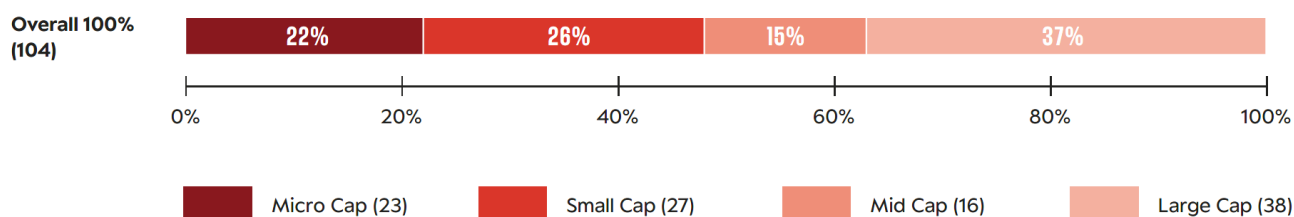


Engagements by sector²

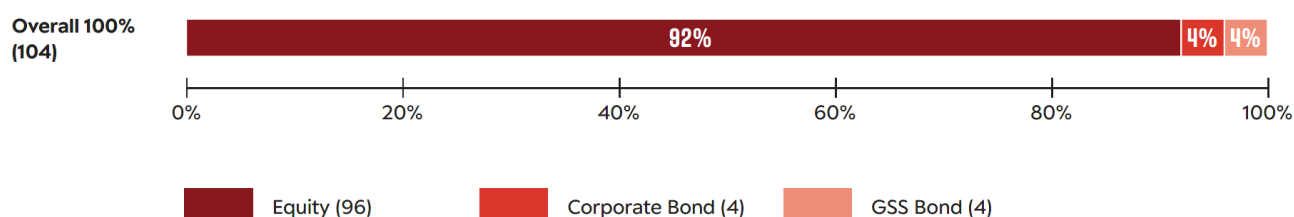


² Due to rounding, percentage figures may add up to more than 100% here and in following graphs.

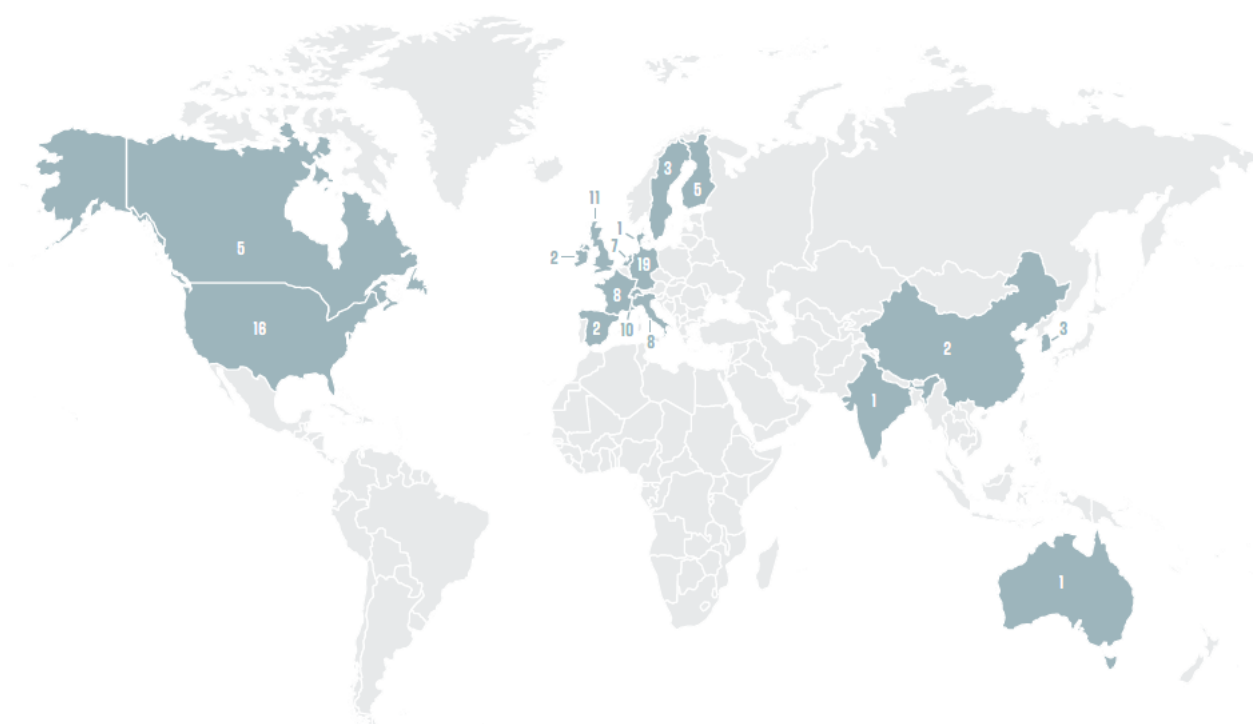
Engagements by company size³



Engagements by asset class⁴



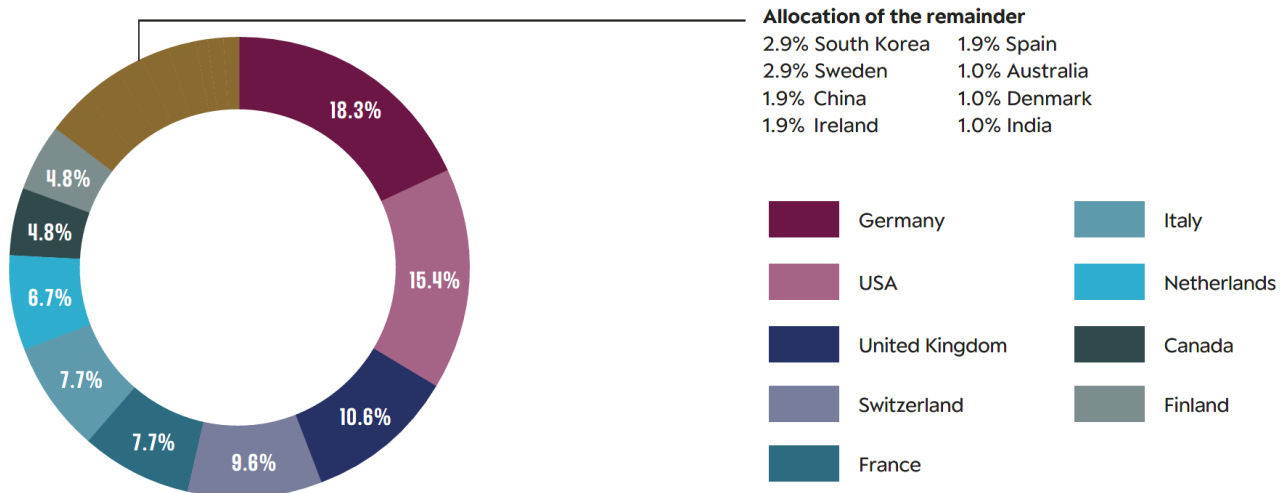
Engagements by country



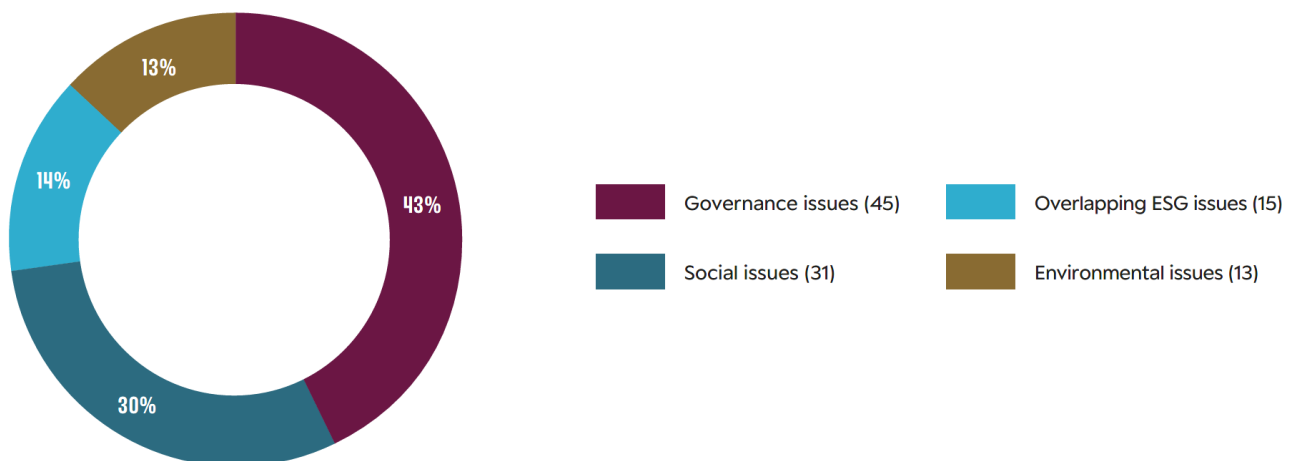
| | | | | | | | | | | | |
|--------------|------------|-----------------------|-----------|--------------|----------|----------------|----------|--------------|----------|------------------|----------|
| Total | 104 | United Kingdom | 11 | Italy | 8 | Finland | 5 | China | 2 | Australia | 1 |
| Germany | 19 | Switzerland | 10 | Netherlands | 7 | South Korea | 3 | Ireland | 2 | Denmark | 1 |
| USA | 16 | France | 8 | Canada | 5 | Sweden | 3 | Spain | 2 | India | 1 |

³ For the purpose of this report, we classify companies with a market capitalisation under EUR 1bn as Micro Cap, between EUR 1bn and EUR 5bn as Small Cap, between EUR 5bn and EUR 20bn as Mid Cap and above EUR 20bn as Large Cap. "Others" includes those companies or issuers without market capitalisation, such as state-owned companies.

