



**BERENBERG**  
PARTNERSHIP SINCE 1590



2020

Sustainability Report  
for the financial year 2020



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*The Managing Partners (from left to right): Christian Kühn, Hendrik Riehm and David Mortlock*

**Dear Clients  
and business associates,**

For more than 430 years, Berenberg has been driven by its desire to act with accountability in the interests of its stakeholders. In our view, responsible governance encompasses forward-looking corporate governance combined with the assumption of social responsibility. We adhere to these principles in the interests of our clients, business associates, partners, employees and the company.

In our fourth sustainability report, we describe in more detail the principles of our accountability and our ensuing initiatives and activities. This publication is based on the principles of the UN Global Compact Communication on Progress.

As a bank with international operations, we monitor the longer-term social and ecological impact of our actions in the course of our business activities. Firstly, we believe that sustainability issues are becoming increasingly important for investors and, secondly, that ESG-compliant (ESG: Environmental, Social, Governance) businesses have a competitive advantage on global markets. In the reporting year, the Covid-19 pandemic further strengthened trends towards more sustainability. We believe that demand for sustainable financial products will continue to rise.

Through our ESG Office in the Wealth and Asset Management business division, we further expanded our activities in the field of sustainability in the reporting year. As signatory to the United Nations-supported »Principles for Responsible Investment« (UN PRI), we remain committed to our responsibility to actively make the case for environmental and social issues as well as questions of good governance, and to integrate these principles into our investment process. Furthermore, the Wealth and Asset Management business division signed investor declarations, both in the reporting year and in the current year, for initiatives promoting collaboration among companies on specific ESG issues. The *KnowTheChain* initiative supported by Berenberg addresses the problem of forced and compulsory labour in global supply chains, while the *Access to Medicine Foundation* initiative promotes equitable access to medicines, currently focusing on fair distribution of a Covid-19 vaccine.

Alongside the existing ESG Office, we have also been offering ESG Consulting since January 2020 in order to offer our customers holistic support in the implementation of individual ESG strategies. Over and above this, we advise our clients on sustainability issues such as renewable energy. And we are also taking measures to conserve natural resources within our own banking operations.

Our employees are the most important resource for the success of our company. In 2020, we employed 1,573 people from 41 countries in the Berenberg Group. In order to recruit and retain the best staff for our Bank, we have been successfully investing in systematic personnel development for many years.

Berenberg has a long tradition of involvement in cultural, scientific and sporting events, and the Berenberg Bank Foundation of 1990 promotes young artists in particular. We are delighted by the dedication of our employees who are involved in the BerenbergKids Foundation for children and young people.

Our determination to develop constantly without losing sight of our historical roots has made us what we are today. More than just a bank, Berenberg is an advisor and trusted partner that addresses client needs with responsibility, insight, vision and expertise. In short:

Accountability is our guiding principle.



Christian Kühn



Hendrik Riehmer



David Mortlock

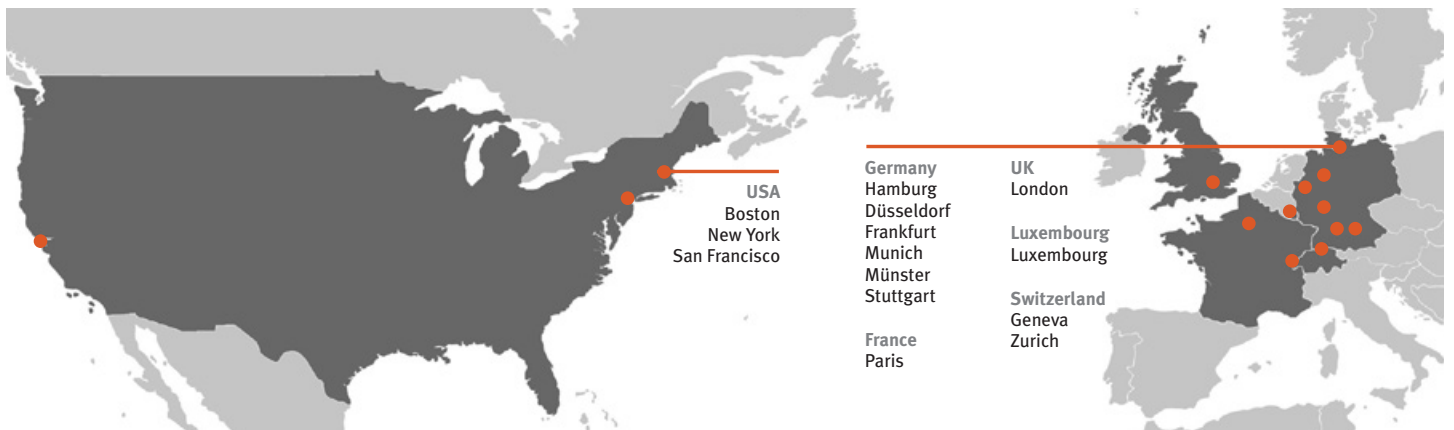


**Business model and environment**

## Organisational profile

Berenberg was established in 1590, and today we are one of Europe's leading privately owned banks, focusing on the business divisions Wealth and Asset Management, Investment Bank and Corporate Banking. The head office of Berenberg, including its German subsidiaries, is in Hamburg. In Germany, we have branch offices in Düsseldorf, Frankfurt, Munich, Münster and Stuttgart. Outside Germany, we are represented by branch offices in London, Luxembourg and Paris, as well as representative offices in Geneva and Zurich. Berenberg is represented in the USA with subsidiaries in New York and offices in Boston, Chicago and San Francisco.

### Locations





**Partnership structure:**

- 31.7 % von Berenberg family
- 22.0 % PetRie Beteiligungsgesellschaft mbH  
(Dr Hans-Walter Peters [Managing Director] and Hendrik Riehmer)  
and Dr Hans-Walter Peters
- 5.4 % Hendrik Riehmer, David Mortlock, Christian Kühn and former managing  
partners
- 14.6 % Christian Erbprinz zu Fürstenberg
- 14.6 % Professor Dr Jan Philipp Reemtsma
- 11.7 % Compagnie du Bois Sauvage S. A.

## Strategy and business divisions

Our long history, our responsible handling 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 do not allow ourselves to be steered by short-term success and emotions, but act responsibly. Our actions are governed not by quarterly figures but by a long-term approach. We help our clients to grow their investments, achieve their goals and meet their challenges, and we do this as expert advisers and longstanding service providers. We address the areas where we feel confident that we can offer our clients exceptional value.

Berenberg offers its individual services in the following business divisions.

### **Wealth and Asset Management**

**Wealth Management:** Providing advice to high net worth individuals is a complex and responsible challenge that we meet with our special expertise and an award-winning advisory approach. To this end, we are constantly refining our special Berenberg centres of competence for entrepreneurs, foundations and family offices. Alongside personal advisory services, professional portfolio management is one of our core services.

**Asset Management:** Our clients' investment goals are varied and specific. We work to meet these individual needs in the best way possible. Experienced portfolio strategists and investment experts develop actionable strategies, which we execute in retail funds and special mandates. Our investment expertise includes discretionary and quantitative investments, as well as professional risk management strategies.

### **Investment Bank**

The broad-based Investment Bank division focuses on service and advisory operations in the segments of Equities, Investment Banking and Financial Markets. As at year-end 2020, our Equity Research team covered more than 1,100 stocks. In addition, we also support IPOs, capital increases and secondary placements.

### **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 & Energy, Shipping and Real Estate. In recent years, we have built up special expertise in credit fund solutions for institutional investors

## Significant changes in the reporting year

Berenberg closed the financial year 2020 with a net profit for the year of €108.2 million (previous year: €60.5 million). This means that we exceeded the previous year's earnings by 78.7%. Even in an environment made challenging by the Covid-19 pandemic, Berenberg showed that the Bank and its business model are prepared for all market phases. The 2020 operating result was also higher than the previous year's figure, which was more or less free of extraordinary effects and resulted from our ordinary business activities. Furthermore, the profit for 2020, adjusted for extraordinary effects, was the best operating result ever recorded in the history of the Bank. We used this solid financial performance to continue to systematically expand our business model.

Despite the challenges brought about by the Covid-19 pandemic, we achieved very pleasing outcomes in our wealth management strategies and in-house fund solutions for our *Wealth Management* customers in 2020.

The realignment of *Asset Management* three years ago has translated into impressive developments in our retail funds. Of the 21 Berenberg funds, 17 currently have a four- or five-star rating from rating agency Morningstar thanks to their strong performance. The funds in our equities platform once again closed the year with a clear lead on the respective benchmark and were each frontrunners compared with the competition.

Through our ESG Office, we further expanded our activities in the field of sustainability. As signatory to the United Nations-supported »Principles for Responsible Investment« (UN PRI), we remain committed to our responsibility in this respect. We believe that sustainability issues are becoming increasingly important for investors and that ESG-compliant businesses have a competitive advantage on global markets.

The expansion of our *Investment Bank* business division is still progressing very successfully. A number of milestones were reached in 2020. The number of covered companies increased from 890 to 1,100, with 842 covered by 89 analysts in London and 258 covered by 27 analysts in New York. Equity Capital Markets, in its position as broker and adviser on IPOs and capital increases, had a record

year: with 67 transactions and an issue volume of €14.8 billion, the bank provided unprecedented support to companies raising capital.

*Corporate Banking* assists and advises capital market-related and medium-sized companies and, alongside the traditional corporate banking business, covers the areas of shipping, real estate, infrastructure, energy and structured finance. There is a particular focus on the issuance of loan funds. As such, Berenberg offers third-party investors such as institutional investors and large single-family offices the opportunity to invest in loans together with the Bank.

Berenberg Energy Junior Debt Funds, which have been offering institutional and private investors the possibility of investing in the construction and operation of wind and solar parks since their launch in 2017, continued their positive performance and currently share capital commitments in excess of €500 million. We have financed more than 100 wind and solar parks in seven countries. This corresponds to a financed output of 1,900 MWh per year. The energy generated by the financed projects achieves carbon savings of approximately 1,159,565,000 kg of CO<sub>2</sub> per year.

