



BERENBERG

PARTNERSHIP SINCE 1590



2022

Sustainability Report
for the Financial Year 2022

CONTENTS

Foreword	3
Business Model and Environment	6
Organisational Profile	7
Strategy and Business Divisions	8
Investment Bank	9
Wealth and Asset Management	9
Corporate Banking	9
Significant Changes in the Reporting Year	10
Key Performance Indicators	13
Our Business Environment	14
Risk Management	16
Consideration of Sustainability Risks	18
Natural Environment	24
Management Approach	25
Outcomes and Performance Indicators	27
Treatment of Natural Resources	27
Measures to Reduce Carbon Emissions	29
Project Financing to Promote Sustainable Technologies	31
ESG Criteria as a Component of the Lending Process	32
Employees	33
Management Approach	34
Outcomes and Performance Indicators	36
Securing the Next Generation of Employees	36
Target-Orientated Personnel Development	37
Attractive Employee Benefits	38
Work/Life Balance	38
Diversity	39

Society	40
Management Approach	41
Outcomes and Performance Indicators	46
Sustainable Cash Investments, Services and Products	46
Social Engagement	54
Human Rights	57
Management Approach	58
Outcomes and Performance Indicators	60
Equal Treatment of our Employees	60
Compliance with Minimum Standards in the Supply Chain	61
Anti-Corruption and Fraud	62
Management Approach	63
Outcomes and Performance Indicators	66
Client Perspective: Know Your Customer	66
Employee Perspective: Protection of Employees	67
EU Taxonomy Reporting	68
Disclosure Obligations	69
Reported Figures	70
Explanations	70
Qualitative Data	71
About this Report	72
Reporting Practice	72
Frameworks and Selection of Reporting Topics	72



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

Dear clients and business associates,

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

In our 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. Since 2021, the report has been extended by an additional chapter reporting within the framework of the EU taxonomy.

We attach vital importance to the topic of sustainability and the management of sustainability risks. We are convinced firstly that sustainability issues are becoming increasingly important for investors, and secondly that ESG-compliant (ESG: environmental, social, governance) businesses have a competitive advantage in global markets. In the reporting year, the Covid-19 pandemic and the effects of the Ukraine war, especially the energy crisis, further strengthened trends towards

more sustainability. We believe that demand for sustainable financial products will continue to rise.

We have been supporting sustainability mandates for a long time, and offer our clients not only high-performance investments, but also financial investments, products and services that take into account social and ecological criteria. With the establishment of our *ESG Office* in 2018, we recognised the high priority that our clients in *Wealth and Asset Management* attach to this topic area. Our *ESG Office* defines our ESG principles, supports their implementation and monitors compliance therewith. In the *Corporate Banking* business division, we co-finance renewable energy projects worldwide with our GREEN ENERGY JUNIOR DEBT FUNDS and by doing so, contribute to the transition to renewable energy. In our *Investment Bank*, a dedicated ESG team works to integrate ESG data into our equity research.

Legal requirements, in particular the Sustainable Financial Disclosure Regulation (SFDR) and the EU taxonomy regulation, have anchored ESG aspects and ESG risks more firmly in the product offering and processes of credit institutions. Accordingly, we have added sustainability information to our fund products. In the year under review, we also made preparations to mandatorily request and record the sustainability preferences of our clients from 2023 onwards. Our newly established Sustainability Board, set up in 2022, aims to coordinate and expand topics and projects relating to social, environmental and corporate responsibility throughout the bank.

It is our objective to reduce our ecological footprint further. We have implemented a variety of in-house measures and initiatives that contribute to protecting the environment, including downsizing our vehicle fleet, providing public transport tickets at a reduced cost, offering bicycle leasing (JobRad), and reducing paper consumption. Sustainability is also at the forefront of the construction and furnishing of our new Hamburg headquarters, into which we will move at the end of 2024/beginning of 2025.

Our employees are the most important resource for the success of our company. In 2022, we employed 1,579 people from 58 countries in the Berenberg Group. In order to recruit and retain the best experts 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. 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 supporting children and young people.

Our determination to continuously develop 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.



Hendrik Riehmer

David Mortlock

Christian Kühn

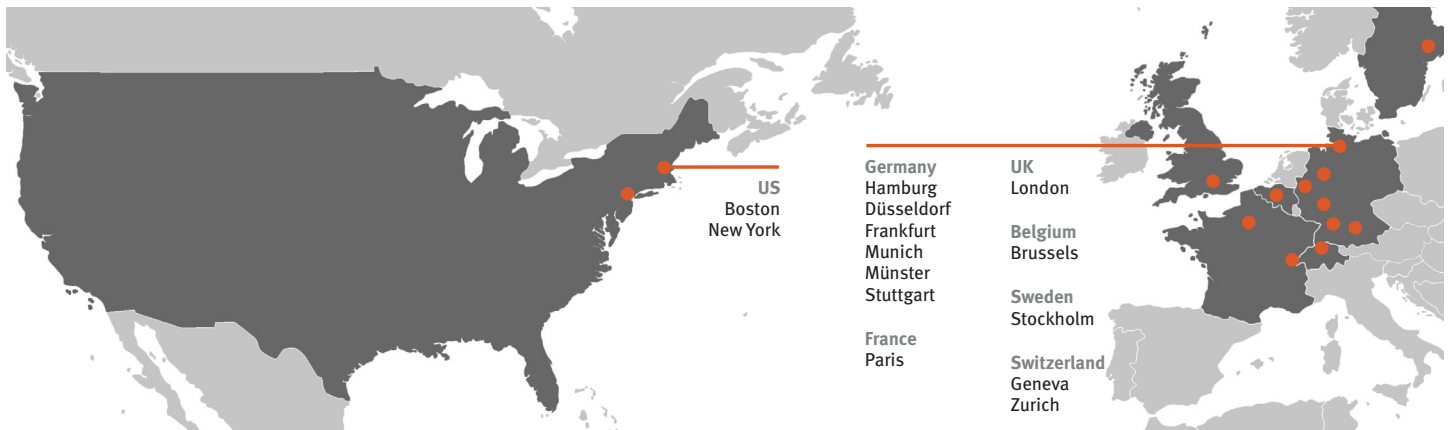


Business Model and Environment

Organisational Profile

Berenberg was established in 1590. Today we are one of Europe's leading privately owned banks, focusing on the business divisions *Investment Bank*, *Wealth and Asset Management* and *Corporate Banking*. The head office of Berenberg and 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, Paris, Brussels and Stockholm, as well as representative offices in Geneva and Zurich. In the US, Berenberg is represented by subsidiaries in New York and an office in Boston.

Locations



Shareholders

- 30.88% Berenberg family
- 21.41% PetRie Beteiligungsgesellschaft mbH
(Dr Hans-Walter Peters [Managing Director] and Hendrik Riehmer)
and Dr Hans-Walter Peters
- 7.81% Hendrik Riehmer, David Mortlock, Christian Kühn
and former managing partners
- 14.25% Christian Erbprinz zu Fürstenberg
- 14.25% Professor Dr Jan Philipp Reemtsma
- 11.40% Compagnie du Bois Sauvage S.A.

Strategy and Business Divisions

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

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

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

Investment Bank

The broad-based Investment Bank division focuses on service and advisory operations in Equities, Investment Banking and Financial Markets. At year-end 2022, our Research team covered 1,134 stocks. In addition, we support IPOs, capital increases and secondary placements. Trading transactions are conducted on a client-induced basis with equities, securities, financial instruments and foreign exchange; proprietary trading only takes place in individual cases in connection with client transactions.

Wealth and Asset Management

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

Asset Management: Our portfolio includes award-winning funds in various asset classes, global asset management strategies, opportunistic approaches and professional risk management strategies. We offer individual solutions, especially for institutional investors. The investment strategies developed for our clients stand for high product quality, dynamism and promising performance. Sustainability aspects are integrated into the investment processes.