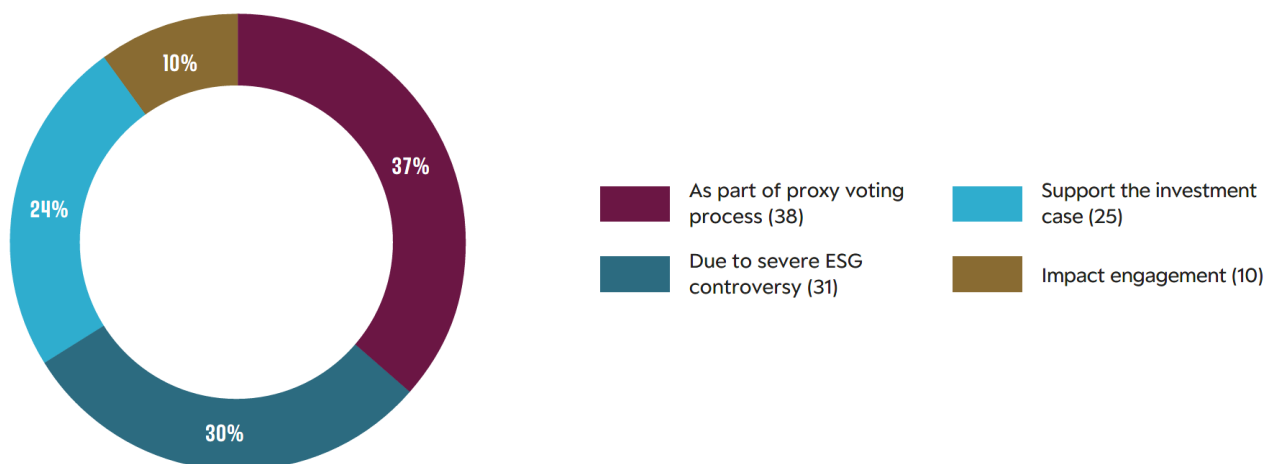
⁴ We may hold both equities and corporate bonds of a company we engage with, thus an engagement may not have been conducted exclusively for one asset class. The disclosed figures for "Engagements by asset class" thus refer to the asset class which primarily motivated the engagement.