Net commission income, which is dominated by the securities business, stood at €415.6 million in the reporting year (€355.5 million): this was 16.9% higher than the previous year and marks a new historical high. Net interest income fell from €63.4 million to €55.8 million. Net income from trading activities fell by 56.8% to €6.8 million (€15.7 million). Administrative expenses amounted to €351.6 million (€345.8 million).

Return on equity increased from 28.5% to 52.0%. The cost-to-income ratio also improved, from 79.9% to 70.9%. The Berenberg Group's assets under management increased from €40.7 billion to €41.3 billion.

Beyond Hamburg, we have become established at the major financial centres. As at the end of 2020, we employ 433 employees in London. We have prepared for the implications of Brexit. All in all, we see more benefits than disadvantages for our activities at this location over the coming years. We are convinced that London will continue to remain a very important financial centre in the future and we consider ourselves to be well-positioned with our branch. We are in constant contact with the UK regulatory authorities. As a business with its head office

within the EU, we further meet all criteria to enable us to continue offering our services in future in the business territory we focus on. We intend to further expand our New York location and our equity research for US stocks and, by doing so, increase the regional diversity of the business model already established in Europe. Our compelling advisory services aligned to customer needs allowed us to acquire numerous new clients in recent years. In this respect, we were able to benefit from the consolidation seen in the industry and win market share.

## Key performance indicators

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net profit for the year	€ million	56	60	66	40	104	161	90	23	61	108
Net commission income	€ million	178	206	234	244	321	254	343	279	356	416
Total assets	€ million	3,953	4,279	4,525	4,514	4,738	4,716	4,741	4,693	5,059	4,654
Equity	€ million	217	221	223	219	234	265	296	293	288	296
Receivables from clients/loans	€ million	531	794	642	750	1,013	934	929	1,097	1,175	1,048
Liabilities to clients/deposits	€ million	2,874	3,083	3,390	3,199	3,570	3,721	3,736	3,924	4,263	3,835
Return on equity (before taxes)	%	40.1	43.8	46.9	28.8	67.3	95.8	43.0	9.8	28.5	52.0
Cost-income ratio	%	75.9	76.5	78.1	85.7	72.2	63.9	72.7	88.9	79.9	70.9
Assets under management*	€ billion	24.4	25.7	27.5	32.9	35.7	36.3	37.0	36.7	40.7	41.3
Employees*		1,038	1,036	1,066	1,159	1,236	1,407	1,474	1,640	1,474	1,573

\* Berenberg Group

## Our business environment

In 2020, the Covid-19 pandemic tipped the global economy into the deepest recession in post-war history. After 2.3% growth the previous year, according to figures available at the end of January 2021, economic output for 2020 had fallen 3.4% below the prior-year figure. By reducing social contact and shutting down

large parts of the economy, many countries succeeded in halting the first wave of the pandemic in the spring. The economy rebounded again between May and October as lockdowns were lifted. But as the winter approached, almost all countries in the northern hemisphere were forced to restrict public life once again in a bid to control the second wave of the pandemic. The new restrictions were often more targeted, making it possible to limit the economic fallout compared with the effects of the first wave. Furthermore, China was not hit by the second wave. This meant that international supply chains were not as badly interrupted as in February to April, when manufacturing industries were severely affected all over the globe.

With a drop of 6.9% in 2020, economic output in the eurozone declined to approximately 2015 levels. Losses in the personal services sector in particular were higher than ever before. These were only partially compensated for by the increase in other areas such as online trading. A large number of government measures based predominantly on the German short-time working model allowed eurozone member states to nevertheless limit the increase in unemployment to an annual average of 8.0% in 2020, after 7.6% in 2019.

Having suffered more than most other western countries as a result of the international trade disputes in 2019, Germany got off comparatively lightly in the pandemic year of 2020, with a decline of just 5.0% in economic output. This was partly because the first wave hit Germany later than Italy, France and Spain. As a result, Germany was able to learn from the experience of its neighbours. The resolute political response to this challenge also helped to minimise its impact. Although Germany's services sector was likewise particularly badly impacted by the effects of the pandemic, its stronger industry gearing meant that the consequences for Germany were somewhat less dramatic than for many other western countries.

Owing to an especially generous fiscal stimulus package, the US emerged relatively well from the recession in 2020. At 3.5%, the drop in economic output was comparatively moderate, but the budgetary deficit jumped to 16% of economic output. This figure outstrips the still significant deficits in Germany (4.8%) and the eurozone (8.7%) by a wide margin. While Japan and many emerging and developing economies suffered fall-offs in economic output similar to Europe and the US, China was able to record growth of 2.0% in 2020. China's performance

is attributable to effective measures to prevent a second wave of the pandemic as well as a credit-financed stimulus package.

As a consequence of the deep recession, inflation in Germany, Europe and the US continued to slow in 2020. This made it easier for central banks to bolster the economy to an unprecedented extent. Inflation is expected to increase slightly in 2021 as economic growth returns.

After the slump in 2020, a degree of economic recovery is forecast for 2021. Over the course of the year, vaccines could help to gain sufficient control of the pandemic to allow a gradual return to normality for public life and many parts of the economy. In addition, the new US administration under President Joe Biden is likely to return to a more even-handed approach to trade and foreign policy. With these prerequisites in place, both domestic activity and global trade could return to growth. The US could manage to return to pre-pandemic economic performance levels by mid-2021. France, Germany and some other countries could follow by the end of 2021. This may allow for some, but not all, of the economic losses from the crisis to be recouped.

The severe recession of 2020 will continue to reverberate through the financial sector in 2021. Financial institutes may be burdened by rising numbers of insolvencies and credit defaults. As the US Federal Reserve and the European Central Bank both adopted unparalleled measures in response to the pandemic, interest rates are not expected to rise for a time, even after the crisis has passed. In addition to these challenges, especially those banks that traditionally generated most of their earnings in interest-related operations must continue to work hard to find new business areas.

## Risk management

As presented in our Risk Report<sup>1)</sup>, management has overall responsibility for the risk management process and defines the general conditions for managing the various risk types. The Risk Controlling unit acts independently of the front offices in organisational terms, in accordance with the Minimum Requirements

<sup>1)</sup> [www.berenberg.de/risikobericht](http://www.berenberg.de/risikobericht).

for Risk Management (MaRisk) for banks and financial services institutions. This unit works closely with other central staff areas to ensure a constant flow of information to the Bank's Management and Advisory Board. Risk Controlling is responsible for developing and overseeing the systems used in overall bank and risk management. The main risk types that we analyse in our risk management processes are counterparty, market price, operational and liquidity risks. Reputational risks are evaluated as part of the management of operational risk.

Our risk management of the operational risk comprises systematic scenario analyses, which are conducted every year. Experts from all areas of the Bank are asked about a wide-ranging, regularly updated list of possible scenarios during structured workshops. As an ex-ante method, the scenario analysis supplements the existing internal loss data with information regarding potential hazards for the Bank due to serious risk events. The scenario-based assessment is carried out by experts at the Bank in workshops facilitated by Risk Controlling (potential incidences and amounts of loss).

Operational risk is limited by a wide-ranging set of instructions, process descriptions, and authority rules (single rule book). The respective division heads have direct responsibility for compliance with and the ongoing updating of these rules and regulations. The Processes, Organisation & Governance organisational unit responsible for process descriptions for the overall bank provides assistance in this regard. The Internal Audit Department audits the conformity of business activities with these rules and regulations at regular intervals.

A key aspect of our risk management approach for operational risk involves sensitising all employees to this type of risk. The values of our business activity are defined within the overall bank strategy. With respect to the risk culture, these values are particularly oriented to the three central points of risk appetite, risk monitoring and employee incentivisation in accordance with the CRD (Capital Requirements Directive).

A database to systematically record operational losses (internal loss data collection) that enables us to analyse losses incurred and to draw up appropriate countermeasures is vitally important. This database is used as the foundation for informing management about the development of operational losses on a regular basis.



As part of non-financial reporting, we have further scrutinised our opportunities and risks in relation to the environment, employees, society, human rights and the fight against corruption and fraud. In addition to the conventional definition of risks, we have used the extended materiality assessment of the internationally accepted GRI guidelines<sup>2)</sup> for sustainability reporting. In addition to the potential impact on the Bank's business and situation, we also considered the impact on the environment and on society as well as the relevance of the respective topics for the Bank's stakeholders. The opportunities and risks identified in this regard as well as the material reporting topics are presented in the respective sections of this report.

## Consideration of sustainability risks

### Strategies for integrating sustainability risks into investment decisions and investment and insurance advisory services

We attach vital importance in our investment decisions to the topic of sustainability and the management of sustainability risks.

In accordance with regulatory provisions, we view sustainability risks as events or conditions in the areas of environment, society or corporate governance, the occurrence of which can have actual or potential material negative impacts on the value of an investment and consequently the financial position, cash flows and financial performance, and reputation, of a company. Sustainability risks can therefore have an impact on all already-known risk types, and possibly intensify them as additional influencing factors.

#### 1. Consideration of sustainability risks in our investment decision processes<sup>3)</sup>

With regard to customer fund investments made by our Wealth and Asset Management business division, we consider the integration of ESG risks and adverse sustainability impacts as a strategic issue that is placed high on our list of priorities. The importance of this area within the Wealth and Asset Management business division was emphasised with the establishment of our ESG Office in 2018, which

<sup>2)</sup> GRI stands for Global Reporting Initiative.

<sup>3)</sup> Disclosures pursuant to Article 3 (1) of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

defines our ESG principles as an independent party, supports their implementation and monitors compliance therewith.

Key ESG indicators or criteria represent a key decision-making criterion for purchasing or selling securities. Integrating ESG factors into securities analyses helps our portfolio managers to assess the earnings opportunities and risks of a financial instrument from a holistic perspective. Within Wealth and Asset Management, ESG criteria are considered in all asset classes (e.g. shares, corporate bonds and government bonds). Drawing on in-depth internal research and external data, we are able to implement ESG criteria in both quantitative and discretionary strategies.

During the holding period for financial products, we monitor the development of ESG risks over time. For our investment solutions declared as being ESG-compliant and that integrate ESG factors, we use the analysis of ESG controversies by our ESG data provider MSCI ESG Research to identify all companies that are implicated in particularly serious ESG controversies, and we exclude such companies from investments. In the event of serious ESG controversies, we initiate an active dialogue with the company («engagement»), in the case of both existing holdings and new investments. The controversies in question are analysed together with the company. We then make a final investment decision based on our engagement and our analysis.