Corporate Banking

We advise and assist companies, institutional investors, financial investors and single-family offices in transactions and day-to-day business. We maintain specific expertise in specialist segments such as Structured Finance, Infrastructure & Energy, Shipping, and Real Estate. In recent years, we have also built specialist expertise in credit fund solutions for institutional investors.

Significant Changes in the Reporting Year

The economic climate was made substantially gloomier by the war in Ukraine, which broke out in late February 2022, and the consequences of this for energy and commodity supply. Alongside this, the Covid-19 pandemic continued to have a significant impact on global economic activity. In this market environment, net profit for 2022 was €55.1 million, lower than in the record year 2021 (€170.1 million).

The return on equity amounted to 28.7% (82.7%). The cost-to-income ratio (CIR; the ratio of total costs to gross income) reached 79.0%, an increase on the previous year's figure of 65.8%. Net commission income fell, compared to the historical high of the previous year, and amounted to €359.9 million (€572.5 million). However, after the two record years 2020 and 2021 and despite the adverse market environment, the third-best value ever recorded was achieved. Net interest income, including current income from shares and other variable-yield securities, was €99.5 million in the reporting year, which therefore substantially exceeds the previous year's value (€37.5 million) and our very cautious estimate. Net income from trading activities increased by €3.6 million to €12.3 million in 2022 (€8.7 million). The ratio of net interest income to total net interest and net commission income (excluding income from participating interests/affiliated companies) was 22:78 (6:94), underlining the continued high importance of the commission business for our service-orientated business model.

The Berenberg Group's assets under management (AuM) amounted to €38.5 billion (€44.8 billion), slightly lower than the previous year. It should be noted that in the previous year's figure, part of the AuM originated from the overlay business, which we finally transferred to a cooperation partner in the course of 2022. Adjusted for this value, the decline amounts to approximately 7%. More cautious client behaviour in the wake of market movements led to a fall in AuM in Wealth and Asset Management. This could not be fully compensated for by the strong growth of net new assets in Wealth Management and Corporate Banking, particularly in Shipping.

A key determinant of Berenberg's net commission income is the securities and equities business in the *Investment Bank* business division. The market environment

was especially challenging in 2022, and, as a result of this, the volume of *securities transactions*, and by extension, the income generated, was substantially reduced compared with 2021. Alongside the market-related reduction in ECM business compared to the previous year, this trend can also be explained with reference to the fact that the previous year's value contained high performance fees from Wealth and Asset Management, which were not incurred in the reporting year.

In contrast, credit commissions performed well, growing by 21.2% compared to the previous year and by 5.0% compared to our expectations, to reach €40.6 million. This highlights the success of the debt fund business undertaken by our *Corporate Banking* division.

Other sources of commission income (overseas business, foreign exchange transactions, other types of commission) remained largely stable at the previous year's value. The client-induced FX business developed very positively for Berenberg in the 2022 financial year. Under commercial law, this income is not shown in the commission result but in the other operating result due to the so-called special coverage.

Through our *ESG Office*, we are further expanding our activities in the field of sustainability. As a signatory to the United Nations-supported »Principles for Responsible Investment« (UN PRI), we remain committed to our responsibility in this respect. In addition, our investment funds have received top marks from relevant research houses, such as the FORUM NACHHALTIGE GELDANLAGEN (FNG), the sustainable investment forum for Germany, Austria, Liechtenstein and Switzerland. We believe that sustainability issues are becoming increasingly important for investors and that ESG-compliant businesses have a competitive advantage in global markets.

We are retaining our business model in Europe, have undertaken some changes to our US subsidiary and believe that the prospects of continuing to expand our market share over the next two years look promising.

As demonstrated in the past, we can act substantially quicker as a mid-sized bank than large banks, in part due to our lean management structure and proactive managing partners. We are also much more diversified than smaller market participants, whose activities are often limited to just a single area. This diversification

has led to clear benefits. For example, over the past few years we have been able to continuously adapt our business model to align with the requirements at hand and expand Berenberg into an internationally focused advisory firm. This puts us in a good position to face the challenges of tightening regulatory requirements and digitalisation, both in terms of processes and client interfaces.

We have established ourselves in the major financial centres beyond Hamburg. As at the end of 2022, we had 447 employees in London. We were prepared for the impact of Brexit and await regulatory recognition of our branch, under UK law, in 2023. At our New York location, we have primarily undertaken changes to our *Equity Research* and are now concentrating on the technology and healthcare sectors.

We can look to 2023 with a sense of cautious optimism, following the market-related consolidation of 2022. Our intention is to make use of the opportunities on offer to expand our market share in our various business areas and regions, with Germany, the UK, continental Europe and the US remaining our core markets. We want to continue serving as the preferred partner for our existing clients and providing them with long-term support, while our expertise and uniquely high-quality services attract new clients, too. We plan to retain our proven, diversified business model focused on the areas of *Investment Bank*, *Wealth and Asset Management* and *Corporate Banking*. We want to further increase our market share in the area of securities trading. We already hold a leading position in our domestic capital markets; our aim is to replicate this in other markets. In Wealth Management, we focus on providing services for sophisticated asset structures. This division dovetails closely with Asset Management, enabling us to provide our clients with an even broader range of excellent products. Over the past few years, we have continued to expand this product range and have built up a track record of strong performance, which comes courtesy of the outstanding equities expertise at the Bank, in particular. Within Corporate Banking, we intend to use innovative products to further consolidate and expand our sound market position. The debt funds launched and managed in Corporate Banking performed particularly well in 2022.

As diverse as these divisions are, they all share an ambition to provide our clients with high-quality independent advice, the best possible service and excellent execution.

Key Performance Indicators

		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net profit for the year	€ million	66	40	104	161	90	23	61	108	170	55
Net commission income	€ million	234	244	321	254	343	279	356	416	573	360
Total assets	€ million	4,525	4,514	4,738	4,716	4,741	4,693	5,059	4,654	6,376	7,725
Equity	€ million	223	219	234	265	296	293	288	296	341	342
Receivables from clients/loans	€ million	642	750	1,013	934	929	1,097	1,175	1,048	1,075	1,321
Liabilities to clients/deposits	€ million	3,390	3,199	3,570	3,721	3,736	3,924	4,263	3,835	5,480	6,925
Return on equity (before taxes)	%	46.9	28.8	67.3	95.8	43.0	9.8	28.5	52.0	82.7	28.7
Cost-income ratio	%	78.1	85.7	72.2	63.9	72.7	88.9	79.9	70.9	65.8	79.0
Assets under management	€ billion	27.5	32.9	35.7	36.3	37.0	36.7	40.7	41.3	44.8	38.5
Employees ¹⁾		1,066	1,159	1,236	1,407	1,474	1,640	1,474	1,573	1,708 ²⁾	1,579

¹⁾ Berenberg Group

²⁾ Slightly adjusted upwards

Our Business Environment

War in Europe, an energy crisis and 40-year-high inflation almost worldwide – seldom has the global economy been subjected to so many simultaneous shocks as it was in 2022. After a good start to the year, the economy's post-Covid-19 recovery was derailed in late February by Putin's brutal invasion of Ukraine and an almost global spike in energy and food prices. Only because of its strong start to 2022 was the global economy able to expand by 2.9% on the year as a whole, after having soared by 6.2% in 2021, in the wake of the deepest recession in the post-war period. Throughout 2022, the drivers of the economy continued to weaken. Part of this was due to the fact that all the world's major central banks put on the monetary policy brakes – belatedly but energetically – in order to bring rampant inflation under control.

In the US, the oversized fiscal stimulus expired in 2022. That stimulus had been rolled out during the pandemic years of 2020 and 2021 in order to boost consumer demand. After the US economy had relatively quickly overcome Covid-19 fallout, it underperformed many other regions in 2022 with growth of 2.0%.