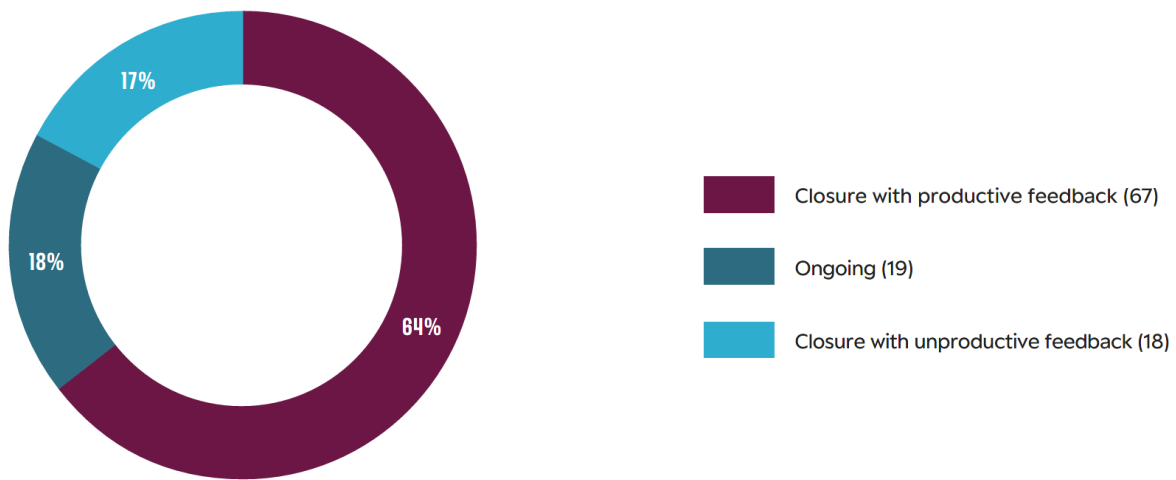
Engagements by topic



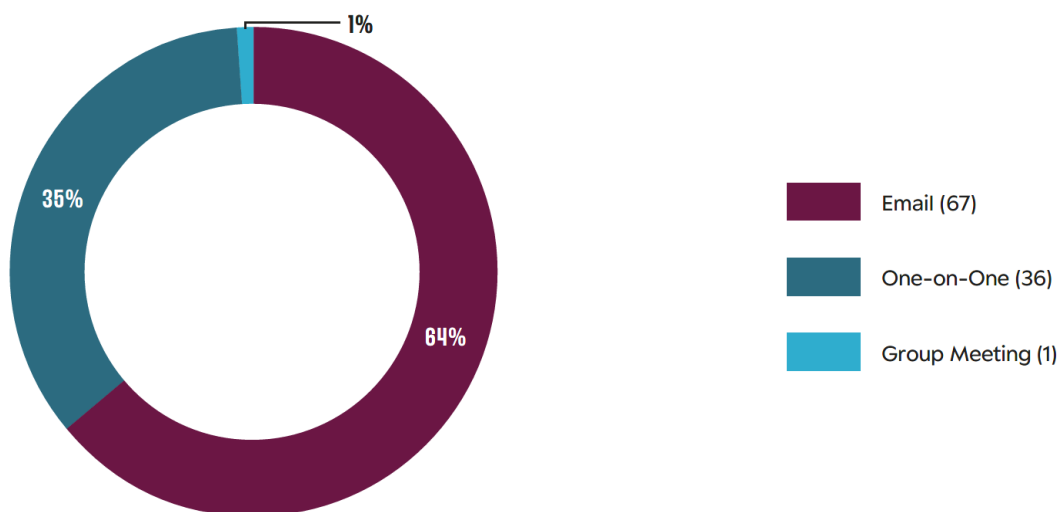
Engagements by motivation



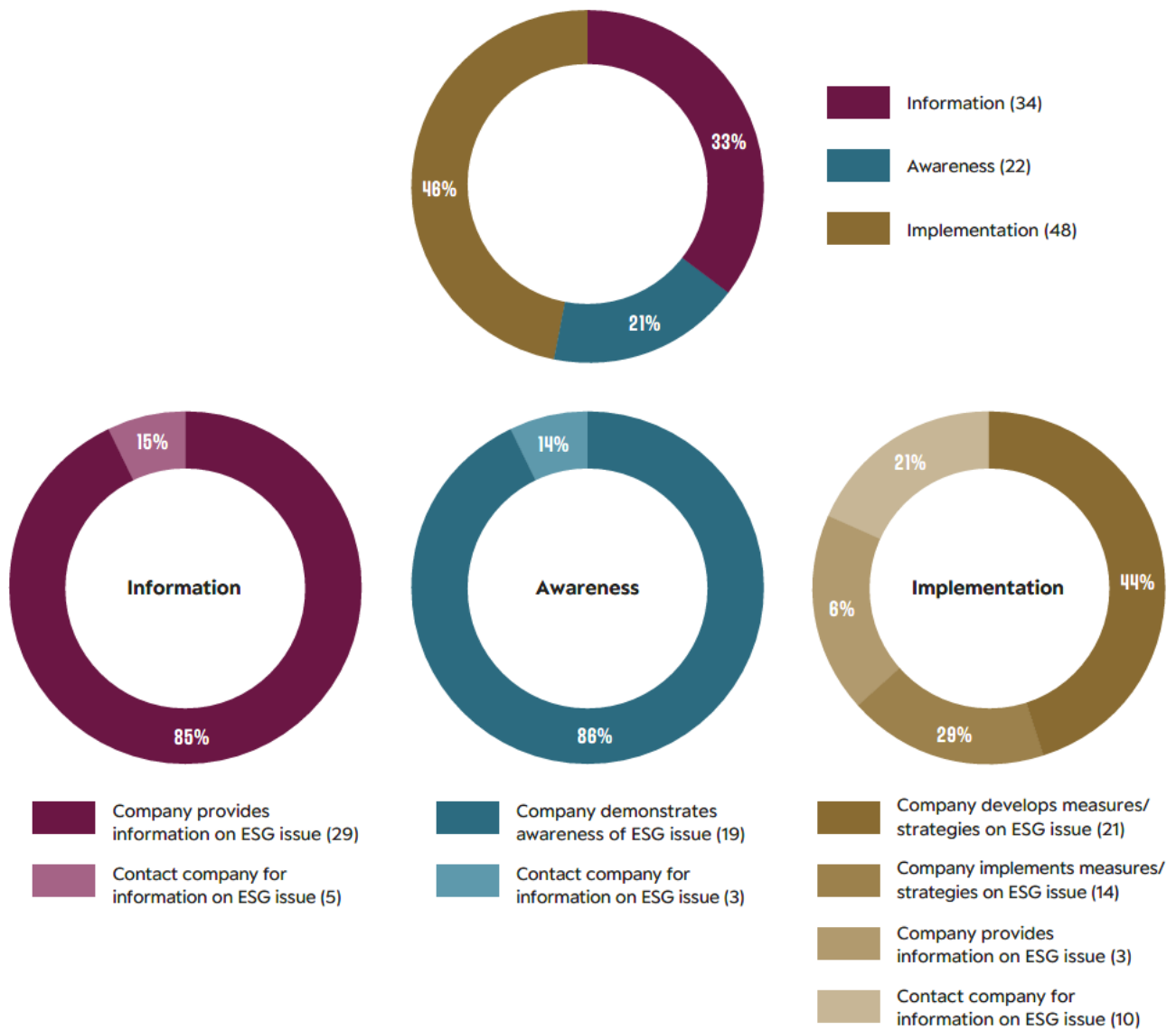
Engagements by status



Engagements by contact method



Engagements by objective and progress



Engagement Case Studies

CASE STUDY 1: Proxy Voting – European Small Cap Equity

Sector: Information Technology

Region: Europe

Country: Switzerland

Focus Areas: G

Date: April 2024

Method: Email

Status: Closure with productive feedback

Objective: Implementation

Progress: Company implements measures/strategies on ESG issues

Method of engagement / Our approach

We engaged with the small cap technology company, that develops and manufactures high-precision systems and components for industrial and scientific applications, as part of the proxy voting process and ongoing dialogue from the previous year. The engagement focused on governance issues, in particular the company's board structure and long-term incentive (LTI) plan in its remuneration system, as issues had been identified during the internal analysis of the AGM proposals in the previous year. The e-mail exchange took place between the ESG Office and the company's investor relations (IR) representative in collaboration with the responsible portfolio manager.

Our objective

The objective of this engagement was to follow up on prior discussions and assess whether the company had implemented the expected governance improvements. In particular, we aimed to confirm whether the size of the audit committee would be increased and whether updates to the LTI framework would be introduced, including the addition of recovery provisions.

Progress / Outcome

Following our outreach, the company's IR representative confirmed that the audit committee would be increased at the 2024 AGM with the appointment of a new independent audit committee chair. In addition, the company provided further details on the LTI scheme and clarified the reasons for the absence of specific recovery provisions. In light of the improvements made, in particular the governance enhancements to the committee composition, we have decided to recommend for the nominees. While we generally advocate for recovery provisions in LTI schemes, we considered the overall development in the remuneration system such as the diversification of performance metrics, decoupling the LTI from the short-term incentive (STI) plan, and the extension of the vesting period, to be positive and decided to recommend to vote for the new remuneration system.

Next steps

We will continue to monitor the company's governance practices, particularly in relation to further refinements in remuneration policies and committee structures, to ensure that best practice is maintained over the long term.

CASE STUDY 2: Proxy Voting – European Micro Cap Equity

Sector: Consumer Discretionary

Region: Europe

Country: Finland

Focus Areas: G

Date: November 2024

Method: Email/ One-on-one call

Status: Ongoing

Objective: Awareness

Progress: Company demonstrates awareness of ESG issue

Escalation: Vote recommendation against remuneration report

Method of engagement / Our approach

We engaged with the micro-cap import and wholesale company ahead of its 2024 AGM to discuss changes the company had made to its LTI plan during the previous year. The engagement focused on the company's decision to reduce the vesting period of its LTI plan from three years to two years. The discussion was initiated during a one-on-one call followed by an email exchange between the responsible portfolio manager and the company's IR.

Our objective

The objective of this engagement was to gain further insight into the company's rationale for deviating from its previously approved shareholder policies. We sought to understand how the shift to a shorter vesting period was consistent with the company's long-term strategy and how such changes might affect shareholder trust.

Progress / Outcome

Following the personal call, the company provided details via email, explaining that the board of directors had decided not to proceed with the performance share plan (PSP) for 2023–2025 as setting realistic targets proved difficult in challenging market conditions. Instead, in light of continued market volatility and internal organisational shifts, the board introduced a two-year restricted share unit plan (RSUP) for 2024–2025. With market conditions stabilizing and a reassessment of the company's long-term business strategy, the company had reinstated its original approach and launched a new three-year PSP for 2025–2027 at its 2024 AGM. While we appreciated the company's transparency and the detailed rationale behind its LTI adjustments, we remained cautious about the wider implications of deviating from a shareholder-approved policy. Given the potential impact on shareholder rights and trust, we decided to recommend to vote against the remuneration report.

Next steps

We will closely monitor the implementation of the company's revised incentive plans, particularly its transition back to a three-year performance share plan. Our focus will be on evaluating the alignment of performance targets with shareholder interests and ensuring that any future deviations from approved policies are communicated clearly and adequately justified.

CASE STUDY 3: Proxy Voting – European Mid Cap Equity

Sector: Information Technology

Region: Europe

Country: Switzerland

Focus Areas: G

Date: March 2024

Method: One-on-one call

Status: Closure with productive feedback

Objective: Implementation

Progress: Company develops measures/strategies on ESG issue

Method of engagement / Our approach

We engaged with the company, a provider of innovative measurement technology, ahead of their 2024 AGM to discuss concerns around board independence and executive remuneration. The issues prioritised 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 a call between our ESG Office and the company's CFO.

Our objective

The objective of the engagement was to share our views on board independence and executive remuneration, and to encourage improvements in long-term incentive structures and governance transparency.

Progress / Outcome

We shared in detail our assessment of the board independence and our view on which components of the remuneration system required further development, in particular the introduction of recovery provisions and further differentiation of STI and LTI performance metrics. The CFO provided a detailed explanation of the composition of the board,

arguing that certain non-independent board members were retained for their expertise. While acknowledging the rationale for individual appointments, we maintained our view that the overall independence of the board and its committees remained insufficient and recommended to vote against the non-independent nominees. On remuneration, the CFO confirmed that a new LTI programme was to be introduced, which we considered to be a positive outlook. However, given the retrospective nature of the 2023 remuneration report, we maintained our recommendation against its approval, while we supported forward-looking agenda items related to remuneration improvements.

Next steps

We are monitoring the progress in governance and remuneration adjustments, in particular the implementation of the LTI programme and potential improvements to board independence.

CASE STUDY 4: ESG Controversy – US Large Cap Equity

Sector: Consumer Staples

Region: North America

Country: USA

Focus Areas: E

Date: March 2024

Method: One-on-one call/ Email

Status: Closure with productive feedback

Objective: Implementation

Progress: Company implements measures/strategies on ESG issues

Method of engagement / Our approach

We reached out to the company, a food manufacturer, due to an orange controversy flag issued by MSCI ESG. The issues prioritised for engagement were identified based on the assessment by MSCI ESG and substantiated by further internal research, namely contribution to global plastic pollution and allegations from NGOs. The engagement took place through an e-mail exchange between the responsible portfolio manager and a company investor relations (IR) executive.

Our objective

The objective of the engagement was to understand the company's response to a lawsuit filed by an NGO as well as to assess the company's commitment to mitigating plastic pollution and to evaluate the effectiveness of its sustainability initiatives. Key areas of focus included the company's legal standing on the controversy, its strategic investments in sustainable packaging, waste recovery efforts and collaborations with environmental organisations.

Progress / Outcome

The company's IR representative provided a detailed response, demonstrating awareness of stakeholder concerns and a commitment to addressing them through long-term sustainability investments. The company highlighted its actions and strategic targets to reduce material usage, improve recyclability, and incorporate recycled materials. The company also detailed its global waste recovery initiatives, where it has increased the recyclability of plastics to 75% through partnerships with waste management authorities in critical countries. It emphasised its collaboration with industry groups and NGOs to drive collective action on plastic waste and confirmed that the lawsuit filed by an NGO had been dismissed, closing the matter legally. While the legal controversy has been resolved, the company continues to face scrutiny over its role in plastic pollution. Its sustainability efforts, including industry collaborations and investment in recycling infrastructure, indicate a proactive approach, but ongoing monitoring will be necessary to evaluate progress.