To structure our engagement with companies as effectively as possible, we have defined a uniform approach in our engagement guidelines. We regard involvement as an effective tool for obtaining a better understanding of working with companies with ESG aspects. By being in direct contact with the company, we are able to more accurately assess ESG risks and associated measures when making our investment decisions. We seek to use this engagement, and our recommendations for the exercising of shareholder rights, to motivate companies and support them in taking a more robust approach to addressing ESG risks and adverse sustainability impacts.

Wealth and Asset Management excludes manufacturers of cluster bomb systems and land mines from all our own funds and special mandates as a matter of principle. In addition, we generally do not participate in forward transactions on food in order to exclude speculation on food prices.

We apply even stricter exclusion criteria to the products and strategies we have declared to be ESG-compliant, as a result of which certain companies, sectors and states are fully or partly excluded as soon as they breach one or more exclusion criteria (e.g. more than 5% share of revenues from tobacco products in companies or company shares). We have established a dedicated decision-making process for updating the exclusion list, involving the ESG Office, our portfolio managers and the Wealth and Asset Management ESG Committee.

Some of our customers prefer to have their own exclusion criteria based on their individual ethical and moral beliefs. As such, we offer solutions with customised ESG restriction options within the scope of special mandates and special funds.

For further details on how ESG factors are integrated into our investment decisions, please see the general and specific ESG guidelines on our homepage (<https://www.berenberg.de/esg>).

## **2. Consideration of sustainability risks in our investment advisory services<sup>4)</sup>**

Our approach to integrating ESG into our investment advisory services is based on two pillars: first, the integration of our customers' individual investment preferences into the investment process; and second, our ability to offer in-house sustainable investment products (investment funds and wealth management strategies).

The sustainability criteria we take into account depend on our customers' individual investment preferences. This approach means that we can work with our customers to develop a common understanding of which investments are considered sustainable and how individual sustainability preferences should be implemented in the portfolio in concrete terms (e.g. via negative or exclusion criteria, positive screening). As interpretations of the term »sustainability« are based on subjective values, it is important for us to talk to our customers in each individual case in order to make sure we define this term in the same way.

Independently of the views of individual customers, Berenberg has also developed its own opinion of which minimum criteria need to be fulfilled in order for a financial product to be classified as sustainable, in the form of the aforementioned Berenberg ESG exclusion criteria.

<sup>4)</sup> Disclosures pursuant to Article 3 (2) and Article 4 (5a) of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

We ensure that all securities forming part of our investment advisory service universe comply with the general exclusion criteria as well as with the ESG exclusion criteria, and have included such criteria in our systems. This enables us to perform a swift, automatic comparison between the characteristics of securities and the customer's preferences in cases where the customer considers our ESG exclusion criteria to be essential. Our ESG exclusion criteria were introduced in 2019 and thus considerably in advance of regulatory requirements becoming applicable. The criteria are published on our website, where they can be viewed at any time.

In addition to classifying third-party products, we have also built up an in-house product range as part of our investment advisory services. We offer sustainable investment solutions as part of our wealth management services, as well as via subscriptions to shares in sustainable investment funds. In the area of retail funds, our four different sustainability-focused investment strategies cover the major asset classes of shares, bonds and multi-asset products.

By investing in an investment solution that integrates ESG factors, our customers can play a targeted role in minimising sustainability risks and adverse sustainability impacts. Furthermore, our investment solutions declared as being ESG-compliant consist exclusively of investments that fulfil extensive sustainability requirements, with part of these solutions exclusively comprising companies that have a positive impact on society and our environment with their products and services.

Our in-house product range in this area has been continuously refined over the last few years. In October 2020, for example, we set up the Berenberg Sustainable Euro Bonds fund, which invests in shares of companies whose products and services have a positive impact on society and the environment.

For further details on our funds declared as ESG-compliant, please refer to the section »Society« under »Sustainable cash investments, services and products that benefit society«.

### **3. Consideration of sustainability risks in our insurance advisory services<sup>5)</sup>**

We also take into account our customers' individual ESG preferences and risks when it comes to our insurance advisory services. Compared with the investment business, our business volume in the insurance advisory business is relatively low and limited to sales of third-party products. Nonetheless, we stay in close, constant contact with our product partner to discuss the integration of ESG risks and negative sustainability impacts. For detailed information on the consideration of ESG aspects by our product partner, please visit:

<https://makler.allianz.de/leben/privat/vertriebliche-ansprache/nachhaltigkeit.html>

### **4. Consideration of sustainability risks in our decision-making processes regarding own-account investments of the Bank<sup>6)</sup>**

This section describes the ways in which sustainability risks are considered in investments of the Bank's own resources. The investment of client assets, which is covered by previous sections, is not dealt with here.

We have already integrated sustainability aspects into our established risk assessments when evaluating investment decisions in the past, even if not explicitly stated.

When it comes to investment decisions regarding a capital market investment or the granting of credit, market price risk and credit risk are the decisive risk classes in the assessment. We measure market price risk using current and historical market data. Market data reflect the views of all market participants, including assessments of sustainability risks. Various sustainability-related projects are currently examining the possibility of using additional, meaningful parameters such as industry, country or special ESG data in order to add explicit risk assessments to securities that are not ESG-compliant.

Sustainability aspects have likewise always been taken into account when issuing loans and assessing the associated credit risk. For example, political decisions or environmental regulations can jeopardise borrowers' business models and potentially result in a risk premium.

<sup>5)</sup> Disclosures pursuant to Article 3 (2) and Article 4 (5a) of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

<sup>6)</sup> Disclosures pursuant to Article 3 (1) of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

When it comes to decisions regarding investments in the company itself, i.e. the development or expansion of business operations, operational risk is the decisive risk class. Sustainability aspects are also taken into account in this risk class. We consider social issues such as compliance with labour standards and occupational health and safety and attach importance to appropriate remuneration and diversity within the company, also taking into account international requirements such as the Modern Slavery Act. With this in mind, we make an annual disclosure of the human rights risks connected with our business operations and/or supply chains and of how we minimise these risks. The topic of governance is best addressed through our Code of Conduct, as well as through measures taken to prevent corruption, enable whistle blowing, guarantee employee rights and comply with data protection standards.





Environment

## Management approach

Protection of the environment plays a fundamental role in all sustainability strategies. It is our objective to reduce our ecological footprint further. As a bank, we keep our eye on two aspects: how can we reduce the environmental impact of our company through accountability, and how can we positively influence investment patterns to promote climate protection?

### 1. Material topics

As a tenant in our real estate, we only have a limited influence on facility management. Nevertheless, we make use of the possibilities available to keep our consumption of resources as low as possible. However, energy and resource consumption in banking is not just influenced by technical solutions. One key aspect is how we work on a day-to-day basis. In light of this fact, we encourage our employees to behave in an even more environmentally aware manner. We have identified the treatment of natural resources and measures to reduce carbon emissions as material topics in relation to the environment. Another material topic for us is project financing to promote sustainable technologies. We are finding that buyers and investors are showing ever greater interest in sustainable financial products and services. Alongside traditional earnings targets, this means that other criteria must also be included in product development. The Infrastructure & Energy department, formed in 2014 as part of the Corporate Banking business division, achieved successful growth again in 2020, serving the increasing demand for investment opportunities in this field. Once again, the team provided support for a large number of transactions and sees strong opportunities for further growth in this field of business.

### 2. Management concepts and processes

#### Directives

As a company, we are subject to the EU Energy Efficiency Directive 2012/27/EU, which was transposed into German law by the Law on Energy Services and other Energy Efficiency Measures (Energiedienstleistungsgesetz, EDL-G). Under this

*In our treatment of environmental issues we meet the criteria of the Global Compact of the United Nations:*

- *We support a precautionary approach to environmental challenges.*
- *We undertake initiatives to promote greater environmental responsibility.*
- *We encourage the development and diffusion of environmentally friendly technologies.*



law, we are obliged to carry out an energy audit every four years, a task that the Global Operations business unit has assigned to TÜV-Nord.

### **Objectives**

The number of projects supported by our Infrastructure & Energy department and the range of different types involved were expanded in the reporting year. The debt funds launched and advised by Berenberg form the basis for these activities. For 2021 too, we have set ourselves the target of again realising sustainable projects with our activities. While the Green Energy Junior Debt Funds co-finance renewable energy projects worldwide and thereby make a contribution to the transition to renewable energies, the Berenberg Digital Infrastructure Debt Fund I contributes to the creation of a powerful yet resource-conserving communications infrastructure in core Europe. Furthermore, one of our Green Energy Junior Debt Funds also finances projects in the project development phase, thus resulting in real impact investments, as such projects would not have been implemented without this capital.

### **Responsibilities**

Several units at Berenberg are responsible for the environmental aspect. The Global Operations department is responsible for facilities management, procurement of office material and furniture. Procurement of IT services, hardware, software and telecommunications services and equipment is entrusted to the Group Procurement function. In the front office, the Infrastructure & Energy department develops investment opportunities in the field of sustainable technologies and renewable energy.

### **3. Risks**

As a bank, we have only a minor impact on the environment in comparison to the production sector. Similarly, we have a low level of resource consumption in comparison to manufacturing. No material environmental risks were identified in the course of risk management.

As a bank and advisory firm, our client relationships essentially extend across all industries in our core business territories of Europe and the United States. This initially includes all companies that operate on the basis of the statutory framework conditions (for example energy suppliers, car manufacturers). We closely monitor the development of our business partners in all relevant divisions. If we detect negative indicators that could also impact our reputation under certain circumstances, we carry out a substantive test involving management as necessary (see also the section on corruption and fraud).

## Outcomes and performance indicators

We can reduce the environmental impact of our company by means of accountability. This principle applies to the Bank as a whole as well as to the conduct of each individual employee.

### Treatment of natural resources

In a bank, printer and photocopier paper accounts for the largest share of consumables. In light of this fact, our printers and photocopiers only use paper that meets the environmental standards FSC (Forest Stewardship Council) or PEFC (Programme for the Endorsement of Forest Certification Schemes). The paper used for our business correspondence is also FSC-certified. These seals of quality mean that the paper comes from sustainably managed forests and social aspects such as payment of the minimum wage are also taken into consideration in the production process.