After shrinking by 6.5% in 2020 and expanding by 5.2% in 2021, the eurozone economy still managed to expand by 3.3% in 2022, driven mainly by the services sector. Particularly during the summer, some consumers drew on the savings they had built up during the lockdowns, when restaurants and theatres were closed. While many were at last able to treat themselves to a more or less normal summer vacation, customers held back on further spending in autumn and winter because of high energy and food costs.

With growth of only 1.8%, Germany was among the laggards in the eurozone in 2022. Because of its high dependence on Russian natural gas, Germany was hit especially hard when Russia gradually slowed its deliveries and ultimately shut down the Nord Stream 1 pipeline altogether. Moreover, as it is so specialised in automobile and mechanical construction, Germany also suffered more than many other countries from the supply bottlenecks that hit these two sectors especially hard.

Despite the many government programmes to subsidise consumers' and companies' higher energy and food prices, the German budget deficit, at 3.0%, was once again lower than in the eurozone as a whole (4.0%) and the US (about 10%). The job market has also remained encouragingly robust.

China initially recovered well in 2021 from the first wave of the pandemic. But in 2022, the consequences of its rigid zero-Covid policy became increasingly apparent. Because of increasingly contagious Covid variants, China even had to close the world's largest port, Shanghai, for nine weeks. This resulted in economic growth of just 2.8% in 2022.

Considerable differences in the world's largest economies are again looming in 2023. Now that Europe seems to have managed to avoid a gas shortage, growth could pick up again after a winter break in spring or summer. In the US, however, the US Federal Reserve's especially hawkish shift in monetary policy is likely to trigger economic weakness that could last for all of 2023. In China, the abrupt end of the zero-Covid strategy could initially lead to a short growth spurt, which would likely lose momentum again as early as the autumn in view of growing structural problems.

The pause in growth in Europe during the winter and the low momentum in the US, as well as the slowly dissolving supply bottlenecks, point to decreasing pressure on prices in the course of 2023. Inflation could recede to about 3% in the US and Europe, due to the high basis of comparison with 2022, when energy and food prices spiked. However, because of a worsening skilled labour shortage in important sectors and the increasing cost of climate protection, inflation could remain higher than it has been for most of the past decade.

After a year marked by a turn in monetary policy, the US Federal Reserve and the European Central Bank are expected to reach their terminal interest rates in spring. Now that central banks have abandoned their zero-interest rate policies, those European banks that have traditionally derived their earnings primarily from rate-linked businesses could see a return to normal. But in view of rapid technological change, these banks, along with the financial sector as a whole, must continue to aggressively seek out new business opportunities.

Risk Management

As presented in our Risk Report¹⁾, *executive management* holds ultimate responsibility for risk management and defines the overarching conditions for managing the various types of risk. In organisational terms, the *Risk Controlling* unit acts independently of the various market units, in accordance with the MaRisk for banks and financial services institutions. It works closely with other organisational units to ensure that a steady stream of information is passed to the Bank's Executive Management and Advisory Board in a timely fashion. Risk Controlling is responsible for developing and overseeing the systems used in overall bank and risk management.

The key risk types we analyse within the framework of our risk management processes are counterparty, market price, operational and liquidity risks. Reputational risks are evaluated as part of the management of operational risks.

Non-financial risks are also included to a large extent as part of our OpRisk management (e.g. IT, compliance and legal risks). Furthermore, they are taken into consideration implicitly in risk-bearing capacity through the composition of the risk cover assets.

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

¹⁾ www.berenberg.de/en/riskreport.

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

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 orientated to the three central points of risk appetite, risk monitoring and employee incentivisation (as per the Capital Requirements Directive IV).

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.

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

We are developing special scoring processes so that we can manage ESG risks in the credit portfolio even more effectively in the future. Our aim is for every borrower to be categorised on the basis of suitable ESG characteristics, with plans to integrate the findings into our credit process and risk reporting. 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

guidelines²⁾ for sustainability reporting. In addition to the potential impact on the Bank's business and situation, we also considered the impact on 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 and Principal Adverse Impacts (PAI) on Sustainability Factors³⁾

Definition of sustainable risks and factors, as well as principal adverse impacts (PAI) on sustainability factors

In line with regulatory requirements, we consider sustainability risks to be events or conditions in the environmental, social, or corporate governance areas, the occurrence of which may have actual or potential principal adverse impacts on the value of an investment and thus on the net assets, financial position, results of operations, and reputation of a company. Sustainability risks can thus impact on all types of risk already known and reinforce them as additional influencing factors. Sustainability factors, on the other hand, are to be understood as environmental, social and employee concerns, as well as respect for human rights and the fight against corruption and bribery.

Principal adverse impacts are those effects of investment decisions and investment/insurance advice that can have a negative impact on the sustainability factors.

1. Consideration of sustainability risks and principal adverse impacts (PAI) on sustainability factors in our investment decision processes⁴⁾

With regard to the investment of client funds by our *Wealth and Asset Management*, we consider the integration of sustainability risks and the principal adverse impacts on sustainability factors as a strategic issue that we address with priority. The importance of this issue in *Wealth and Asset Management* was underlined by the establishment of our ESG Office in 2018, which defines our ESG principles, supports their implementation and monitors compliance.

²⁾ GRI stands for Global Reporting Initiative.

³⁾ 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 (referred to hereinafter as the Sustainable Finance Disclosure Regulation), as well as delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards.

⁴⁾ Disclosures pursuant to Article 3 (1) and Article 6 (2) of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

In Berenberg *Wealth and Asset Management*, the consideration of sustainability risks and principal adverse impacts on sustainability factors is primarily based on the exclusion of certain activities documented in our ESG Exclusion Policy.

Sustainability risks as well as the principal adverse impacts on sustainability factors represent important decision-making criteria for the purchase and sale of securities. In this context, the integration of these criteria in investment selection helps our portfolio managers to holistically assess the return opportunities and risks of an investment by providing a further perspective in addition to the traditional financial view. The occurrence of a sustainability risk, similar to traditional financial risks, can have a significant negative impact on the value and resulting return of an investment.

In *Wealth and Asset Management*, sustainability risks and the principal adverse impacts on sustainability factors are considered in various asset classes (for example, equities, corporate bonds and government bonds). However, the approach can differ significantly between asset classes for various reasons – these include the availability, type and quality of data, as well as the stage of development of methodological approaches or even market conditions.

In *Wealth and Asset Management*, we offer various ESG investment strategies with different degrees of sustainability consideration to meet a wide range of client needs across equities, bonds and multi-asset.

During the holding period of the investments, we monitor the development of sustainability risks, as well as the principal adverse impacts on sustainability factors via a regular automated check of compliance with binding ESG exclusion criteria in our portfolio management systems. In addition, based on the ESG controversy analysis of our external ESG data provider, we identify companies that are directly involved in severe ESG controversies as well as ongoing very severe ESG controversies.

In the event of severe ESG controversies, we enter into an active dialog with the company («engagement») for selected investment strategies, both for existing investments and for new investments. The relevant controversy is analysed jointly by portfolio management, the ESG Office, and in direct exchange with the company. We then make a final investment decision based on our engagement and analysis.

In the event of ongoing very severe ESG controversies, we exclude these companies from investment. Such ESG controversies may include, but are not limited to, alleged violations of applicable law by companies, incidents such as environmental pollution, accidents, regulatory action or pending lawsuits.

To make our engagement with companies as effective as possible, we have defined a consistent approach in our Engagement Policy. We see engagement as a powerful tool to gain a better understanding of how companies deal with sustainability risks and the principal adverse impacts on sustainability factors. By engaging directly with companies, we can better consider sustainability risks and related measures in our investment decisions by obtaining further information in addition to internal analysis and sourcing external data.

In addition to engagement, we see the exercise of voting rights at company general meetings as an important tool to positively influence corporate governance structures in particular. By providing vote recommendations to the capital management company of our mutual funds⁹⁾, based on our *Wealth and Asset Management* ESG Policy, as well as through engagement, we aim to motivate and support companies to increasingly address sustainability risks and the principal adverse impacts on sustainability factors.