Next steps

We will continue to monitor the company's progress on its sustainable packaging commitments, in particular its 2025 recyclability targets. Key areas for follow-up include the company's ability to meet its recycled plastic content targets, the development of waste recovery initiatives in emerging markets, and transparency in reporting sustainability progress.

CASE STUDY 5: ESG Controversy – European Large Cap Fixed Income

Sector: Materials

Region: Europe

Country: Germany

Focus Areas: E & S

Date: October 2024

Method: Email

Status: Closure with productive feedback

Objective: Implementation

Progress: Company develops measures/strategies on ESG issue

Method of engagement / Our approach

We engaged with the company, a building materials companies, due to an orange controversy flag issued by MSCI ESG. The issues prioritised in this engagement were identified based on the assessment by MSCI ESG and substantiated by further internal research, namely the company's subsidiary's cement operations in disputed territories and its mining activities in a critical region. The engagement took place through an email exchange between the responsible portfolio manager and an investor relations manager of the company.

Our objective

The objective of the engagement was to understand how the company integrates ESG considerations into its business strategy and risk management framework. Specifically, we sought information on the company's approach to human rights due diligence, its measures in relation to responsible resource extraction and its response to concerns raised by NGOs.

Progress / Outcome

The company's IR representative described in detail its ESG risk management, highlighting its alignment with internationally recognised standards, including the UN Guiding Principles on Business and Human Rights and Germany's Supply Chain Due Diligence Act (LkSG). The company reaffirmed its neutrality in territorial disputes and explained that its subsidiary does not engage in resource extraction in that region. Regarding mining operations in critical regions, the company outlined the environmental and social safeguards in place. It reduced the planned mining area by 32% to protect ecosystems and engaged with local communities to address concerns. The company clarified that the project is still in the planning stage as no final investment decision has been made, and that it continues to assess its impact through stakeholder engagement and environmental assessments.

Next steps

We are monitoring further developments around ongoing investigations and assessments by MSCI ESG and other sources with regards to the highlighted controversy. Further engagement may be required as regulatory expectations and stakeholder concerns evolve.

CASE STUDY 6: ESG Controversy – European Mid Cap Fixed Income

Sector: Communication Services

Region: Europe

Country: Spain

Focus Areas: S

Date: November 2024

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 telecommunications company operating in Europe and Latin America, due to an orange controversy flag issued by MSCI ESG. The issues prioritised in this engagement were identified based on the assessment by MSCI ESG and substantiated by further internal research, namely a putative class action lawsuit over alleged charging of 'loyalty penalties' to existing customers. The engagement took place through a call between our ESG Office, the responsible portfolio manager, the company's senior sustainability manager and representatives of its legal department.

Our objective

The objective of the engagement was to assess the company's response to the allegations, the potential financial and reputational risks, and any proactive steps taken to improve customer policies and regulatory compliance.

Progress / Outcome

The company provided a detailed explanation that the case is still at an early stage with no regulatory findings. The next milestone will be a certification hearing in 2025, which will determine if the claim can proceed. The company stated that no financial provisions have been made, as liability has not yet been proven. It also emphasised that existing consumer protections, such as split contracts and proactive customer notifications, help mitigate similar risks. It reinforced its compliance frameworks, including annual contract notifications and tariff updates, to ensure that customers remain fully informed.

Next steps

We will continue to monitor the **legal developments** surrounding this case and assess any regulatory findings that may emerge. Further engagement may be required as the case progresses.

CASE STUDY 7: Impact Engagement – European Small Cap Equity

Sector: Industrials

Region: Europe

Country: Netherlands

Focus Areas: E & S

Date: March 2024 to June 2024

Method: Email/ One-on-one meetings

Status: Closure with productive feedback

Objective: Implementation

Progress: Company implements measures/strategies on ESG issues

Method of engagement / Our approach

We engaged with the company, a geospatial service provider, in a series of discussions to assess its transition from oil & gas to renewable energy, biodiversity impact management, and talent retention strategies. The issues prioritised in this engagement were identified based on our internal impact analysis. Discussions took place through personal meetings and email exchanges between the responsible portfolio manager and an investor relations representative from the company.

Our objective

The objective of the engagement was to obtain further information on the company's transition strategy, the impact of its products, in particular their impact on marine life, its commitment to biodiversity protection, and its ability to attract and retain qualified talent amid expansion.

Progress / Outcome

The company detailed its strategy towards renewable energy, positioning it ahead of competitors. In response to allegations of harm to marine life, the company reiterated its full compliance with global environmental protocols. The company continues to employ protected species observers (PSOs), passive acoustic monitoring (PAM) systems, and operational mitigation measures to ensure minimal disruption to marine ecosystems. In terms of attracting and retaining talent, the company acknowledged its reliance on highly skilled professionals and outlined initiatives such as

collaborations with local universities and targeted recruitment efforts. The company also reviewed its remuneration structure, highlighting the inclusion of employee stock ownership plans (ESOP) and employee stock purchase plans (ESPP) for around 200 employees. The new compensation package also integrated stronger ESG-linked performance incentives.

Next steps

We believe that ESG objectives as well as concerns related to talent management and impact of its business to marine life are currently adequately addressed within the company and that appropriate action is being taken. In particular, we will monitor their progress on renewable energy expansion, biodiversity risk mitigation, and employee retention strategies.

CASE STUDY 8: Support the Investment Case – North American Large Cap Equity

Sector: Industrials

Region: North America

Country: Canada

Focus Areas: E

Date: March 2024

Method: One-on-one meeting

Status: Closure with productive feedback

Objective: Information

Progress: Company provides information on ESG issue

Method of engagement / Our approach

As part of the investment process, we engaged with the company, which is based in Canada and operates in the transport and logistics industry, to obtain further information on its sustainability initiatives and fuel reduction strategies. The engagement was conducted in a personal meeting between the responsible portfolio manager and an IR representative from the company.

Our objective

The objective of the engagement was to obtain further information on fuel efficiency measures and other sustainability initiatives.

Progress / Outcome

The company provided an update on its progress in promoting an environmentally responsible approach through its robust ESG strategy. We gained insight into their initiatives to reduce fuel consumption and emissions, in line with their commitment to environmental stewardship. They are actively investing in fuel efficiency, notably through initiatives such as hydrogen-powered locomotives. With a pilot programme underway to evaluate these innovations, the company is demonstrating its commitment to reducing its carbon footprint.

Next steps

We believe that ESG objectives and their achievement are currently adequately addressed within the company and that appropriate action is being taken. In particular, we will monitor their progress in implementing hydrogen locomotive technology and expanding fuel efficiency programmes.

CASE STUDY 9: Collaborative Engagement – European Large Cap Equity

Sector: Consumer Discretionary

Region: Europe

Country: France

Focus Areas: S

Date: June 2024

Method: Group Meeting

Status: Ongoing

Objective: Implementation

Progress: Company develops measures/strategies on ESG issue

Escalation: Collaborative Engagement

Method of engagement / Our approach

We joined this collaborative engagement with a global luxury goods company, having previously engaged with them through a collaborative engagement organised by KnowTheChain. We chose this escalation because we felt the collaborative approach was more promising for this particular issue than the individual approach. The engagement took the form of a group meeting between our ESG Office, the responsible portfolio manager and the company's ESG investor manager together with other investors.

Our objective

The objective of the engagement was to assess the company's efforts to strengthen supply chain oversight to ensure alignment with international human rights standards and motivate the implementation of further measures to mitigate human rights risks in its supply chain.

Progress / Outcome

The engagement with the company highlighted both progress and remaining challenges. The company has made notable improvements to its governance, including a shift towards stronger enterprise-level oversight, though individual brands still retain some discretion. The company reaffirmed its CSR commitments, including updated fair wage principles and a revised supplier code of conduct. On traceability, the company launched a programme to partner with industry peers to improve supplier transparency. Audit expansion and risk mapping have been prioritised, particularly in high-risk regions. Enforcement against suppliers was also stepped up, with several terminations and a high number of remediation plans implemented last year. The company's efforts in traceability and monitoring as well as its transparency during the engagement have been positive. However, we continue to monitor the company's initiatives as recent controversies raised by our data provider highlight ongoing challenges.

Next Steps

A follow-up is planned after the publication of the company's CSRD report in 2025 to assess progress on audit effectiveness, traceability improvements, and supplier remediation efforts.

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.

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. In 2024 no such engagement was necessary.