We finished replacing or switching the printers at all of our German and European locations in the reporting year. Double-sided printing is the default setting on the new printers so that the vast majority of printouts made since introduction of the new devices have been duplex. In addition, any print jobs sent in error and any print jobs not retrieved from a device for a long period of time can be deleted,

**100 %**

of our paper for business correspondence, printers and photocopiers is FSC-certified.

which saved 194,770 pages from being printed in 2020. Overall, we expect that this measure will continue to significantly reduce our paper consumption.

When communicating with our clients, we reduce paper consumption wherever possible and when requested. Since mid-2014, our clients can, for example, opt out of receiving paper versions of account statements and securities account statements for example as part of online banking. Roughly 36% of clients have chosen this option – and we are working towards continually increasing this percentage. Since 2019, we have provided our Wealth Management customers with a digital banking portal, thanks to which around 50% of our customers have already opted out of receiving paper versions of their documents. Since 2020, the Wealth Management app has also enabled our customers to photograph invoices to initiate a payment transaction, which is considerably reducing the amount of paper and staff time required for payment orders. Over and above this, we have likewise done away with paper-based documents for transactions such as forward exchange contracts or currency option contracts as part of the digitalisation of the settlement process.

In the area of human resources, an online application tool enables us to structure the hiring procedure to be completely paper-free.

Until the end of 2013, we sent printed copies of our Equity Research reports to our clients; at this point, we started to switch to electronic copies sent by e-mail. This allowed us to cut the number of printed copies from approximately 56,000 reports in 2013 to 918 at the end of 2020 (at the end of 2019 it was still 8,662). The sharp decline in printed copies in the reporting year is also due, however, to the switch to virtual conferences as a result of the Covid-19 pandemic. However, there are limits to the extent that printed media can be dispensed with in client communications. For example, statutory obligations require us to provide extensive records of consultations to our clients.

In contrast, we have succeeded in reducing paper consumption in the procurement of printed newspapers and magazines, as e-paper is becoming more and more widespread. From 2018 to 2020 the number of print subscriptions fell by more than 50%.

In the reporting year, Berenberg set up a »New Work« testing space in the Hamburg head office to test out new, agile working environments. New Work

## 36 %

of our clients have opted out of receiving paper documents in online banking.

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scrutinises ways of working in these times of demographic change and digitalisation and looks at issues in the areas of management, technology and organisation. In our testing space, we have installed a water filtration system to avoid the use of water bottles. This filtration system provides still and sparkling water from the tap. Furthermore, the free drinks for our employees are delivered in recyclable glass bottles and are mainly sourced from the region where possible.

In order to raise employee awareness of the need to put sustainability into practice and to provide a source of motivation, back in 2018 we set up the [beresponsible@berenberg.de](mailto:beresponsible@berenberg.de) email address, which every employee can use to submit their ideas on the topic of sustainability

### Measures to reduce carbon emissions

We have implemented a variety of measures and initiatives that contribute to protecting the environment, including facilitating mobile working, offering our employees the opportunity to acquire a bicycle under the JobRad leasing scheme, reducing business travel, introducing modern printer standards and ensuring energy-efficient buildings management.

To cut our carbon emissions, we have been using an electric vehicle to run errands and deliver post in Hamburg since April 2017, and two vehicles in our vehicle fleet are hybrid. We also further reduced our vehicle fleet in the reporting period. In addition, our clients have access to a fast-charging station for electric cars in the underground parking lot.

Due to the Covid-19 pandemic, we have had up to 85% of our employees working from home. The technical possibilities of telephone, web and video conferences are supporting us in this regard, while simultaneously reducing mobility-related carbon emissions. In the reporting year, we increased the number of our video conference rooms from 23 to 35 and considerably expanded our web and telephone conference systems. The number of virtual conferences also increased considerably in the reporting year, as a result of the increase in people working away from the office due to the Covid-19 pandemic. We will continue to invest in expanding our technology in the future in order to be able to respond flexibly to

mobile working requirements. We also encourage our employees to use alternative means of transport for their daily commute. Berenberg offers an incentive in the form of a subsidy for public transport. Around 65% of our employees at our German locations availed themselves of this offer in the reporting year. For those who prefer to cycle to work, there is an option to receive financial assistance for leasing a bicycle instead of using job tickets. We use mainly regional produce in our client restaurant at our headquarters.

By replacing the printers at all European locations, we were able to reduce the number of devices from 275 to 117. The new devices are energy-efficient and are only activated when the user approaches the device; until that point, they remain in energy-saving mode. Furthermore, they employ »self-learning energy savings plans«, which means that they analyse periods of intense use and use this information, for example, to deduce the times when they are not used at all meaning that they can go into »energy-saving deep sleep« mode.

During the reporting year, the Berenberg IT function also introduced the possibility of automatic time-controlled deactivation of the office monitors in Germany in order to minimise power consumption from unused monitors.

As part of our facility management, we take advantage of the options that we have as tenants to conserve resources. For example, we have been using electricity from ecological sources since 2013, thus saving 1,000 metric tonnes of carbon emissions per year at our head office in Hamburg alone. In addition, we employ energy-efficient air-conditioning equipment in our data centre. Combined with cold aisle containment to optimise air conditioning, we cut our energy consumption in our computing centre by up to 30% each year.

In the interior design of our buildings, we use flexible glass separator walls that can be reused for expanding and restructuring our office space, thus conserving resources. In the reporting year, floor coverings were laid throughout the Hamburg location; these were manufactured using zero-carbon methods. The systems are Cradle to Cradle<sup>7)</sup> certified. This ensures not only that negative impacts on the environment are kept to a minimum, but also that all materials can be fed back into

# 98 %

of the electricity at our German locations stems from environmentally friendly renewable energy sources.

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<sup>7)</sup> The »Cradle to Cradle Certified™« certificate is an independent certificate from the Cradle to Cradle Products Innovation Institute in San Francisco, USA, which assesses products in terms of their social and environmental performance and design for future lifecycles.

the raw materials cycle at the end of their lifetime without negatively impacting the environment (and therefore future generations).

For the new »New Work« testing space in the Hamburg head office, we acquired in the reporting year 542 m<sup>2</sup> of floor coverings that remain carbon-neutral throughout the entire product lifecycle. This will offset six metric tonnes of carbon dioxide. A desk was also installed in the testing space that is 35% lighter than comparable systems on the market. In addition to conserving resources, this will also reduce carbon emissions resulting from transport. 90% of the aluminium used for the desk consists of recycled material.

### Project financing to promote sustainable technologies

By financing green infrastructure and energy projects, we as a bank support the promotion of sustainable technologies and the expansion of renewables. Our Infrastructure & Energy department advises project developers and investors in the field of renewable energies, logistics and digital infrastructure. Berenberg provides support in structuring and raising funding (debt capital) or in attracting investors, and thus makes a key contribution to the realisation of the projects:

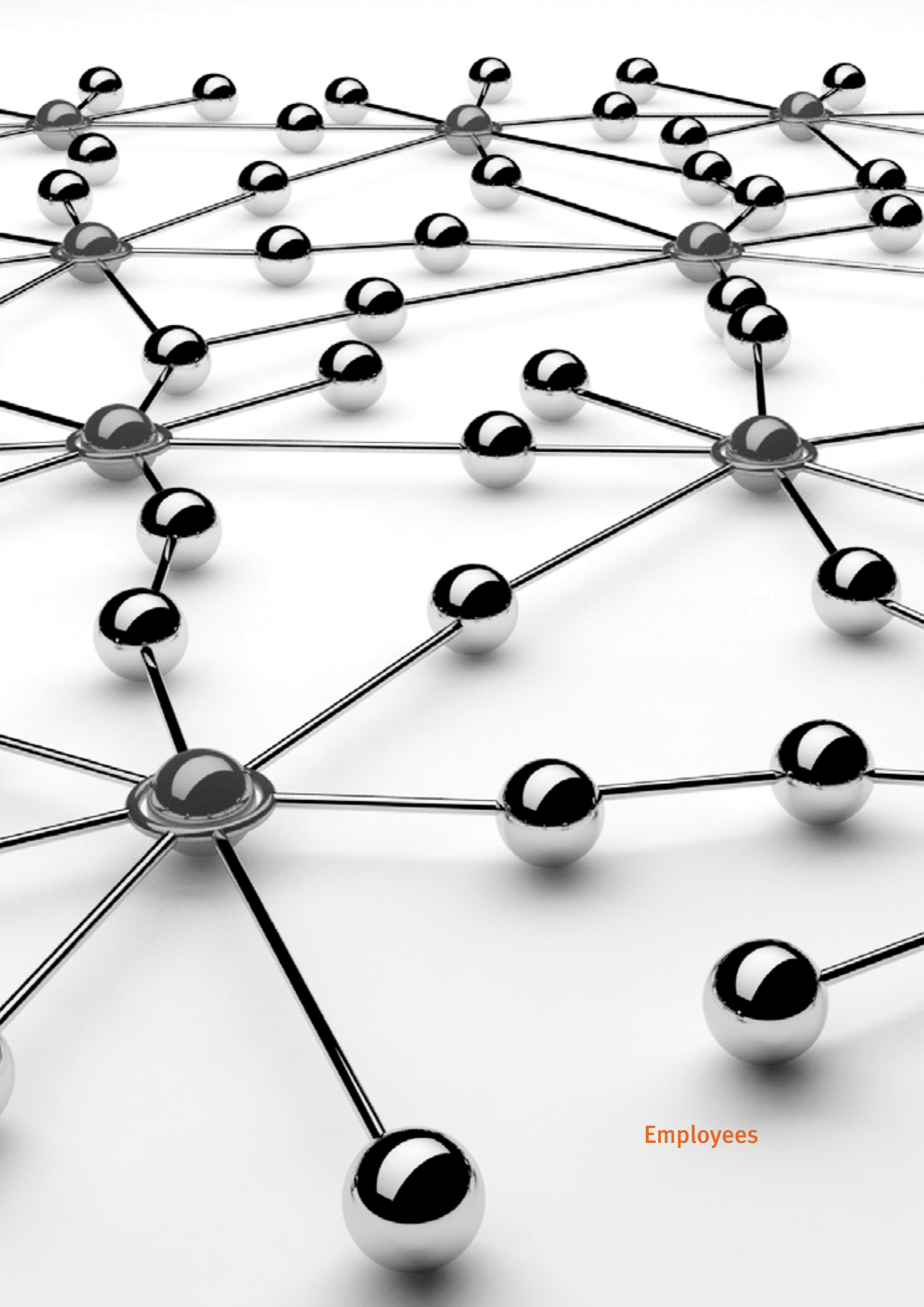
- Berenberg Energy Junior Debt Funds, which have been offering institutional and private investors the possibility of investing in the construction and operation of wind and solar parks since their launch in 2017, continued their positive performance and currently share capital commitments in excess of €500 million. We have financed a total of more than 100 wind and solar parks in seven countries. This corresponds to a financed output of approximately 1,900 MWh per year. The energy generated by the financed projects to date brings about carbon savings of approximately 1,159,565,000 kg of CO<sub>2</sub> per year.
- The Berenberg Digital Infrastructure Debt Fund I launched in 2018 has announced final closing. The fund provides support for digital infrastructure with a focus on fibre-optic networks in semiurban areas, thus helping to create the resource-conserving, future-proof infrastructure required for modern living and working.