In all in-house investment funds, asset management strategies, and special mandates, a general exclusion applies to financial instruments with staple foods as underlying assets, as well as to selected other investments. In addition, we apply extended ESG exclusion criteria depending on the investment strategy. When applying the ESG exclusion criteria, companies and countries are excluded as soon as they violate at least one exclusion criterion.

With regard to updating the exclusion criteria, we have established a dedicated decision-making process. This involves the ESG Office, our portfolio managers, and the ESG Committee, which is the ESG governance and oversight body within *Wealth and Asset Management* and consists of *Wealth and Asset Management* members and executives.

Some of our clients define their own criteria based on their ethical and moral beliefs. Therefore, in addition to the Berenberg *Wealth and Asset Management*

⁹⁾ Restricted to equity investments in certain retail funds, by providing voting recommendations to the asset management company.

ESG exclusion criteria, we also offer our clients the implementation of specific ESG requirements in the management of special mandates and funds.

All information on the Berenberg Wealth and Asset Management ESG policies and principles can be found on our homepage (www.berenberg.de/en/esg-publications).

2. Consideration of sustainability risks and principal adverse impacts (PAI) on sustainability factors in our investment advisory services⁶⁾

When providing investment advice, the focus is initially on the individual investment preferences of our customers. Since August 2022, these preferences can be supplemented in the investor profile by possible sustainable investment objectives, so-called sustainability preferences. To inquire about the sustainability preferences of our clients, we use the characteristics of the three different categories of financial instruments that are considered sustainable in the European Union:

- Financial instruments that include a minimum share of economic activities as defined by the Taxonomy Regulation,⁷⁾
- Financial instruments that include a minimum proportion of sustainable investments as defined by the Disclosure Regulation,⁸⁾
- Financial instruments that take into account the principal adverse impacts on sustainability factors.⁹⁾

Financial instruments recommended as part of investment advice must be assessed with regard to the sustainability preferences of clients. Through the product disclosures of the individual financial instruments, which contain data on the three categories mentioned above, a quick and automated comparison between the product disclosures and the sustainability preferences of the customer is possible. Through this process, any sustainability risks, as well as the principal adverse impacts on sustainability factors, are included and financial instruments that do not fit are excluded.

⁶⁾ Disclosures pursuant to Article 3 (2), Article 4 (5a) and Article 6 (2) of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

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

⁸⁾ Financial instruments in accordance with Article 2 (7b) of Delegated Regulation (EU) 2017/565 as amended by Delegated Regulation (EU) 2021/1253, which invest in sustainable investments as defined in Article 2 (17) of Regulation (EU) 2019/2088 of the European Parliament and of the Council.

⁹⁾ Financial instruments in accordance with Article 2 (7c) of Delegated Regulation (EU) 2017/565 as amended by Delegated Regulation (EU) 2021/1253, which consider principal adverse impacts on sustainability factors.

Independent of the wishes of individual clients, Berenberg has developed the *Wealth and Asset Management* ESG Exclusion Criteria to set its own minimum requirements for investments in sustainable financial products.

Consideration of sustainability risks and principal adverse impacts on sustainability factors is primarily based on the exclusion of certain activities documented in our ESG Exclusion Policy. Compliance with these ESG exclusion criteria is specified for securities in our investment advisory universe and stored in the system so that these can be taken into account as part of the investment advisory process. Thus, if desired, further sustainability risks and principal adverse impacts on sustainability factors can also be taken into account in addition to the sustainability preferences specified by the customer.

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

All information on the Berenberg *Wealth and Asset Management* ESG policies and principles can be found on our homepage (www.berenberg.de/en/esg-publications).

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 and principal adverse impacts (PAI) on sustainability factors in our insurance advisory services¹⁰⁾

In Berenberg *Wealth and Asset Management*, we are limited to the sale of third-party products as part of our insurance advisory services.

The sustainability risks are queried directly via the third-party product partner's platform and taken into account accordingly on the system side when selecting suitable insurance products.

The occurrence of a sustainability risk, similar to traditional financial risks, can have a material negative impact on the value and resulting return of an investment. All relevant information to consider sustainability risks and the principal adverse impacts on sustainability factors will be provided by the respective third party product partner.

¹⁰⁾ Disclosures pursuant to Article 3 (2), Article 4 (5a) and Article 6 (2) of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

4. Change history¹¹⁾

In the course of updating the above information on the consideration of sustainability risks and the principal adverse impacts on sustainability factors (PAI), the following changes were made:

- Editorial adjustments to ensure consistency between different publications.
- Addition to the statement regarding the consideration of principal adverse impacts on sustainability factors in the context of insurance or investment advice, in accordance with Article 11 of Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council as regards regulatory technical standards.
- Addition of the sustainability preferences of clients defined in accordance with Article 2 lines 7, 8 and 9 of Delegated Regulation (EU) 2021/1253 of 21 April 2021 in the context of investment advice.
- Consolidation of the content regarding the investment process in the chapter »Consideration of sustainability risks and principal adverse impacts on sustainability factors (PAI) in our investment decision processes«.
- Update of the consideration of sustainability risks and the principal adverse impacts on sustainability factors (PAI) in our insurance advice.

¹¹⁾ Disclosures pursuant to Article 12 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.



Natural 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 focus 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 have only 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 2022, 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 EU Energy Efficiency Directive 2012/27/EU, which was transposed into German law by means of the Energy Services Act (Energiedienstleistungsgesetz, EDL-G). Under this 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.

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 spread of environmentally friendly technologies.*

Objectives

The number of projects supported by our *Infrastructure & Energy* department and the range of types involved were expanded in the reporting year. The debt funds launched and advised by Berenberg form the basis for these activities. Berenberg uses tailored financing to support the expansion of renewable energies and assists with an array of projects. In the third quarter of the reporting year, Berenberg was able to record the first closing of the fourth BERENBERG GREEN ENERGY DEBT FUND amid a challenging environment. Due to the ongoing need for sizeable volumes of capital on the part of project developers, it has already been possible to invest a large portion of this in attractive financings. Alongside an additional closing of the BERENBERG GREEN ENERGY DEBT FUND IV, we have also set ourselves the goal of continuing to realise sustainable projects with our activities in 2023. While the GREEN ENERGY JUNIOR DEBT FUNDS co-finance renewable energy projects around the globe and, in turn, play a role in the transition to renewable energies, the BERENBERG DIGITAL INFRASTRUCTURE DEBT FUND I contributes to the creation of a powerful yet low-resource communications infrastructure in central European countries. The first closing of the fourth GREEN ENERGY JUNIOR DEBT FUND in 2022 means that two of our debt funds are now able to assist projects in the development stage. As a result, they represent impact investment in the truest sense: it would not have been possible for these projects to be put into practice had this capital not been provided.

Responsibilities

Several units at Berenberg are responsible for the environmental aspect of our operations. 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 *Procurement* team. 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 industrial 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 US. This initially includes all companies that operate on the basis of the statutory framework conditions (for example energy suppliers and car manufacturers). We closely monitor the development of our business partners in all relevant divisions. If we detect negative indicators that could also affect our reputation under certain circumstances, we carry out a substantive test involving management as necessary (see also the section on »Anti-Corruption and Fraud«).

Outcomes and Performance Indicators

We can reduce the environmental impact of our company through 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, we only use paper that meets the environmental standards of the FSC (Forest Stewardship Council) or PEFC (Programme for the Endorsement of Forest Certification Schemes) for our printers and photocopiers. 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 that social aspects such as payment of the minimum wage are also taken into consideration in the production process.

Our digitalisation strategy is helping us reduce paper consumption further. 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

100 %

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

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. Overall, we used 40% less printing paper compared with the previous year, due also in part to remote working.