Case Study: Alignment on Paris-Aligned Benchmark exclusions

Part of the ESG analysis of third-party funds is to assess whether these funds comply with the requirements defined for our products in which these funds should be invested. This includes our own requirements, e.g. in the form of our ESG exclusion criteria for third-party funds, but also externally set requirements, such as those by regulation. In the context of the ESMA Guidelines on funds' names including ESG- or sustainability-related terms, some of our products will be required to apply the Paris-Aligned Benchmark (PAB) exclusions to investments in companies. As this requirement may extend to third party funds invested in by these products, a necessary step in complying with the ESMA guidelines is to analyse whether relevant third-party funds are affected by this requirement (i.e., they invest in securities of corporate issuers) and whether they are already complying or able to comply with the PAB exclusions. As part of this analysis we entered in 2024 into conversation with various asset managers of catastrophe bond funds, discussing their views on the regulation, its applicability to their investment approach as well as their ability to comply with the exclusion criteria within their investment strategy.

Asset manager engagements in 2024

17

questionnaires sent out

Principle 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. | <p>We endorsed the PRI’s collaborative stewardship initiative “Advance” in 2022 and are assessing if and how to get further involved.</p> <p>We signed on to the PRI, IIGCC and Eurosif 2025 “Investor joint statement on Omnibus legislation”.</p> <p>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).</p> |
| International Corporate Governance Network (ICGN) | <p>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.</p> <p>We are a member of the ICGN since 2018.</p> | We are regularly exchanging with members of the initiative and participated in their investor conferences over recent years. |

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|-------------------------------|---|---|
| KnowTheChain | <p>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.</p> <p>We are a signatory to its investor statement since 2020.</p> | We have participated in different collaborative engagements through the initiative over recent years (further described below). |
| Access to Medicine Foundation | <p>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.</p> <p>We have signed the initiative's investor statement in 2021.</p> | 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. |

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 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. | 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 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. |

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|--|------|----------------------|---|--|
| 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 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. | 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. |
| 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. |

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|-------------------------------|-----------|----------------------|---|--|
| 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 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. |
| 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 place through virtual meetings with the company and other investors. | The company shared their view on the assessment, their ongoing and planned actions in their supply chain, and openly received investors' feedback and insights. |

| | | | | |
|--------------|------|----------------------|--|---|
| ShareAction | 2023 | Swiss consumer goods | <p>This collaborative engagement was organised 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.</p> | <p>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. After assessment in 2024, we would have recommended to vote for the shareholder proposal, but due to local restrictions are holdings could not be voted. We expressed our concerns in an individual engagement with the company.</p> |
| KnowThechain | 2024 | French luxury goods | <p>This collaborative engagement, in which we participated in a lead position, was carried out in collaboration with a group of investors and focussed on the company’s human rights risks within their supply chain. The objective was to share our views, discuss the company’s ongoing and planned actions, and encourage further developments in governance, traceability, monitoring, and remedy mechanisms.</p> | <p>The company outlined current and planned measures. We welcomed its focus on traceability and monitoring but stressed the need for stronger remedies and follow-up when supplier relationships are ended. The company reaffirmed its commitment to improving oversight and invited further dialogue. A follow-up engagement is scheduled after the publication of the company’s CSRD report in 2025, at which time we will reassess its progress regarding human rights within the supply chain.</p> |

Principle 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 approach. 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.

CASE STUDY 1: Divestment After Unproductive Engagement

Sector: Consumer Discretionary

Region: Asia

Country: South Korea

Focus Areas: S

Date: March 2024

As part of our ESG risk assessment process, our data provider flagged a South Korean car manufacturer due to concerns regarding product quality, posing financial and reputational risks. Despite multiple engagement attempts by our ESG Office and portfolio management team, the company remained unresponsive, signalling a lack of commitment to transparency and improvement. Given that unresolved product quality concerns could have long-term adverse effects on financial performance and brand reputation, we assessed the situation as misaligned with our investment principles. Without a clear perspective for improvement, we determined that maintaining our position in the company was no longer justifiable. Consequently, we made the decision to fully divest our holdings.

CASE STUDY 2: Divestment After Unproductive Engagement

Sector: Health Care

Region: Asia

Country: China

Focus Areas: G

Date: January 2024

As part of our risk assessment process, our analysis flagged a Chinese healthcare services company due to escalating regulatory risks and allegations of involvement in military programmes. While the company denied these allegations during our engagement and redirected attention to an affiliated company, the potential consequences, including the risk of losing access to a key market, posed significant financial and operational uncertainties. Given the heightened

regulatory scrutiny combined with the limited outcomes of our engagement, we judged the situation to be inconsistent with our investment principles. We determined that maintaining our position was no longer justifiable and took the decision to fully divest our holdings.

CASE STUDY 3: Vote Recommendation Against After Unproductive Engagement

Sector: Industrials
Region: North America
Country: USA
Focus Areas: S
Date: February 2024

As part of our proxy voting process, we identified concerns regarding a proposed amendment to articles of a portfolio company ahead of the 2024 AGM. We contacted the company by email to understand the rationale for this proposal. In particular, we questioned the necessity of reducing officers' liability and raised concerns that such a measure could weaken corporate governance and shareholder protections. However, despite our proactive engagement, the company failed to respond to our inquiries prior to the AGM. Given the lack of communication and our concerns regarding the potential governance risks associated with limiting executive liability, we concluded that supporting this agenda item would not be consistent with our responsible investment principles. As a result, we recommended to vote against the proposed amendment.

CASE STUDY 4: Vote Recommendation Against After Unproductive Engagement

Sector: Health Care
Region: Europe
Country: Switzerland
Focus Areas: G
Date: March 2024

As part of our proxy voting process, we reviewed the agenda items for the 2024 AGM of a health care company, taking into account our previous voting decisions and ongoing governance concerns. In 2023, we voted for the remuneration report but urged the company to introduce clawback and malus provisions. We voted against one candidate who exceeded our mandate limits due to multiple executive and non-executive roles in other companies and communicated also this concern to the company. Ahead of the 2024 AGM, we noted that no improvements had been made. Given the continued lack of recovery provisions, we recommended to vote against the remuneration report. As the overboarded candidate was standing for re-election, we also maintained our vote recommendation against the re-election using our vote recommendations as an escalation mechanism. To ensure transparency in our decision-making, we engaged with the company ahead of the 2024 AGM to share our vote recommendation intentions and the rationale behind them. We will monitor the company's governance changes and will consider changing our vote recommendations at the 2025 AGM if material improvements are made.

Exercising rights and responsibilities

Principle 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 regarding 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 vote recommendations for agenda items of general meetings of portfolio holdings in our mutual 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's capital management capital, we pass on our vote recommendations to the capital management company, 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 vote 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 vote recommendations in accordance with local laws as well as good corporate governance standards.

This policy sets the guideposts and 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 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 and vote recommendations in the previous years. 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 WAM ESG Committee.

Key areas of our Proxy Voting Policy

01

Board-related issues

02

Audit-related issues

03

Capital structure issues

04

Company control issues

05

Operational and business issues

06

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' capital 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 2024 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 mutual 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 vote 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 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".

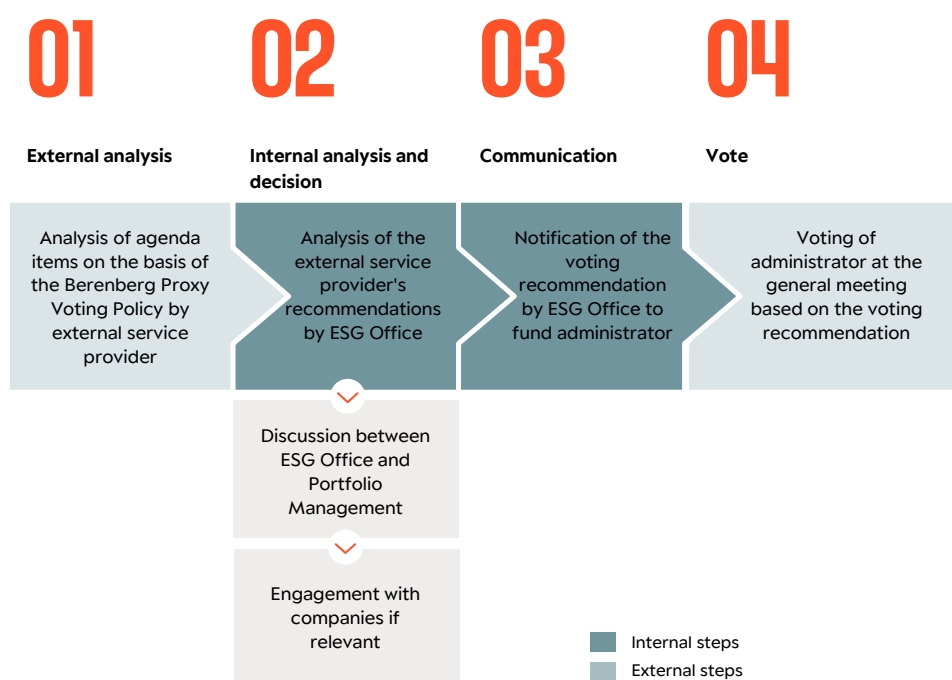
Proxy voting process

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. In 8% of the proposals for 2024, we have deviated from IVOX Glass Lewis' initial recommendation based on our custom policy. These deviations can have various reasons: They may result from us interpreting company-specific topics differently than IVOX Glass Lewis, from a decision to deviate to support the companies' strategic targets or from a constructive engagement with a portfolio holding. See also section "Vote recommendation highlights" below for examples of "Recommendations "Against" our Proxy Voting Policy". No final decision on our vote recommendations is out-sourced to a third party.