## 63

green infrastructure and energy projects were serviced and co-financed by Berenberg in 2020.

- Over and above this, the Infrastructure & Energy department supported institutional investors in the financing of further regional passenger rail projects in Germany in the reporting year.

Additionally, we are committed to a sustainable and efficient expansion of renewable energy in Germany through our membership and support of the German Renewable Energy Federation (BEE, Bundesverband Erneuerbare Energie e.V.).



Employees



## Management approach

Berenberg's strong international growth over the last two decades has led to a significant rise in our headcount. When recruiting new staff, we always ensure that they feel committed to our corporate philosophy of »accountability«, for example. With their dedication, skills and experience, our employees form the most important pillar for our corporate success.

### 1. Material topics

We focus our activities on

- recruiting high-potentials
- goal-based personnel development
- offering attractive employee benefits with a health management policy
- supporting a work/life balance
- diversity

### 2. Management concepts and processes

#### Directives

Berenberg respects and protects the rights of its employees. High standards for a safe and healthy working environment, fair working conditions, the right to freedom of association as well as the promotion of equal opportunities and equal treatment of employees are core elements of our corporate responsibility. We also take into account qualitative criteria such as sustainability factors<sup>8)</sup>, compliance and gender neutrality in our remuneration guidelines. We emphatically reject child labour. For us, compliance with the labour standards of the International Labour Organization (ILO) is a matter of course.

#### Objectives

One of the elements at the core of our *strategic alignment* and our *human resources (HR) goals* is the desire to recruit the best candidates for the task. We also want our employees to be loyal to Berenberg over the long term in a constantly changing working and banking market environment.

*In our treatment of employees and employee rights we fulfil the principles of the Global Compact of the United Nations:*

- *We recognise freedom of association and the right to collective bargaining.*
- *We do not tolerate any form of forced and compulsory labour.*
- *We support the abolition of child labour.*
- *We support the elimination of every form of discrimination.*

<sup>8)</sup> Disclosures pursuant to Article 5 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosure requirements in the financial services sector.

**Measures**

To manage our strategic personnel approach, a regular exchange takes place between the head of HR, management and the division heads. This allows us to adjust our employee-related offerings and processes continuously, to carry out an ongoing comparison with the overall bank strategy and to react to market-related necessities. In addition, in Germany we have a very constructive and trusting working relationship with our works council as well as our representative body for junior workers and trainees.

**Responsibilities**

The HR department is responsible for the employee aspect and is represented locally in Hamburg, Frankfurt, London and New York. This allows us to provide the best possible support on site for strong international growth and be personally available to our executives and employees.

**3. Opportunities and Risks****Opportunities**

Even with a headcount of 1,573 employees, the Berenberg Group has remained true to the idea of consistently developing further and being able to react quickly to new market realities. Our flat hierarchy encourages this dynamic environment and supports our committed employees in making their own ideas a reality and thus contributing personally to our shared success. We see this entrepreneurial way of thinking and acting as an opportunity to position Berenberg as an attractive employer brand.

**Risks**

As part of our risk management, we have in particular three scenarios for assessing potential HR-related risks. We have an extremely low expected incidence for »Workplace discrimination«. The second scenario involves »Compliance with industrial health and safety regulations«. We comply with all of these requirements, so there are no potential risks in this area. We document our compliance with

industrial safety regulations at all locations by means of risk assessments that span several pages. The third scenario relates to the »Key Person Risk«.

Some of our services are so complex that they can only be provided by employees with special skills, characteristics and experience. These specialists are particularly sought after on the labour market. With our strong brand, our excellent market position, intensive university marketing, proactive contact to personnel consultants and a professional website, we can continue to defend our specialist position successfully. We endeavour to keep highly qualified employees loyal to Berenberg by offering them challenging tasks, diverse opportunities for development and attractive employee benefits. This is also why we place a major emphasis on a trusting relationship between HR and the employee as well as between the managers and the employee.

Our performance and development review, which is applied consistently throughout the Bank, supports this approach. This, coupled with an open and honest annual dialogue between employees and managers, allows us to react to potential for improvement in the workplace in a timely manner. Personal meetings with the employee after a three-month induction period also help us to compare our own perception of the Bank as an employer with a »fresh« view from new colleagues.

## Outcomes and performance indicators

In the interest of our sustainable HR management and in order to meet our HR objectives, we want to offer our employees an attractive and healthy working environment and to give them the best possible support for their further development. The following focus areas derive from this aim.

### Securing the supply of the next generation of employees

In view of demographic change, maintaining and improving our attractiveness as an employer is an important success factor. As the number of highly qualified junior talents on the labour market is set to decline in the future, we already started more than ten years ago to establish a *systematic university marketing programme*. As

a result, we now have strong contacts with over 100 universities in Germany and abroad. We appreciate being able to establish links with students at an early stage, and hired 146 student interns and working students worldwide in 2020. We like to maintain long-term links with exceptional students and, in a best-case scenario, we make them an attractive offer of entry-level employment after they have completed their studies.

In order to recruit high-potential individuals, we continued to offer five early careers programmes in the reporting year: 1) the International Graduate Programme with a focus on capital markets (IGP), 2) the Graduate Programme with a focus on global tech (GTG), 3) the Capital Markets Analyst Programme (CMAP) in the USA, 4) the dual-track studies and 5) IT apprenticeships for application development or systems integration.

These early careers programmes offer graduates the possibility to get to know the Bank in its entirety and gather a wide range of experience at our various international locations using a rotation system. The IGP and the GTG with a duration of 15 months were conceived for the European locations with a home base in London. The CMAP in New York lasts for 12 months. A total of 45 graduates are currently completing the IGP, 22 graduates the GTG and 14 graduates the CMAP in New York. For the current reporting year, the three programmes were advertised at 53 universities in nine different countries. Of 5,490 applications, 25 graduates were selected for the IGP, 11 for the GTG and 14 for the CMAP. The programme participants attended the induction and training sessions in virtual conferences in the reporting year owing to the Covid-19 pandemic. In the reporting year, Berenberg hired four new dual-track students who want to combine demanding theoretical studies with on-job practical experience. In addition, four apprentices started their training as IT specialists (systems integration or application development) at Berenberg. In the reporting year, a total of 15 dual-track students and 14 apprentices completed their training/studies at the Hamburg location.

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Graduates, dual-track students  
and trainees are part of our  
early careers programmes

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### Target-oriented personnel development

The success of our company hinges 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 executives with a practical »toolkit«. These methodical tools are tailored to our corporate principle of »accountability« and assist these employees in personnel management and their day-to-day work in a situation-appropriate and needs-based manner. Alongside individual opportunities for further development we offer our employees traditional seminars and spontaneous seminars through the (E-)Learning & Development Calendar. These short formats only take 1.5 to 2 hours and can thus be optimally integrated into daily working life.

Systematic personnel development also includes the regular feedback of all employees. The established global performance and development 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.

### Attractive employee benefits

We want to offer our employees an attractive working environment, and thus actively contribute to their wellbeing and workplace satisfaction. Depending on location, there are differences in the wide range of benefits, such as a fair and performance-based remuneration system, a company pension scheme and insurance benefits, an accident insurance offering as well as a *health management* system. The health of our employees is a valued asset. With our health management system, which comprises various offerings provided at the individual locations, we want to help keep our employees healthy, efficient and motivated. Examples at our Hamburg head office include regular appointment slots with our company doctor as well as other components described in more detail below.

**Exercise:** Berenberg offers a wide range of company sporting options and supports employees in taking part in joint sporting events and company runs, which are also

## 100 %

of employees receive regular performance evaluation.

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## 100 %

of employees have access to a company pension plan.

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held to raise funds for charitable causes. On-site showers and changing rooms mean that our staff can take physical exercise near the office.

**Prevention:** Berenberg continues to offer access to gyms, company sport. Ergonomic office furniture allows workstations to be tailored to individuals' needs. Our executives also receive comprehensive health checks. We are delighted with our low absentee rate (less than 2% in the reporting year) as well as the small number of occupational integration cases after long-term illness. This constantly motivates us to continue to work on our health management system. We responded quickly to the Covid-19 pandemic and had up to 85% of our employees working from home. Berenberg regularly reviews employee benefits, which it did once again in this reporting year.

**4.4**

days is the absentee rate.

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### Work/life balance

To meet our social and corporate responsibility, we want to offer our employees framework conditions that allow for a balance between career progression and the demands of their personal life. Our aim is to promote the contentment and commitment of our employees, including, for example, in their role as a parent or carer for family members. We support a work/life balance by means of flexible working time arrangements and the option to work from home subject to agreement with superiors. We also offer various part-time working models. In the reporting year, the part-time ratio was 12%. Further options such as »Altersteilzeit« (a German phased retirement scheme) and sabbaticals are regulated in company agreements. Over and above this, Berenberg offers a working-time account, which enables use of working-time credits in the best possible way for periods of release from duty.