When communicating with our clients, we reduce paper consumption wherever possible and when requested. For example, our clients can opt out of receiving paper versions of account statements and securities account statements. Overall, roughly 20% of clients now have chosen this option – and we are working towards continually increasing this percentage. Since 2019, we have provided our Wealth Management clients with a digital banking portal, thanks to which around 65 % of our clients have already opted out of receiving paper versions of their documents. Since 2020, the Wealth Management app has also enabled our clients to photograph invoices to initiate a payment transaction, which is considerably reducing the amount of paper and staff time required for payment orders. Since 2021, our clients have also had the option of using electronic signatures to sign a variety of documents, thus eliminating the need for printing and posting these documents. This measure is now being expanded to our staff departments, for example through the »e-invoice« project, which will lead to all invoices being processed online.

In the area of *Human Resources*, an online application tool enables us to structure the hiring procedure to be completely paper-free. The introduction of the Employee Self-Service portal in the reporting year means that our employees can now access all kinds of letters and certificates, as well as their payslips, electronically.

Until the end of 2013, we distributed both printed and electronic versions of all our research reports to clients. Then, as the years progressed, our printed research was reduced to initiations, sector notes, and multi-company reports, considerably shrinking paper usage from approximately 56,000 reports per year over the period 2013-16, to 918 in 2020. The Covid-19 pandemic also played a part in the reduction. However, in 2022, with the return to face-to-face conferences, we slightly increased our printing to 1,430 reports. We are continually looking for ways to reduce our printing, and have now implemented QR codes for our reports, at conferences and in our marketing materials, with the aim of gradually pushing our clients towards electronic versions of our research. However, there are limits to the extent

65 %

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

that printed media can be dispensed within client communications. For example, statutory obligations require us to provide extensive records of consultations to our clients.

We have also succeeded in reducing paper consumption significantly in the procurement of printed newspapers and magazines, as electronic versions are becoming more widespread. Since 2018 the number of print subscriptions has dropped by more than 50%.

In 2022, Berenberg renovated various office spaces. In the process, we had a water filter system installed in order to reduce single-use water bottles. The filter system offers purified sparkling and still water from the tap. In addition, the complementary drinks stocked at our offices for our employees are supplied in returnable glass bottles and are mainly sourced locally. Also in 2022, coffee machines that produce less waste were purchased for the renovated locations and for our headquarters in Hamburg.

In order to raise employee awareness of the need for sustainable action and to motivate them to participate, we set up an e-mail address specifically for suggestions and enquiries on sustainability topics as early as 2018. Since 2022, all employees can turn to our newly established in-house *Sustainability Board*, which consists of managers with corresponding responsibilities and focus.

Measures to Reduce Carbon Emissions

We have implemented a variety of measures and initiatives that contribute to protecting the environment, including 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 reduce our CO₂ emissions, we further downsized our vehicle fleet in the reporting year. Two vehicles in our fleet are equipped with hybrid drives. In addition, a fast charging station for electric vehicles is available to our clients in the underground parking lot.

Our technical capabilities for telephone, web and video conferencing support us in virtual instead of face-to-face meetings and thus reduce mobility-related carbon

emissions. In 2021, we had already increased the number of our video conference rooms from 35 to 61 and considerably expanded our web and telephone conference systems. The number of virtual conferences has increased considerably. We will continue to invest in expanding our technology 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, which we have doubled as of 1 January 2023. On average, around 40% of our employees at our German locations utilised this offer in 2022; with the return to office after the Covid-19 restrictions were lifted, this number rose again significantly to reach 51% at the end of the year. For those who prefer to cycle to work, there is an equal option to receive financial assistance for leasing a bicycle (»JobRad«) instead of using job tickets. Moreover, in our client restaurant at our headquarters, we use mainly regional produce.

By replacing the printers at all European locations, we were able to reduce the number of devices significantly in 2020 and 2021. 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.

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 tons 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.

51 %

of our employees used the public transport subsidy in December 2022.

98 %

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

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 renewable energies and digital infrastructure sectors. Berenberg provides support in structuring and raising funding (debt capital) and in attracting investors, and thus makes a key contribution to the realisation of these projects. In the past year, the funds supported and co-financed 11 green energy projects with more than 260 wind and solar parks, as well as five glass fibre and data centre projects. The funds' successful track record therefore continued into the reporting year:

- BERENBERG ENERGY JUNIOR DEBT FUNDS, which offer institutional and private investors the possibility of investing in the construction and operation of wind and solar parks, as well as energy storage projects since their launch in 2017, continued their positive performance and currently have capital commitments in excess of €700 million. In total, financing was structured for more than 700 wind and solar parks in countries and regions such as Germany, Scandinavia, the UK, Spain, Poland and Italy, as well as Japan, Chile, Australia and the US. Our BERENBERG ENERGY JUNIOR DEBT FUNDS have financed an output of more than 3.3 million MWh of renewable energy. These renewable projects produce enough energy to supply around 930,000 households. The energy generated by the financed projects to date brings about carbon savings of approximately 1,610,000 kg of CO₂ per year.
- The BERENBERG DIGITAL INFRASTRUCTURE DEBT FUND I launched in 2019 is still in the investment phase and 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.

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 (BUNDESVERBAND ERNEUERBARE ENERGIE E.V. / BEE).

In 2022, the funds supported and co-financed

11

green energy projects with more than 260 wind and solar parks, as well as five glass fibre and data centre projects.

ESG Criteria as a Component of the Lending Process

In both *Shipping* and *Structured Finance*, where we assist transaction financing for SMEs, we were able to extensively refine the implementation of ESG criteria in the lending analysis process in a practical way. For example, in 2021 we assisted the first transaction financing for companies that specifically set out sustainability targets in their lending documentation. We were able to reinforce this further in the year under review. As a result, we set out sustainability targets in the lending documentation for around half of our new transaction financings for companies over the course of the year, and even did so for 100% of such transactions in the fourth quarter. In terms of financing for commercial vessels, we align our due diligence process with indicators that have been introduced across the shipping sector worldwide to assess ships' energy consumption efficiency.

Commercial shipping remains of great importance to the world's economy. As a result, the global shipping industry has set itself ambitious goals to drive forward the energy transition in this crucial sector. International regulations are being developed and introduced on an ongoing basis by the INTERNATIONAL MARITIME ORGANISATION. From 2023 onwards, for instance, asset-based KPIs are being implemented to quantify the technical and operational CO₂-efficiency of international commercial vessels and impose suitable threshold values in this respect. Over the course of the year under review, Berenberg drew on these internationally regulated data points and the UN Sustainable Development Goals to develop an externally certified scoring model, specifically designed for commercial vessels. This model enables appropriate comparisons to be made between various ships, using ESG criteria.

Beyond this, Berenberg always strives to refine the portfolio of ships it finances and make it more sustainable. In 2022, for example, the Bank financed six eco-feeder vessels for a European shipping line. The ships are exclusively used in European coastal shipping and have been retrofitted with emission control systems that substantially reduce their CO₂ emissions.



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-potential employees;
- target-orientated personnel development;
- offering attractive employee benefits with a health management policy;
- supporting a work/life balance; and
- 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 factors⁹⁾, compliance and gender neutrality in our remuneration guidelines. 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 support the elimination of every form of discrimination.*

⁹⁾ 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, our representative body for the severely disabled and our representative body for junior workers and trainees.

Responsibilities

The HR department is responsible for the employee aspect of our operations 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 1,579 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 regard 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 in the labour market. With our strong brand, our excellent market position, intensive university marketing, proactive contact to personnel consultants and a professional website, we 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 trust-based relationship between HR and employees, as well as between managers and employees.

Our performance and development system, 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 new employees 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 Next Generation of Employees

In view of demographic trends, maintaining and improving our attractiveness as an employer is an important success factor. As the number of highly qualified junior talent on the labour market is set to decline, we established a *systematic university marketing programme* more than 10 years ago. 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. We maintain long-term links

with exceptional students through the Future Talents programme 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 offered the following early careers programmes in the reporting year: 1) the International Graduate Programme specialising in equities, investment banking and wealth and asset management, 2) the Graduate Programme with a focus on global tech, 3) the dual-track study programme in Germany and 4) IT apprenticeships for systems integration or application development.