The final vote recommendations are then passed on to the mutual funds' capital management company, which adjusts their voting for the shareholdings of our mutual 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 we recommend voting against these agenda points; or
- we identify agenda points where we see room for improvement in terms of good corporate governance but we 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 if companies actively seek 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, if our exchange with the company clarified the issue of concern sufficiently, or if the issue of concern was 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. We also take up relevant issues as a follow up to annual meetings and as a preparation for the next one.

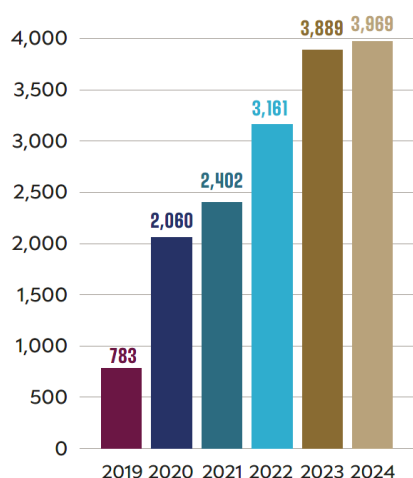
As for engagement activities, we may report on an ad-hoc basis to clients on proxy voting activities relevant to their portfolios and report publicly on our approach and activities on an aggregate basis annually since our first Active Ownership Report published in 2021.

The capital management company of our 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/>.

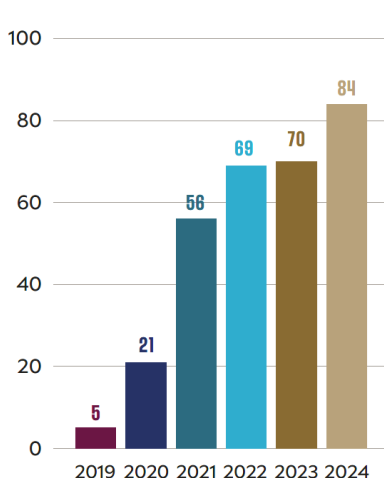
Voting statistics

Proxy voting from 2019 to 2024: meetings and proposals

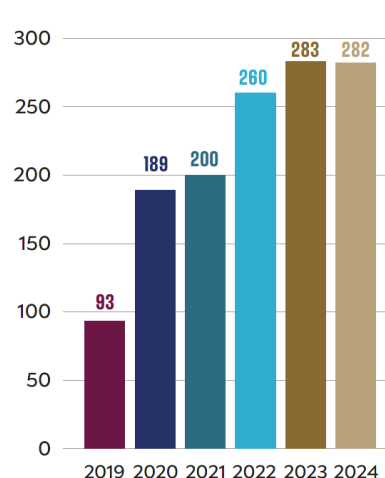
Management Proposals



Shareholder Proposals

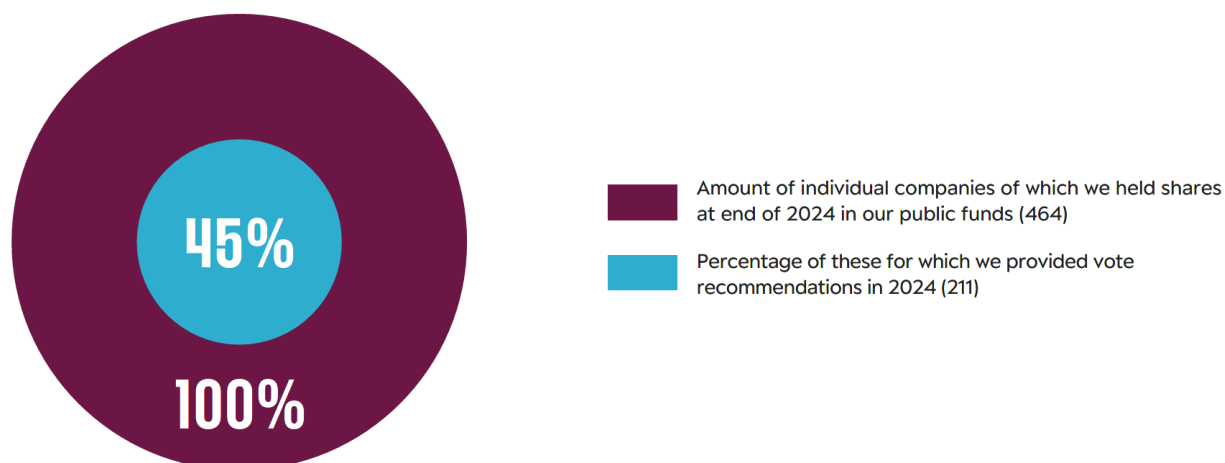


General Meetings



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 vote 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 vote recommendation.

Proportion of mutual fund equity holdings for which voting recommendations were provided in 2024

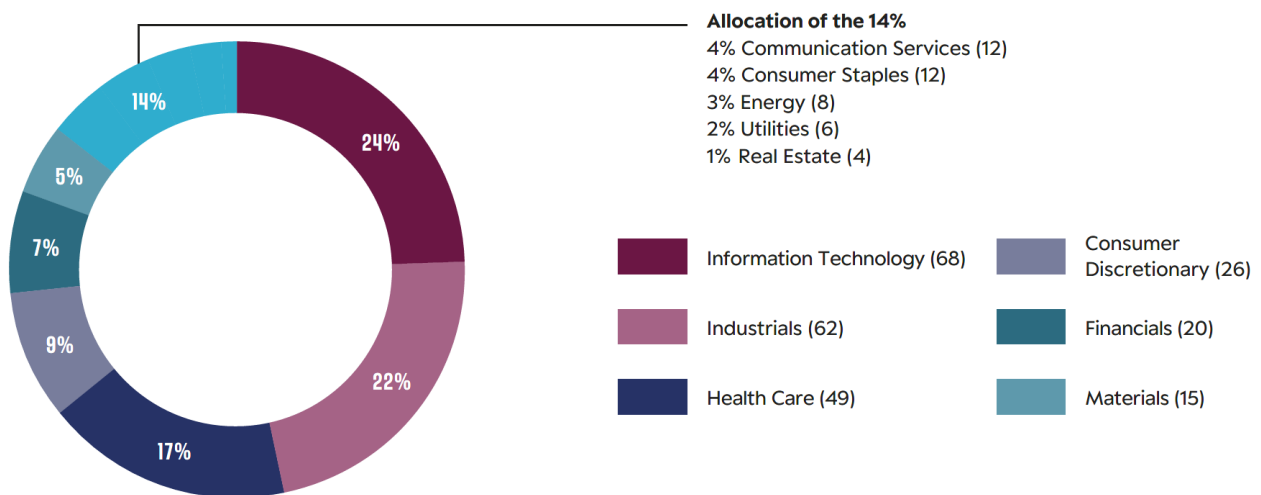


The proportion of shares for which vote recommendations were provided for a given year needs to be approximated, for example due to portfolio turnover leading to holdings being invested after or being divested before annual general meetings were held in a given year. We approximate a proportion of 45% of equity portfolio holdings for which vote recommendations were provided in 2024, by comparing the total of company meetings for which we provided voting recommendations in 2024 to the equity portfolio holdings in our mutual funds at year-end 2024. Equity portfolio holdings for which we provide vote recommendations are selected based on the scope as described above.