**12 %**

of our staff work part-time.

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Furthermore, in Germany parental leave can be extended for both parents by a further six months after the statutory period of three years, taking into account the requirements of the collective bargaining agreement. We support employees returning to work after their parental leave. In the USA and the UK, we have a Maternity Leave Policy in place. With the assistance of a service provider, we offer our employees in Germany emergency childcare services, kids' camps during school holidays, general advisory services for family-related issues as well as life coaching.

This service can be used anonymously and is supported financially, or even offered for free, by Berenberg. In the UK, we support our employees with a comparable Employee Assistance Programme.

### Diversity

One of the central principles of our company is not to discriminate against people based on their ethnicity, nationality, skin colour, gender, age, religion, world view, marital status, sexual identity or orientation, or disability. For example, we employ people from 41 countries thanks to our international gearing. We see this diversity as an opportunity, and feel that the healthy mix of different values, experiences and approaches enriches our corporate culture. Training on the German General Act on Equal Treatment (Allgemeines Gleichbehandlungsgesetz, AGG) is mandatory for all employees in Germany.

**41**

nationalities are represented  
in the workforce.

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Society



## Management approach

For Berenberg, sustainable governance also means assuming social responsibility. This has a long tradition and huge relevance for us. Our first commitment to the common good dates back to the 16th century, when our founders supported the Niederländische Armen-Casse (Dutch Poor-Relief Fund) for the first time.

### 1. Key topics

In accordance with our corporate strategy and as a stakeholder in global financial and capital markets, we monitor the longer-term social and ecological impact of our actions in the course of our business activities. We therefore also offer our customers sustainable cash investments, products and services that benefit society and the environment. Together with our social engagement, these form the key topics of the society aspect.

### 2. Management concepts and processes

#### Directives

The established Berenberg sustainability standards are vital for our actions in relation to sustainable investment. These standards are disclosed to clients and continuously refined. Berenberg has been a member of the International Corporate Governance Network (ICGN) since April 2018. In addition, we signed the United Nations-supported Principles for Responsible Investment (PRI) in August 2018. In 2019, our Wealth and Asset Management business division determined its ESG principles, ESG exclusion criteria and guidelines for the exercise of shareholder rights under the leadership of the ESG Office founded in 2018. The engagement guidelines published in the reporting year set out how the Wealth and Asset Management business division pursues active dialogues with companies on ESG aspects, among other things.

#### Objectives

We want to hire more expert staff to expand our sustainable investment competency strategically and in terms of substance, and to refine the corresponding processes.

We focus especially on good corporate governance at the companies in which we invest. This means that, in our investment process, we concentrate on companies with responsible corporate governance, and seek to further improve this governance.

### **Measures**

Berenberg offers a tried-and-tested sustainability approach for private and institutional clients. Our clients can have their portfolio put together individually, meaning that only particularly sustainable companies are selected as part of the investment universe. For this, we offer a wide range of methods consisting, among other things, of exclusion criteria (e.g. exclusion of controversial business areas), positive screening and integration of ESG factors in fundamental assessments and impact investing in companies with sustainable value drivers. Our internal analyses in our investment process are supplemented by data provided by *MSCI ESG Research*. This information services provider has the world's largest database for sustainability analyses of countries and businesses.

Our social engagement is reflected in our two own foundations: The *Berenberg Bank Foundation of 1990* promotes art and culture (in particular young up-and-coming talents), science and research. The *BerenbergKids Foundation* uses its aid projects and campaigns to focus on providing financial and other support to children and young people who are socially disadvantaged and in need.

### **Responsibilities**

Several units at Berenberg are responsible for the aspect of society. Our portfolio management in Wealth and Asset Management compiles sustainable client portfolios in cooperation with our ESG Office, which is responsible for defining the ESG principles and the strategy. Bank Management coordinates the fundamental direction of our social engagement. The respective members of the foundations' Management Boards are responsible for the activities of the Berenberg Bank Foundation of 1990 and the BerenbergKids Foundation.

### 3. Opportunities and risks

#### Opportunities

We are seeing increasing demand from private and institutional investors for sustainable capital investments. Our expertise in this field opens up further business opportunities. Alongside the existing ESG Office, we have also been offering ESG Consulting since January 2020 in order to holistically support our customers in implementing individual ESG strategies.

#### Risks

The risk that we might fail to act according to the ESG criteria when building sustainable client portfolios is minimised among other things by the automatic inclusion of relevant ESG data from our renowned external service provider *MSCI ESG Research* via an interface in our systems. In addition, we have established an ESG risk monitoring system within the Berenberg Wealth and Asset Management business division based on data on ESG controversies. No other relevant risks were identified for the society aspect. For further information on the topic of sustainability risks, please refer to the section »Risk management« under »Consideration of sustainability risks«.

## Outcomes and performance indicators

### Sustainable cash investments, services and products that benefit society

Through our ESG Office, we have further expanded our activities in the field of sustainability. The independent ESG Office is responsible for the ESG strategy in

the Wealth and Asset Management business division. In addition, the office works together with portfolio management on portfolio positioning and the integration of ESG principles into our investment decisions.

As a signatory to the PRI, we remain committed to our responsibility in this respect to actively advocate on environmental and social issues as well as questions of good governance, and to integrate these principles into our investment process.

The interest among our customers in products and services that marry economic, ecological and social criteria is continuously rising. More and more private clients, charitable foundations, churches, non-profit organisations and institutional clients such as pension funds want to combine financial returns with sustainability aspects. Our approach encompasses the integration of sustainability aspects into the investment portfolios, sustainable investment products, and a special advisory service for foundations and non-profit organisations.

Portfolio management in Wealth and Asset Management uses a tried-and-tested *sustainability approach for all asset classes* for private and institutional clients. Under this approach, we exclude controversial fields of business, such as manufacturers of cluster bombs and land mines, in all of our in-house funds, discretionary strategies and mandates. In addition, we generally do not participate in forward transactions on food in order to exclude speculation on food prices. We also pursue a dedicated internal ESG analysis, whereby we select companies that act in a particularly sustainable manner and perform well as part of a fundamental analysis, for example in terms of their profitability. Both for the exclusion criteria and the internal ESG analysis, Berenberg uses the data from the renowned service provider MSCI ESG Research. At the end of 2020, €1.32 billion had been invested sustainably in funds and mandates declared to be ESG-compliant. Furthermore, we strive to identify companies that offer long-term added value for society and the environment in our funds and mandates with an impact focus declared to be ESG-compliant. This may include companies that make an active contribution towards mitigating climate change or overcoming demographic challenges with their products and services.

We understand the integration of ESG principles into our investment decisions to be an advantage in terms of value in order to more comprehensively and thus better manage the fundamental risks in our portfolios. In this regard, we consider

**€1.32 billion**

is invested sustainably in funds and mandates declared to be ESG-compliant in our portfolio management.

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active dialogue (engagement) with companies to form a particularly important part of ESG integration. Our experienced portfolio managers proactively seek to enter into dialogue with the company management. ESG aspects are addressed in a targeted manner to obtain an understanding of the company's conduct, specifically the potential growth drivers, and to achieve an improvement in the field of sustainability. With ESG integration, we also ensure that our portfolios contain sustainable companies that share our values.

The ESG principles put into effect by our *Wealth and Asset Management* business division in 2019 are the binding definition of our understanding of ESG. All of the principles and guidelines underlying our ESG approach have been published on our website at [www.berenberg.de/esg](http://www.berenberg.de/esg). These principles describe our ESG approach and its integration into our investment strategies. The Berenberg ESG exclusion criteria describe and define how we select and apply these criteria. Our guidelines for the exercise of shareholder rights offer the basis on which we issue voting recommendations for the exercise of shareholder rights in order to contribute to companies' consistent implementation of sustainable business strategies and compliance with effective corporate governance. Our engagement guidelines set out how we pursue active dialogues with companies, for example to encourage them to be more transparent and to obtain important company insights.

The *Berenberg Sustainable EM Bonds*, which invests in emerging markets with a sustainability focus, performed very well in the third year of its existence amid a challenging market environment. The investment strategy of this retail fund is based on four key factors: return, fundamental strength, liquidity and sustainability. Alongside corporate or financial securities, mostly government bonds will be considered. An average investment grade rating will be ensured at the level of the overall portfolio. Securities are selected using a combination of strict exclusion criteria as well as fundamental analyses that are targeted at specific sub-asset classes and that incorporate ESG criteria. Our selection process is based, among other factors, on dedicated sustainability analyses and ratings.

In October 2020, the product range was expanded to include a second sustainable bond-based fund, the *Berenberg Sustainable Euro Bonds* fund, which invests predominantly in EUR-denominated annuity bonds with investment grade ratings, taking sustainability criteria into account. Based on a multi-level fundamental investment process, investments are made in (quasi) government bonds and covered bonds alongside corporate and financial bonds. The focus is on issuers and assigned bonds (such as green or social bonds) that offer added value for society and the environment and contribute to addressing global challenges such as climate change, water scarcity or demographic change. In addition to generating attractive financial returns and participating in the development of the European bond market, the aim is to use the investments to make a positive impact. The established Berenberg exclusion criteria are a material component of the investment process.

Furthermore, in 2018, we launched *Berenberg Sustainable World Equities*, a sustainable equities fund that invests worldwide in companies that have a positive impact on our environment and society with their products and services. The companies are selected in a bottom-up approach, i.e. on the basis of fundamental data. During the investment process we therefore ensure that a company not only generates above-average structural growth but also long-term and sustainable profits. We also attach importance to the positive impact that companies can make with regard to addressing global challenges. In this context, issues such as combating drought or addressing demographic change constitute a structural growth area for the companies selected for the fund. The fund managers intend to use their investment and the influence it entails to reinforce the companies' responsibility for their business activities. The established Berenberg exclusion criteria are a material component of the investment process. The high quality of the investment approach was also confirmed in the reporting year through the FNG Label, which is the quality standard for sustainable investment funds in the German-speaking area. The Berenberg Sustainable World Equities fund received two out of three stars for its particularly ambitious and comprehensive sustainability strategy the first time it took part. The fund was also awarded the European transparency logo in 2020 as part of the FNG Label assessment. The European transparency logo for

sustainably retail funds stands for more transparency in the sustainable investment market and represents an important step in ensuring the quality of sustainable cash investments and promoting confidence in this special form of investment.