The early careers programmes offer participants 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 graduate programmes, with a duration of 15 months, were designed for the European locations with a home base in London and Frankfurt. The Bank employed 60 new graduates in the current reporting year.

60

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

Target-Orientated Personnel Development

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

We also provide our executive staff with a practical »toolkit«. These tools are tailored to our corporate principle of »accountability« and assist our department heads and team leaders in personnel management and their day-to-day work in a situation-appropriate and needs-based manner. Alongside individual opportunities for further development, we routinely offer our employees keynote speeches and workshops through 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 assessment of all employees. The established group-wide 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.

100 %

of employees receive regular performance evaluations.

Attractive Employee Benefits

We want to offer our employees an attractive working environment, and thus we actively contribute to their wellbeing and workplace satisfaction. We offer a wide range of benefits, varying slightly depending on location, 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 programme. The health of our employees is a valued asset. With our health management programme, 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.

100 %

of employees have access to a company pension plan.

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 held to raise funds for charitable causes. On-site showers and changing rooms enable our staff to engage in physical exercise comfortably and conveniently near the office. In the year under review, we also held a »health month« in collaboration with the health insurance fund **TECHNIKER KRANKENKASSE** in Germany.

Prevention: Berenberg continues to offer access to sport and fitness facilities, such as company sport and gyms. Ergonomic office furniture allows workstations to be tailored to individuals' needs. Our executives also receive comprehensive health checks. All our employees at the Hamburg location were again offered a flu shot. Berenberg regularly reviews employee benefits, which it did once again in this reporting year. As of 1 January 2023, all departments will be supplied with fruit baskets on a weekly basis and the value of the subsidised lunch voucher (Sodexo) was increased as well.

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 various part-time working models. In the reporting year, the part-time ratio was 14%. 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.

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 US 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 ethnic origin, nationality, skin colour, gender, age, religion, world view, marital status, sexual identity or orientation, or disability. We employ people from 58 countries thanks to our international footprint. 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 General Act on Equal Treatment (Allgemeines Gleichbehandlungsgesetz, AGG) in Germany and anti-harassment training in the US is mandatory for all employees. The mandatory labour law training for managers also includes a module on equal treatment and diversity.

14 %

of our staff work part-time.

58

nationalities are represented
in the Berenberg workforce.



Society

Management Approach

For Berenberg, sustainable governance also means assuming social responsibility. We have a long tradition of social responsibility, and this topic has 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 are aware of the longer-term social and ecological impact of our actions in the course of our business activities. We therefore offer our clients sustainable cash investments, products and services that fulfil social and/or ecological criteria. Together with our social engagement, these form the key topics of this chapter on society.

2. Management Concepts and Processes

Directives

In August 2018, we signed the United Nations-supported PRINCIPLES FOR RESPONSIBLE INVESTMENT (PRI). We have been a member of the INTERNATIONAL CORPORATE GOVERNANCE NETWORK (ICGN) since April 2018. Established sustainability standards and guidelines determine our actions with regard to sustainable investments in our *Wealth and Asset Management* business division. These standards are disclosed to clients, for example in the form of publicly available principles and directives, and are continuously refined. In 2019, our *Wealth and Asset Management* adopted its ESG principles, ESG exclusion criteria and principles for the exercising of shareholder rights under the leadership of our *ESG Office* founded in 2018. Principles on the topic of engagement followed in 2020, setting out how our *Wealth and Asset Management* business division pursues active dialogues with companies on ESG aspects, among other things. These principles and directives are regularly reviewed, refined and updated. In the reporting year, the principles for exercising voting rights were updated.

In the *Investment Bank* business division, an established ESG team has been operating within the area of equity research since January 2020, designed to help integrate ESG analysis into our core research products on the basis of internal frameworks.

Corporate Banking mainly initiates and manages the credit funds for large and partly international institutional investors. For the most part, these have their own defined ESG principles with regard to investment activities and their mandated managers, which are contractually adopted within the scope of our investment activities and are thus also continuously adhered to and documented. This indirectly commits us to a high level of discipline with cross-institutional ESG criteria in investment, as well as in lending. We also follow principles for the sustainable management of real estate and these are currently mandatorily documented. The ESG strategy for the first Article 8 fund has now been approved by BaFin.

Objectives

In the *Wealth and Asset Management* business division, we want to expand our sustainable investment competency strategically and in terms of substance, as well as refine the corresponding processes and products. We focus especially on positive factors that promote and preserve earnings growth, such as good corporate governance, at the companies in which we invest. We make every effort to identify the key factors essential to improving long-term earnings and the sustainability profile as part of a comprehensive ESG investment process.

Within the *Investment Bank* business division, we strive to assist companies in developing and communicating their sustainability strategy. The knowledge we have acquired is also applied to other areas of investment banking at Berenberg and is an important resource for potential IPO candidates.

Measures

Berenberg offers a tried-and-tested sustainability approach for private and institutional clients.

In the Berenberg *Wealth and Asset Management* division, we view ESG factors as key decision-making criteria. Taking into account ESG helps our portfolio man-

agement team evaluate risks and returns from a holistic perspective. To minimise certain risks arising from controversial business areas or problematic business practices, we apply ESG exclusion criteria. We also focus especially on positive factors that promote and preserve earnings growth, such as good corporate governance. In addition to our own research, we use external ESG data to enhance our understanding of the sustainability profile of clients and issuers. We make every effort to identify the material factors essential to improving long-term earnings and the sustainability profiles as part of a comprehensive ESG investment process.

Internally, we discuss relevant ESG topics in line with our collaborative culture. By cultivating an open dialogue between our investment and ESG experts, we are able to incorporate industry knowledge and experience into our ESG approach and continuously refine it.

Conversations with companies and issuers play an important role in better understanding issues of sustainability and communicating our views. By taking part in sector and investor initiatives, we aim to engage in dialogue with investors and companies, make an impact with collaborative engagement and ultimately bring about positive change. We are part of overarching initiatives, such as the United Nations-supported PRINCIPLES FOR RESPONSIBLE INVESTMENT (PRI) and the INTERNATIONAL CORPORATE GOVERNANCE NETWORK (ICGN), and support initiatives that address specific aspects of sustainable business activities, such as the KNOWTHECHAIN initiative and the ACCESS TO MEDICINE FOUNDATION.

ESG aspects have also become standard in the equity research of our Investment Bank division. Using our own frameworks, we offer research on companies' impacts on the environment, society and economic development, as well as sector-specific reports that deal with the most important operational ESG factors. Furthermore, our analysts also prepare cross-sector thematic reports on topics such as circular economy, carbon prices and the energy transition.

At the Bank level, 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 talent), science and research. The BERENBERG KIDS Foundation, which was launched by our employees, 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 social responsibility: in the Berenberg *Wealth and Asset Management* business division, the *ESG Office* and the *ESG Committee* are responsible for developing, implementing and reviewing our ESG strategy. The *ESG Office* takes charge of our ESG strategy and the integration of ESG factors, monitors compliance with standards set and is responsible for enhancing knowledge on ESG topics internally. Within its areas of responsibility, the *ESG Office* works closely with all relevant teams within *Wealth and Asset Management*.

The *ESG Committee* is the ESG management and monitoring body within *Wealth and Asset Management*; it meets at least once a quarter and comprises staff members and managerial personnel from WEALTH AND ASSET MANAGEMENT. The Committee monitors the progress of our ESG activities and discusses their further development, taking into account current trends and regulatory changes in the market. The ESG Committee's main tasks include reviewing and giving the final approval for ESG directives, examining our active ownership activities and observing and discussing external developments and any development opportunities resulting therefrom. Our portfolio management in *Wealth and Asset Management* compiles sustainable investment portfolios in cooperation with our *ESG Office*.