Proxy voting in 2024: overview⁵

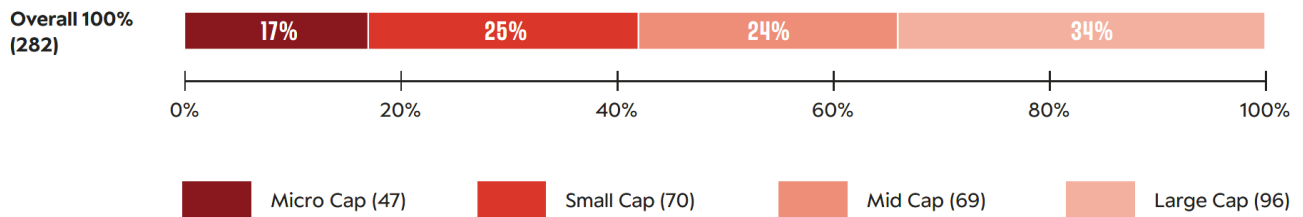


Proxy voting by sector

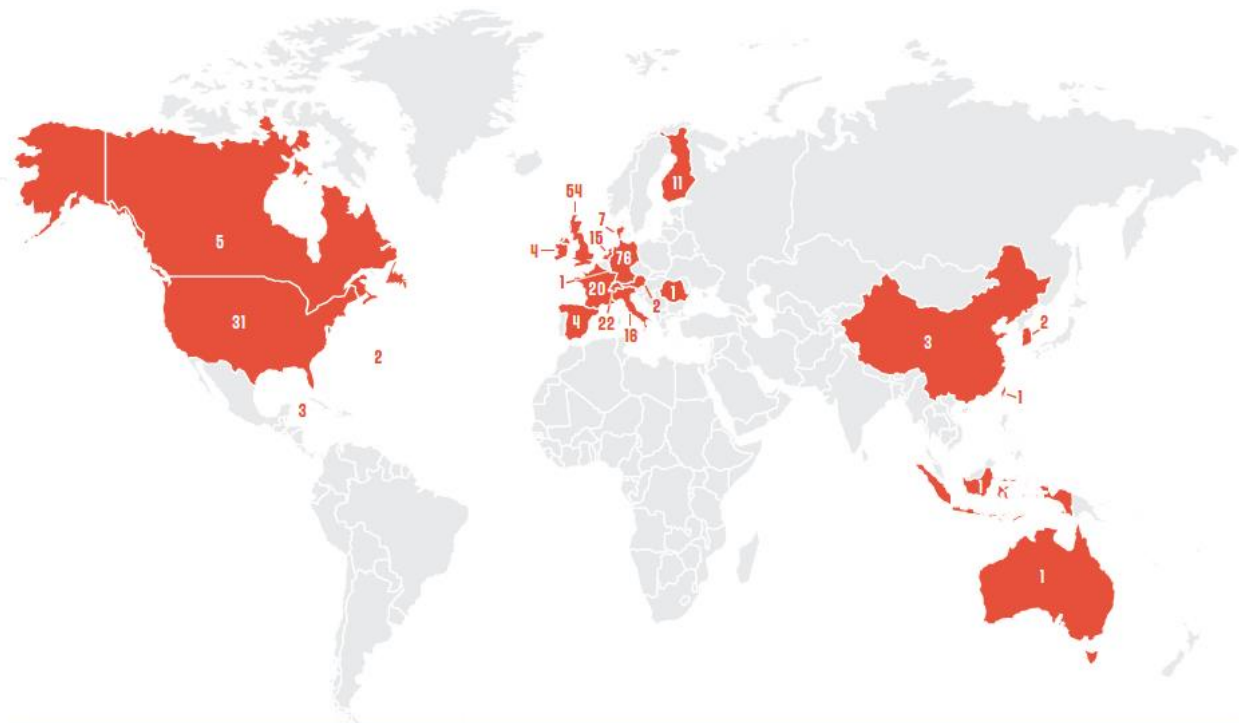


⁵ The difference between the total number of recommendations provided and the sum of recommendations with and recommendations against management is due to some recommendations not being assignable to either category.

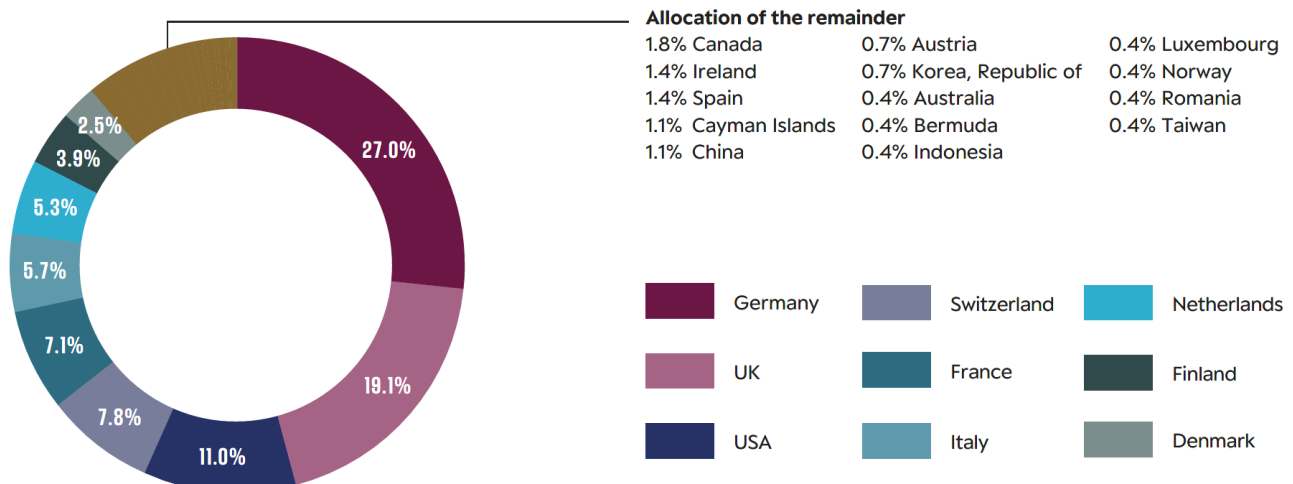
Proxy voting by company size



Number of company meetings for which we provided voting recommendations in 2024, by country

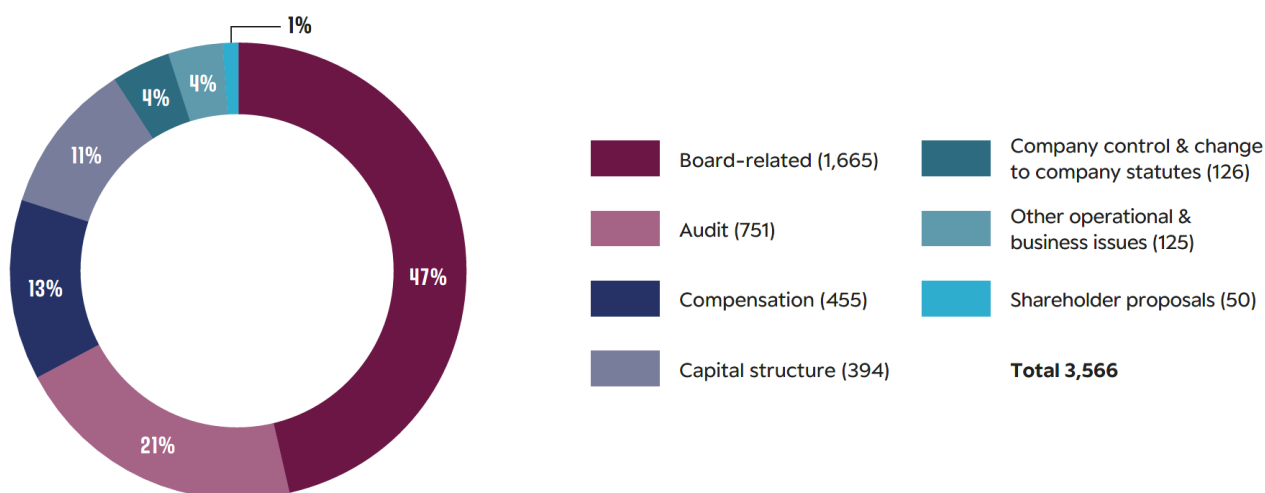


| | | | | | | | | | | | |
|----------------|------------|-------------|----|---------|----|----------------|---|--------------------|---|------------|---|
| Total | 282 | Switzerland | 22 | Finland | 11 | Spain | 4 | Bermuda | 2 | Luxembourg | 1 |
| Germany | 76 | France | 20 | Denmark | 7 | Cayman Islands | 3 | Korea, Republic of | 2 | Romania | 1 |
| United Kingdom | 54 | Italy | 16 | Canada | 5 | China | 3 | Australia | 1 | Taiwan | 1 |
| United States | 31 | Netherlands | 15 | Ireland | 4 | Austria | 2 | Indonesia | 1 | | |