Alongside the existing ESG Office and ESG Committee, we set up ESG Consulting in January 2020 in order to offer our customers holistic support in developing and implementing individual ESG strategies and formulating the corresponding investment guidelines.

ESG Consulting also offers advisory services on ESG investment instruments, ESG reporting solutions and regulatory topics, and organises training on general and specific ESG content. The aim is to facilitate sustainable investments tailored to individual needs, moving away from standardised filters and/or external, sometimes incomplete, ESG ratings.

*Foundations* have special requirements for investing their money: their primary focus is not on maximising profit but on maintaining the capital of the earmarked funds and generating adequate income to meet the purpose of the foundation. In most cases, foundations will also attach special significance to a sustainable gearing of the investment portfolio. We support these needs with a Competence Centre for foundations and non-profit organisations, which takes an interdisciplinary approach and is dedicated to the specific issues of foundations.

### **Social engagement**

Social involvement has long been a matter of course for the Bank and for its employees.

### **Company engagement**

Patronage is a tradition in families and companies based in Hamburg. Berenberg has supported numerous initiatives throughout its long history. Cultural diversity and a rich intellectual life are vital for a vibrant city, but they require qualified and talented newcomers. This is why our owners founded the *Berenberg Bank Foundation of 1990* on the occasion of the Bank's 400th anniversary. As a partner to art and culture, the foundation aims to use its charitable work to contribute to the attractiveness

of Hamburg, but also to that of the Bank's other locations. Supporting young and gifted artists is at the heart of what the foundation does. The foundation awards the annual *Berenberg Culture Prize*, one of the most generously endowed prizes for up-and-coming talents in Northern Germany. The prize is awarded to artists or ensembles, projects or institutions. It covers the entire spectrum of cultural activity, ranging from the fine arts and the performing arts to literature, music and film. Clarinetist Roman Gerber was the award winner in the reporting year. The Berenberg Bank Foundation of 1990 also supports the artistic development of gifted up-and-coming talents by awarding scholarships. In its more than 30 years of existence, the foundation has helped over 140 young artists.

### Employee engagement

In 2007 our employees started the »BerenbergKids« initiative. They wanted to use the privileges they had enjoyed or achieved, like a good education, financial security and strong networks, to help children and young people who are disadvantaged and in need. The great success and sustained dedication of the employees encouraged the Bank's Partners to turn the initiative into a foundation, leading to the establishment of the *BerenbergKids Foundation* in late 2009.

The BerenbergKids Foundation focuses on supporting charitable institutions and social organisations. Together with the Bank's employees, we raise funds for this purpose and provide assistance with projects. We received around 50 applications for funding in the reporting year, of which 19 projects were approved and supported with a total of €106,453.48. The donations facilitate the implementation and support of projects for disadvantaged children in the areas of culture, education, sport, health, nutrition and participation.

The World Childhood Foundation and the STEP project of the Cleven-Stiftung foundation each received the largest donation in the reporting year, in the amount of €25,000. World Childhood Foundation supports sustainable projects that strive to prevent and intervene in child abuse and sexual violence towards children. The Cleven-Stiftung foundation's STEP project helps fourth graders in Germany to become more active by providing the children with fitness wristbands with step counters. In the reporting year, the foundation received donations in the amount of

**43 %**

of our staff in Germany participate each month in the »leftover cents« donation.



€157,700. Despite the restrictions caused by the Covid-19 pandemic, we managed to organise the annual BerenbergKids Challenge, where teams of employees competed in a virtual step counter challenge other following fundraising activities. The »leftover cents« donation (»Restcent-Spende«) has been a constant source of income for the BerenbergKids Foundation since 2016. Employees can voluntarily round down their salary and donate the corresponding cents or euros of their net salary. 428 employees in Germany now make use of this option, resulting in a charitable donation of €10,657.47 in the reporting year.

Since 2017, we have been providing a rather unusual home on the roof of our main building on the banks of the Alster River to two bee populations, which produced roughly 64 kg of honey there over the reporting year. Employees and clients bought up the jars of honey in no time. The income from this campaign went to the BerenbergKids Foundation.

In addition to donations, BerenbergKids also donates time as well as food and clothes. The Hamburg-based association Leseleo has also been supported with donations in kind since 2017. The organisation looks after children who have to cope with special challenges such as war, disease or developmental disorders. BerenbergKids collects books and toys for the children affected, who are often from refugee families. For details of other projects we supported during the reporting year, please visit [www.berenbergkids.de](http://www.berenbergkids.de).

Our colleagues in London are also active in a variety of activities as part of the BerenbergKids initiative to help disadvantaged children and young people. The BerenbergKids London Committee developed ideas of how they could best support and collect donations for their chosen charity partners – currently *Lives Not Knives* and *Haven House Children's Hospice*. 2019 saw a rotation in our charity partners that are elected by the staff every two years. Lives Not Knives advocates the prevention of youth violence and antisocial behaviour and provides young people with support relating to training and employment. Haven House takes care of children and young people with life-limiting and life-threatening illnesses from birth until their 19th birthday. To collect donations, the BerenbergKids London

Committee organised a breakfast for employees in the reporting year, which took place prior to the Covid-19-related lockdown. Over the rest of the year, we organised several virtual events, including a quiz evening, a cocktail class, a baking competition and a 100-kilometre walking challenge. Charitable organisations were hit hard by the pandemic in 2020, which is why we supported Haven House in its emergency call for help. The total sum raised by all fundraising activities and the call for help was over £16,000 in 2020.



**Human Rights**

## Management approach

We are aware that every economic and business activity has the potential to have a positive or negative impact on the application of human rights. As a bank, our possibilities for influencing compliance with human rights are in the following areas: our employees, service providers, financed projects, granting of loans, capital investments and other financial products.

### 1. Material topics

Against this backdrop, the »equal treatment of our employees« (anti-discrimination) and »compliance with minimum standards in the supply chain« are the most important topics with regard to the aspect of human rights.

### 2. Management concepts and processes

#### Directives

Berenberg is committed to internationally accepted human rights standards such as the Principles of the United Nations Global Compact, the conventions of the International Labour Organization (ILO) and the United Nations Universal Declaration on Human Rights. In this regard we act in accordance with the recommendations of the OECD Guidelines for Multinational Enterprises. At the same time, we have undertaken to observe the UK Modern Slavery Act. We respect and protect the high standards of employee rights: a safe and healthy working environment, fair working conditions, the right to freedom of association as well as the promotion of equal opportunities and equal treatment of employees. Berenberg observes the country-specific statutory requirements for the avoidance of discrimination. As we only have locations in Europe and the United States, issues such as child labour and forced labour as well as association bans are not a focus for us.

#### Measures

In 2017, our Procurement department introduced new social, ecological and ethical minimum standards for the procurement of IT services, hardware and software that are a component of our standard contracts. These items account for by far the

*In our actions, we ensure compliance with human rights in accordance with the principles of the Global Compact of the United Nations:*

- *We support and respect the protection of internationally proclaimed human rights.*
- *We ensure that we are not complicit in human rights abuses.*

largest procurement volumes. When awarding contracts for construction work, we ensure that social standards such as the minimum wage are observed. The same applies to services relating to facilities management (for example cleaning firms and freight forwarders).

We follow the principles of the German General Act on Equal Treatment (Allgemeines Gleichbehandlungsgesetz, AGG) at our German locations, as well as the equivalent country-specific statutory requirements in France, Luxembourg and Switzerland. In the UK and the United States, we have established anti-discrimination policies in accordance with the statutory regulations. Employees can report any instances of discrimination to their supervisors, to Human Resources (HR), Anti-Financial Crime Compliance (AFC Compliance) or to the works council. Over and above this, our employees have access to the anonymous, certified whistleblowing system BKMS (see section on combating corruption and fraud). Any reports of this nature by employees are examined immediately and confidentially by the HR unit. After the matter has been clarified and the assertion has been confirmed, if applicable, corresponding punitive measures are taken against the person responsible in line with the country-specific labour law framework conditions.

External parties with concerns about our handling of human rights issues can use the following complaints channels: they can contact us in person or by phone, fill in the contact form on our website, or submit a written complaint. Depending on the matter in question, these reports are processed by the units charged with control.

### **Responsibilities**

At Berenberg, it is primarily our executives who are responsible for respecting human rights. It goes without saying that each and every employee is also obliged to take this aspect into consideration in his or her day-to-day work. The HR unit also provides assistance by taking this aspect into account in its employment contracts, training sessions and guidelines.

Compliance with minimum standards in the supply chain is one of the tasks of the Procurement unit (purchasing of IT services, hardware software and telecommunications, and stationery such as letterhead and business cards) and the Global Operations unit (office equipment, contracts to perform construction work, services relating to facility management, furniture and office supplies such as paper).

### 3. Risks

Berenberg has a high degree of vertical integration compared with the rest of the industry. Accordingly, outsourcing is only done in isolated instances under the responsibility of a centralised outsourcing management function. All outsourced activities are evaluated, rated, and documented. We also analyse scenarios involving potential difficulties with cooperation partners or suppliers. The results make it possible to assess future operational risk potential and gain an additional perspective on this type of risk.

## Outcomes and performance indicators

### Equal treatment of our employees

For us, it is a given that all employees must receive equal treatment with regard to the following points: race or ethnicity, nationality, skin colour, gender, age, religion, world view, marital status, sexual identity and/or orientation, or disability. Web-based training on the German General Act on Equal Treatment (Allgemeines Gleichbehandlungsgesetz, AGG) is mandatory for all employees in Germany when they join the Bank. Our branches and representative offices abroad have individual arrangements on equal treatment or rules in the Employee Handbooks to which every employee must adhere. In addition, our executives receive specific training on this topic during their induction period.

### Compliance with minimum standards in the supply chain

Our focus in the area of procurement is on purchasing office equipment and office supplies, IT services, hardware and software. The office equipment and office supplies for our German locations are procured from service providers who commit to the aforementioned standards of employee rights and to observing the minimum wage. In our Supplier Code of Conduct, which is used for the procurement of IT services, hardware and software, our business partners undertake among other things to recognise human rights and to ensure appropriate working conditions for their employees. This Code is mandatory as an appendix to a framework agreement when starting a new business relationship and when updating pre-existing agreements.