Within our *Investment Bank* business division, Berenberg has established its own ESG team, which has developed directives for measuring the effects of a company's products and services on ecological, social and economic issues.

In the *Corporate Banking* division, there is interaction in the development of the respective asset-specific ESG strategies between Market and Credit Risk Management. The close coordination with institutional investors and their individual ESG requirements is carried out by the lending and fund management teams of the respective departments, whereby the conceptual responsibility for formulating and complying with the guidelines lies with Credit Risk Management.

In 2022, a corporate *Sustainability Board* was established, which is primarily made up of managers whose responsibilities include sustainability issues. The goal of this board is to promote topics and corresponding projects related to social, ecological and corporate responsibilities in a cross-divisional and concerted manner bank-wide.

Also at the Bank level, a cross-division *ESG working group* is entrusted with observing regulatory developments from Berenberg's perspective and implementing any steps necessary to adapt to regulatory changes.

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 BERENBERG KIDS 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.

Risks

The risk that we might fail to act according to the defined ESG criteria when building sustainable client portfolios is reduced within our *Wealth and Asset Management* business division by the automatic inclusion of relevant ESG data from our external service provider into our systems via an interface. In addition, we have established an ESG risk monitoring system based on data on ESG controversies. Sustainability is not a consistently defined term and the understanding of sustainability can vary between market participants and evolve. We reduce the risk of unclear or outdated ESG criteria by publishing and regularly updating all relevant documents, principles and directives pertaining to our sustainability approach.

No other relevant risks were identified for the social responsibility aspect. For further information on the topic of sustainability risks, please refer to the section »Business Model and Environment« under »Consideration of Sustainability Risks«.

Outcomes and Performance Indicators

Sustainable Cash Investments, Services and Products

Through our ESG Office, we have further expanded our activities in the field of sustainability in the *Wealth and Asset Management* business division. The ESG Office is responsible for the ESG strategy. 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 to actively advocate for environmental and social issues, as well as matters of good governance, and to integrate these principles into our investment process.

Key Measures and Developments

The interest among our clients in products and services that account for 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 in various asset classes for private and institutional clients. Under this approach, we apply exclusion criteria to our range of products and funds. Certain activities, such as the manufacture of controversial weapons, are excluded completely from our investments. For other business divisions, a revenue limit is applied (e. g. 5% revenues from the production of conventional weapons) to ensure the workability of the criteria and to give companies under this threshold the opportunity to scale back activities in controversial business areas. We also pursue a dedicated internal ESG analysis for certain investment strategies, whereby we select companies that show a particularly sustainable orientation or special opportunities and perform well in a fundamental analysis, for example, in terms

of their profitability. In addition to our own research, we use external ESG data to enhance our understanding of the sustainability profile of clients and issuers.

We have defined three different ESG inclusion categories that differ in scope and the extent to which they apply ESG instruments.

Our *ESG-screened strategies* are based on the binding exclusion or limitation of certain activities in order to take into account material ESG risks. Strategies in this category apply the Berenberg *Wealth and Asset Management* ESG exclusion criteria, including the exclusion of companies with direct ties to persistent, particularly serious ESG controversies.

Our *ESG-integrated strategies* use a combination of instruments to integrate ESG factors – excluding or limiting certain activities, taking into account ESG risks and opportunities as part of an investment analysis and affecting change as an active investor through engagement and proxy voting activities.

Our *ESG-targeted* and *impact-focused strategies* use targeted ESG approaches, such as positive screening based on a variety of ESG or impact criteria. Additional stricter ESG exclusion criteria are applied to further limit investments in activities that do not, for example, facilitate any positive effects. *ESG-targeted strategies* implement a specific ESG objective. *Impact-focused strategies* are only open to companies, issuers and project-related investments, such as green bonds, that have measurable positive impacts on society or the environment and help to address global challenges through products, services or financed projects.

The integration of ESG factors can vary considerably from asset class to asset class for a variety of reasons, such as availability, type and quality of data, development status of methodological approaches and even market conditions.

We see the integration of ESG principles as a valuable component of our investment decisions as it enables us to more comprehensively manage fundamental portfolio risks and identify opportunities. Active dialogue with companies and issuers («engagement») is a particularly important tool for this.

Talking to companies and issuers directly and openly allows us to address relevant ESG aspects, receive valuable insights and encourage more transparency, both before and after the investment decision.

In turn, exercising shareholder rights (proxy voting), by providing voting recommendations to the asset management company of our retail funds, is another effective way of sharing our views on good governance, as well as on additional ESG aspects with companies and having a positive impact on their business policies.

During the reporting year, our efforts to increase sustainability in capital investments were recognised with the distinguished FNG Label 2023, awarded to nine Berenberg funds. This shows that the funds meet the quality standard developed by FORUM NACHHALTIGE GELDANLAGEN (FNG), the sustainable investment forum for Germany, Austria, Liechtenstein and Switzerland. Certified funds pursue a professional and transparent sustainability approach that is reviewed as part of an independent audit by the Sustainable Finance Research Group of the University of Hamburg, supported by an independent external committee. On top of this, the acclaimed funds were also awarded the European Transparency Logo in the reporting year as part of the FNG Label assessment process. The European Transparency Logo highlights 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.

The ESG principles formulated 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-publications. These principles describe our ESG approach and how it is anchored in our investment strategies. The Berenberg ESG exclusion criteria describe and define how we select and apply these criteria. Our principles for the exercising of shareholder rights¹⁰⁾ offer the basis on which we issue recommendations for the exercising of shareholder rights to contribute to companies' consistent implementation of sustainable business strategies and compliance with effective corporate governance. Our engagement principles set out how we pursue active dialogues with companies, for example to encourage them to be more transparent and to obtain important company insights. These principles and directives are regularly reviewed, refined and updated.

We have been regularly publishing product-specific ESG information since 2021. For example, we publish key ESG figures in many of our monthly fund

9

Berenberg funds were awarded the FNG Label 2023, the quality standard for sustainable investments in the German-speaking region, in the reporting year.

¹⁰⁾ Restricted to portfolio positions in retail funds, by providing voting recommendations to our asset management company.

factsheets and prepare extensive, annually updated sustainability and impact reports for our sustainable funds. With these reports, we want to highlight sustainability and positive impacts for our clients in a transparent way, make these impacts measurable, and provide in-depth information about key sustainability aspects, our sustainable engagement and the sustainability objectives our funds have achieved. In addition, in the reporting year we published our annual Berenberg WAM active ownership report detailing our engagement and proxy voting activities in one place.

Sustainable Products and Services

The BERENBERG SUSTAINABLE EURO BONDS fund, classified in accordance with Article 9 of the EU Disclosure Regulation, focuses predominantly on euro-denominated annuity bonds with investment grade ratings, taking into account sustainability criteria. 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 purpose-linked bonds (such as green or social bonds) whose products, services and projects contribute to addressing global challenges such as climate change or demographic change and, by extension, offer added value for the environment and society. 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 enhanced ESG exclusion criteria applied by Berenberg *Wealth and Asset Management* represent a core component of the investment process. The high quality of the investment approach was again confirmed in the reporting year through the FNG Label. The BERENBERG SUSTAINABLE EURO BONDS fund again received three out of a maximum of three stars for its particularly ambitious and comprehensive sustainability strategy.

The BERENBERG SUSTAINABLE EM BONDS fund, classified in accordance with Article 8 of the EU Disclosure Regulation, invests in emerging markets with a sustainability focus. The investment strategy of this retail fund is still based on four key factors: return, fundamental strength, liquidity and sustainability. Alongside corporate or financial securities, government bonds are also considered. An average investment grade rating will continue to be ensured at the overall portfolio level.

Securities are selected using a combination of strict exclusion criteria, as well as fundamental analyses that are targeted at specific sub-asset classes and incorporate ESG criteria. Our final selection process is based on, among other factors, an additional qualitative analysis and on dedicated sustainability analyses and ratings. The FNG Label awarded again in the reporting year is testament to the high quality of the investment approach. The BERENBERG SUSTAINABLE EM BONDS fund received two out of a maximum of three stars for its particularly ambitious and comprehensive sustainability strategy.