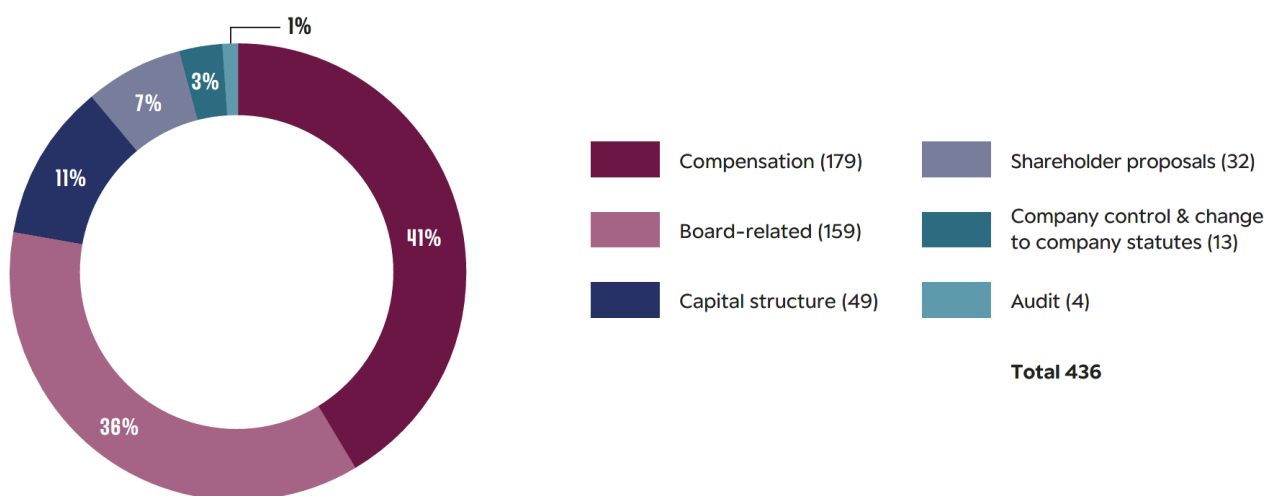


Proxy voting by topic

Split of voting recommendations WITH management by topic



Split of voting recommendations AGAINST management by topic



Vote 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 2024). 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: Information Technology

Region: Northern America

Country: USA

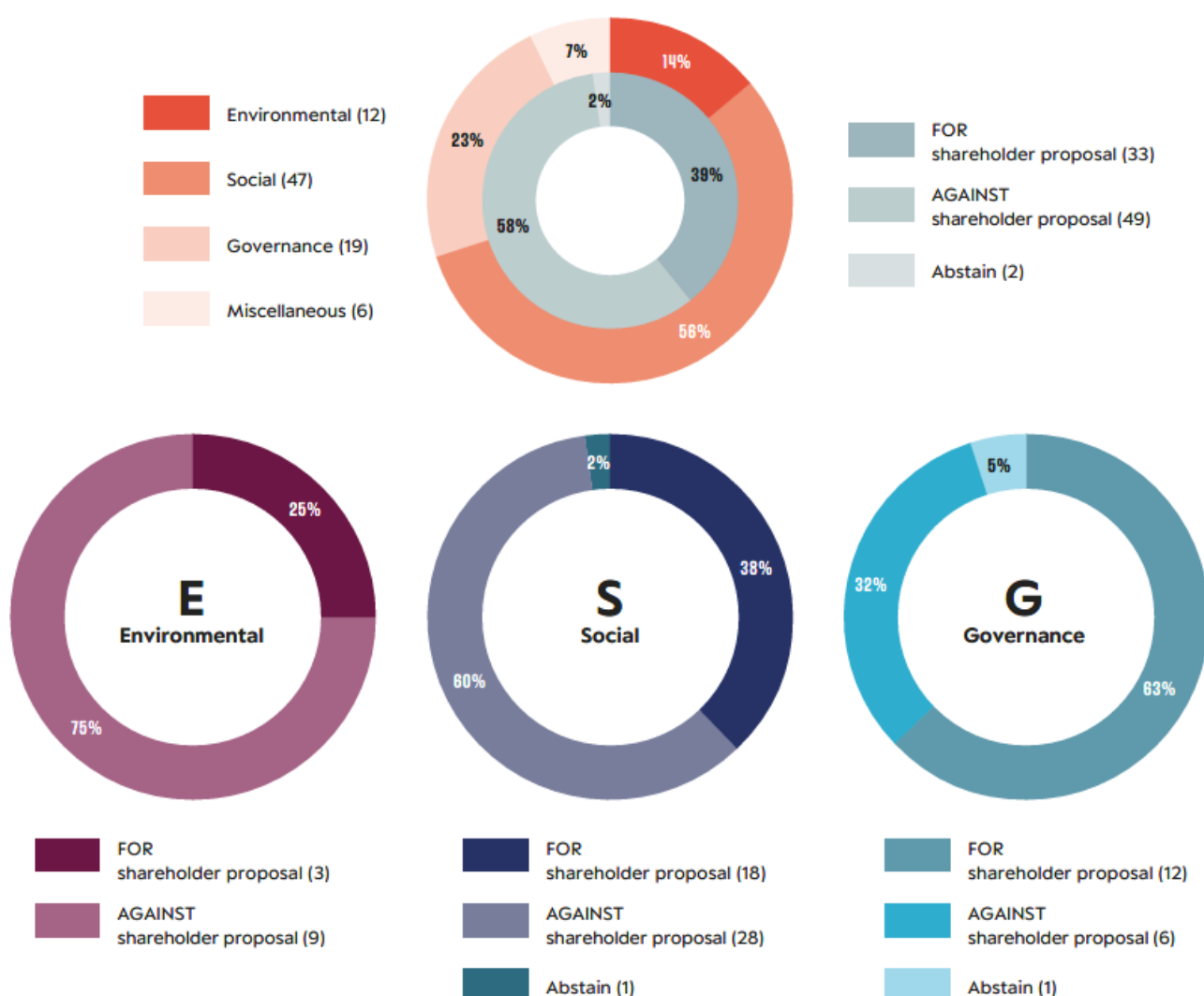
Focus of Shareholder proposal: G

Vote recommendation: Against

Date of AGM: December 2024

The shareholder proposal requested the board to conduct an assessment to determine whether diversifying the company's balance sheet by including Bitcoin would be in the best long-term interests of shareholders.

After analysis by our external proxy voting service provider and further internal analysis, we decided to recommend to vote against this shareholder proposal. We believe that a well-informed board of directors should be given appropriate discretion on investment strategy decisions, as they have access to more detailed financial insight. The board had already conducted a review and determined that the volatility of bitcoin makes it unsuitable for a stable corporate balance sheet. As we saw no compelling evidence that the board's judgment is flawed, we did not believe that shareholders should override decision on this matter.



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 2024, board-related proposals made up about 46% of all proposals and we recommended voting against 9% of board-related proposals.

CASE STUDY 2: Vote Recommendation Against Board Re-Elections

Sector: Health Care

Region: Europe

Country: Germany

Topic of proposal: Board re-elections

Vote recommendation: Against

Date of AGM: April 2024

After analysis by our external proxy voting service provider and further internal analysis, we decided to recommend to vote against the re-election of six supervisory board 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 ten members, of which four were company insiders classified as not independent by the company. In addition, two other members were not considered independent by our analysis, as one nominee was a member of a family with a significant shareholding in the parent company and exceeded the mandate limits of our policy due to executive and non-executive positions in other companies, while another was a former executive director of 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 2024, compensation-related proposals made up about 16% of all proposals and we recommended voting against 28% of compensation-related proposals.

CASE STUDY 3: Vote Recommendation Against Remuneration Policy

Sector: Utilities

Region: Europe

Country: France

Topic of proposals: Remuneration Policy of CEO and Chair

Vote recommendation: Against

Date of AGM: April 2024

After analysis by our external proxy voting service provider and further internal analysis, we decided to recommend to vote against the remuneration report as well as the proposed remuneration policies for the CEO and Chair, which were assessed as lacking relevant aspects. Our recommendation to vote against the remuneration report was driven by the lack of recovery provisions such as clawback or bonus-malus in 2023, as well as concerns regarding the short-term incentive plan for the CEO. While we generally support the inclusion of a health and safety metric, we noted that it vested at 70% of the maximum opportunity despite the company reporting relevant numbers of employee and subcontractor fatalities in 2023. As this metric did not take such incidents into account, it raised concerns about the appropriateness of this non-financial performance criteria. Regarding the proposed remuneration policies, we found that the remuneration structure for the CEO was overly weighted towards short-term incentives, potentially prioritising immediate results over long-term sustainability. As the company had not implemented any recovery provisions,

we recommended towards our policy. We also recommended to vote against the remuneration policy for the Chair, as the high level of shareholder dissent with the Chair's remuneration in the previous year had not been addressed.

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 2024, we opted for recommending to abstain from voting at the AGMs of several of our Italian portfolio companies on the election of the board of directors. Under Italian law, directors are elected from lists submitted by shareholders representing at least 1% of the company's issued share capital. Taking into account the ownership structure of a company, in most cases we have supported a list submitted by minority shareholders, as these candidates typically have diverse backgrounds that enhance the composition and independence of the Board. In such cases, we abstained from voting on the majority shareholder list as a technical matter. Other proposals for which we recommended to abstain from voting included, among others, capital management topics and elections of directors, where no sufficient information was published to arrive at an informed decision.

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 2024, we decided to recommend to vote for a number of proposals to authorise 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 also recommended in some cases to vote for the dividend distribution, even though the dividend pay-out ratio had been below our policy limit of 20% for two consecutive years. 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. We take such deviations into account in our regular reviews of our Proxy Voting Policy.

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.

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Date 30.04.2025



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