## 100 %

of our newly hired employees are informed about the topic of anti-discrimination by means of the measures described.



**Anti-Corruption and Fraud**

## Management approach

The lending industry continues to face considerable challenges. In addition to the wide range of regulatory measures in the banking sector at the European level, the ever growing prevalence of cryptocurrencies and digital assets is paving the way for new business models and new risks associated therewith. Offerings by FinTech companies and neobanks are also calling into question the traditional business model pursued by German banks, with the Covid-19 pandemic and the necessity for flexible mobile working options now also calling for new approaches from banks. Within this highly competitive and – in part – novel environment, we consider it to be an important task to ensure that our actions are in accordance with the law. From our perspective, good management, i.e. effective corporate governance, is the basis for this. In particular, this means ensuring legal compliance, managing risks appropriately and protecting the reputation of our Bank. At Berenberg, Group Compliance ensures that our Bank always conducts its business in the interests of our clients and employees in line with the applicable statutory regulations as well as our internal rules.

### 1. Material topics

As a bank, statutory requirements alone mean that we play a major role in the prevention of every form of corruption (offering and taking bribes, etc.). Over and above this, we see ourselves as having a special responsibility: we are aware that criminal offences are damaging to every company, impede economic growth and prevent sustainable development. Berenberg pursues a zero-tolerance approach in relation to this matter. One of the core elements of the effective prevention of fraud and money laundering involves implementing the »Know Your Customer (KYC)« principle in conjunction with a substantiated risk assessment as well as the ensuing duties of care vis-à-vis new clients and existing clients. This serves simultaneously to reduce the risk of the bank becoming embroiled in acts of corruption. As a consequence, the client perspective (KYC) and the employee perspective (corruption prevention at employee level) are the two material topics for this aspect.



## 2. Management concepts and processes

### Directives

Alongside national statutory regulations on the prevention of fraud and corruption (the German Criminal Code, the German Banking Act and the German Money Laundering Act), Berenberg is also subject to a large number of international regulations on account of its extensive business activities. Examples include the UK Bribery Act 2010 as well as the US Foreign Corrupt Practices Act (FCPA). Our internal guidelines for implementing these requirements provide the staff with binding standards for dealings with clients and business partners.

### Objectives

We want to minimise the risk of becoming involved in criminal acts involving corruption through our employees or third parties and thus to protect our clients and Berenberg from criminal acts. Our goal is to uphold the trust placed in us and protect our reputation. This is because our corporate culture is based on integrity, which cannot tolerate corruption in any form.

### Measures

The Group Compliance Division head and the money laundering reporting officer report directly and regularly to management, the Extended Management Board as well as the Chair of the Administrative Board, and regularly exchange information with the Head of the Internal Audit function. In addition, the Head of Legal assesses all relevant matters from a legal perspective (criminal law). Our employees are subject to principles and rules for appropriate conduct in dealings with clients, business partners and colleagues. Like our remuneration system based on regulatory requirements, they serve to avoid any conflicts of interest.

At Berenberg, business relationships are entered into based on certain framework conditions set out by management within the context of the existing strategies. This means that certain countries (for example those with a high Corruption Perceptions Index<sup>9)</sup>), industries and services are prohibited under our business policy or are subject to approval. Ongoing comparisons with specialist databases are used to research whether there are any negative indications of criminal acts including corruption.

<sup>9)</sup> The politically independent organisation Transparency International is active in the global fight against corruption in close cooperation with governments, businesses and citizens. Transparency International prepares an annual Corruption Perception Index (CPI).

Additionally, Berenberg always assesses whether the business relationship is linked to a politically exposed person (PEP).

With a mature training concept and efficient control mechanisms, Group Compliance ensures that the applicable standards and guidelines are observed.

### **Responsibilities**

At Berenberg, the Group Compliance business unit is responsible for anti-financial crime compliance as well as Minimum Requirements for Risk Management (MaRisk) and securities compliance. Consequently, it is focused particularly on the topics of fighting corruption, including the prevention of conflicts of interest, combating money laundering and terrorist financing, implementing financial sanctions and embargoes, preventing other criminal acts as well as monitoring trade, the ban on insider trading and the rules on employee transactions.

## **3. Opportunities and risks**

### **Opportunities**

A bank's reputation is extremely precious. Over more than four centuries, Berenberg has built an outstanding reputation, and our brand gives us a strong competitive edge. Our compliance system makes sure that we can detect misconduct at an early stage. This allows us to ensure that we are complying with the statutory regulations and at the same time avoiding reputational risks and financial risks for the Bank.

### **Risks**

As part of our risk management, we monitor various scenarios for assessing potential risks relating to the issues of corruption and fraud. Among others, these include »transactions with deliberate manipulation«, »unauthorised employee access to client assets«, »theft of confidential data« and »arrangements with external service providers (accepting undue advantages)«. During risk analysis, the respective risk situations are identified and assessed considering the following factors: size of the institution, industry, international nature and business activities. This also includes a catalogue of measures by means of which the fundamental risks can be mitigated. Internal and external audits evaluate the effectiveness of the precautions integrated

in the processes, allowing any necessary modifications to existing measures to be made. Our flat hierarchies and centralised, unbureaucratic organisational structure make it easier overall to manage the risks described above.

## Outcomes and performance indicators

We support efforts at national and international level to fight financial crime. In addition to corruption, this includes offences such as money laundering, fraud, terrorist financing and circumventing embargoes and sanctions. In the area of corruption prevention, we consider the KYC principle in conjunction with our risk assessment to be the key basis for deriving corresponding duties of care.

### Client perspective: know your customer

Our KYC regulations serve to protect the bank from abuse for criminal means. As part of our new client acceptance process, an extensive review is carried out of personal and business details.

The list of questions includes a detailed description of the potential account holder as well as, where applicable, the (fictitious) beneficial owner, the planned business activities with Berenberg as well as a presentation of the economic situation (source and origin of assets). In the case of politically exposed persons (PEPs), we also examine their function, the location where they perform their function as well as any negative press.

As soon as the new client acceptance process is successfully completed, the customer list is regularly reviewed automatically on the basis of internal and external criteria. Negative reporting or a change in PEP status are some of the factors that play a role here. A negative vote can lead to special monitoring of the client relationship, additional security measures or even to the termination of the client relationship.

**100 %**

of our locations have measures  
in place to prevent corruption  
and fraud.

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### Employee perspective: protection of employees

At employee level, the key elements of corruption prevention include guidelines for dealing with invitations and gifts, our training concept as well as the BKMS whistleblowing system.

Internal bank *guidelines for the prevention of all forms of corruption* regulate the circumstances in which it is permissible to accept invitations and gifts from or offer invitations or gifts to third parties. The guidelines specify criteria for when invitations to events can be accepted as customary and appropriate based on current assessments. The guidelines also describe reporting and approval processes as well as clear rules in dealings with public officials for example. The guidelines are regularly reviewed and adjusted to the current legal environment. In doing so, we take account of Berenberg's international orientation and the various jurisdictions in which business is carried out.

Our employees receive regular *mandatory training* on topics that include fraud and money laundering prevention so that our training ratio for all employees once again stood at just under 100% in the reporting year. Depending on the employee's role, the web-based awareness training is supplemented with face-to-face training. In addition, each new employee is given a set of compliance guidelines that also include the guidelines on the prevention of all forms of corruption. We have established a concept for follow-up training for our workforce.

Our staff are obliged to report suspicious matters in order to uncover irregularities at an early stage. These include infringements of legal provisions and/or internal rules, fraud, corruption or other criminal acts and cases of discrimination or harassment. With the *BKMS whistleblowing system* in place, our employees can choose between making an open report or opting for an anonymous report. This means that they can use the system to report potentially criminal acts while keeping their identity confidential. All reports received are subject to an independent review.

Furthermore, we work with an IT monitoring system so that we can identify suspicious transactions – also from the aspect of corruption.

Almost **100 %**  
of our employees are trained  
in money laundering and fraud  
prevention.

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**0 %**  
of our 2020 earnings were genera-  
ted by Berenberg Group locations  
in countries with a corruption  
index of <60 according to the CPI<sup>10)</sup>  
of Transparency International.

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<sup>10)</sup> The CPI rates countries on their level of public-sector corruption (among public officials and politicians), and lists them according to their level of corruption. A CPI of <60 (based on CPI 2020) is an indicator that the country in question is highly susceptible to corruption. Berenberg has no presence in countries of this kind.

## ABOUT THIS REPORT

### Reporting practice

The present publication is our fourth Sustainability Report and meets the requirements of the EU Directive on the disclosure of non-financial information. It describes the activity of Berenberg as well as the impact of the Bank on people and the environment, and documents relevant performance indicators. The report covers the period from 1 January to 31 December 2020.

All of the information refers to Joh. Berenberg, Gossler & Co. KG Information on the Berenberg Group is designated as such.

[www.berenberg.de/en/csr-report2020](http://www.berenberg.de/en/csr-report2020)

### Frameworks and selection of reporting topics

We provide comprehensive and transparent information on all non-financial topics of relevance to us and our stakeholders. This publication is based on the principles of the UN Global Compact Communication on Progress. In addition, we determined the material reporting topics and relevant ratios based on the indicators of the Global Reporting Initiative (GRI) as well as on the performance ratios of the Sustainability Accounting Standards Boards (SASB) and of the German Association for Financial Analysis and Asset Management (DVFA, Vereinigung für Finanzanalyse und Asset Management) and/or the European Federation of Financial Analysts Societies (EFFAS).

To prepare our sustainability report and select the material reporting topics, we carried out a materiality assessment with the involvement of stakeholders. The selection is made on the basis of a three-stage process: identifying, prioritising and examining the material topics. We first analysed the non-financial topics in international and industry-specific frameworks such as GRI, SASB, DVFA/EFFAS. At the same time, we carried out a benchmark analysis in order to identify possible reporting topics. The relevant topics for each aspect were prioritised and finally determined in the course of personal discussions with internal stakeholders. All business divisions and relevant staff areas were involved. The reporting topics selected were validated by the divisions.

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