The BERENBERG SUSTAINABLE STIFTUNG is a sustainable, distribution-focused multi-asset fund that takes into account foundation-specific aspects with a limited risk. Sustainability aspects have already been incorporated into its process of selecting securities for many years now. Our investors are provided with a sustainability report detailing the comprehensive sustainability profile of the fund. This report is updated annually and provides transparent information on the various sustainability aspects and goals attained. The investment strategy of the fund, established in 2009, foresees a maximum equities component of up to 35% and strives to attain a regular disbursement of 2.0 to 2.5% per annum, with yields disbursed semi-annually. The aim of the defensive strategy is to make use of opportunities and earnings potential to maintain real capital over the long term and generate continuous earnings. This includes in particular actively managing investment rates, capital tie-up duration and regional and sectoral allocation. Owing to the crucial role of Berenberg sustainability criteria in the investment process, the strategy is highly suited to investors with social obligations and high moral and ethical standards, with investments primarily geared towards individual titles. Alongside a cost-effective M asset class for institutional investors, the S asset class is also a distinctive feature: this is solely reserved for non-profit investors and offers them tax benefits.

In 2018, we launched a sustainable equities fund (Article 9 of the EU Disclosure Regulation) in the form of the BERENBERG SUSTAINABLE WORLD EQUITIES fund. This fund makes global investments in companies whose products and services contribute to addressing global challenges such as climate change or demographic change and, by extension, offer added value for the environment and society. 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 contribute with regard to addressing global challenges. In this context, issues such as combating water scarcity or addressing demographic change constitute a structural growth area for the companies selected for the fund. In addition, the fund management focuses on in-depth conversations with company representatives with a view to reinforcing the companies' responsibility for their business activities. The enhanced ESG exclusion criteria applied by Berenberg *Wealth and Asset Management* represent a core component of the investment process. The high quality of the investment approach was confirmed in the reporting year again through the FNG Label. The BERENBERG SUSTAINABLE WORLD EQUITIES fund received the full three stars for its particularly ambitious and comprehensive sustainability strategy.

The newest member of the sustainable product family is the BERENBERG SUSTAINABLE MULTI ASSET DYNAMIC fund, which was launched just before the end of 2021. This sustainable multi-asset fund pursues a dynamic, aggressive investment approach that strives to bring about an attractive increase in value over the long term, while taking into account a sustainable investment objective. It is classified in accordance with article 9 of the EU Disclosure Regulation. To this end, the fund management identifies attractive equities and purpose-linked bonds (such as green or social bonds) whose products, services and projects contribute to addressing global challenges such as climate change or demographic change and, in turn, offer added value for the environment and society. A comprehensive ESG and impact concept is absolutely essential when selecting titles, and the extended ESG exclusion criteria of Berenberg *Wealth and Asset Management* are a material component of the investment process. When selecting equities, the focus is on high-quality companies with structural growth drivers that benefit from topics of the future and megatrends. Bonds must have a positive impact on defined global challenges – predominantly in the form of green and social bonds. The business model and the most important financial indicators need to perform very well in all positions. In addition, the fund management focuses on in-depth conversations with company representatives with a view to reinforcing the companies' responsibility

for their business activities. The fund is broadly diversified and the tactical allocation of the different asset classes is actively managed, with the proportion of equities restricted to a maximum of 90%. The high quality of the investment approach was also confirmed in the reporting year through the FNG Label. The very first time it took part, the BERENBERG SUSTAINABLE MULTI ASSET DYNAMIC fund received the full three stars for its particularly ambitious and comprehensive sustainability strategy.

In addition to our retail funds, which carry the term »sustainable« in their names, we offer retail funds that integrate sustainability into the investment process. These include our equities funds classified in accordance with Article 8 of the EU Disclosure Regulation, which use a combination of tools designed to integrate ESG aspects (»ESG integrated«). In addition to the BERENBERG SUSTAINABLE WORLD EQUITIES fund, five more equities funds were awarded the FNG Label in the reporting year, each achieving two of the three possible stars. Our bond and multi-asset funds classified under Article 8 of the EU Disclosure Regulation follow an ESG approach based on the binding exclusion or limitation of certain activities (»ESG screened«).

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. Berenberg not only draws on the expertise of its wide network of regional advisors, but also has a competence team for *Foundations & NPOs* at its disposal, which facilitates the transfer of know-how, consolidates knowledge based on experience and makes this available to all advisors in a well-structured way. The employees at the competence team also function as advisors for the client group and specialise via additional training in the area of foundations. The team also acts as a development unit for further developing services designed especially for foundations, church investors and NPOs.

ESG aspects have also become a key component of Berenberg's equity analyses in the *Investment Bank* business division. Berenberg has set up its own ESG team designed to anchor ESG analyses into our core equity research products. For this, we have developed our own frameworks to assess companies' impacts on the

environment, society and economic development. We also prepare sector-specific reports that deal with the most important operational ESG factors.

The first framework aims at measuring the impact a company's products and services have on environmental, social or economic issues – which is based on the UN Sustainable Development Goals. This is a proprietary approach which focuses on internal evaluations by ESG and stock analysts, and engagement with the analysed companies (in contrast to assessments only relying on reported numbers). Berenberg has mapped over 450 companies so far and endeavours to map all 1,250 European and US stocks which are currently covered.

The second framework builds on the Sustainable Accounting Standards Board (SASB) Materiality Map. With support from the ESG team, sector teams apply ESG analysis to all companies in their coverage and provide an evaluation of which have the best sustainability credentials, as well as determining which stand out on direction of travel. Like the first framework, the research teams use bottom-up data that is available from company reports, sustainability reports and discussions with the analysed companies.

Furthermore, our analysts also prepare cross-sector reports on topics such as the circular economy, carbon prices and the energy transition. The aforementioned frameworks and data sources not only form the basis of research reports, but are also increasingly used to support small and medium-sized companies in becoming listed or expanding their ESG-related data during business consultations. For example, Berenberg helps these companies to improve their equity story by encouraging them to show how they are contributing and can contribute to the UN Sustainable Development Goals.

The *Corporate Banking* division has formulated ESG strategies for a wide range of asset classes which, in addition to the initial, primary focus of an ESG-related responsible investment strategy, also partially comply with the requirements of Article 8 of the EU Disclosure Regulation.

Social Engagement

Social engagement 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, as well as 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 talent 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. Owing to the Covid-19 pandemic, the Berenberg Culture Prize could not be awarded in 2021. This was made up for in 2022 with a double award ceremony for the years 2021 and 2022 together. The BERENBERG BANK FOUNDATION OF 1990 also supports the artistic development of gifted up-and-coming talent by awarding scholarships. In its more than 30 years of existence, the foundation has helped over 140 young artists.

Employee Engagement

BERENBERGKIDS is a foundation established in 2009 on the initiative of Berenberg employees. This independent foundation operates autonomously and strives to support children and young people who are socially, physically, mentally, or intellectually disadvantaged. In 2022, employees, clients and business partners donated a total of €274,000 to support this worthy cause. Of these donations, €259,000 has already been used to support 26 projects.

€1,313,171

of donations have been raised by BerenbergKids for disadvantaged children and young people since the foundation was established in 2009.

GUT FEISMANN, a children's hospice offering animal therapy and a supervised multi-generational living facility located on an estate in Münsterland's Darup, received a donation of €25,000 from BERENBERGKIDS in the year under review. The BETHANY CHILDREN'S VILLAGES, home to more than 450 children and young people living in children's village families or residential groups, received €20,000. These children are unable to reside with their biological families for all kinds of reasons. BERENBERGKIDS has also been supporting the association ANKERLAND E.V. and its work with traumatised children and young people for a few years now. Since 2022, ANKERLAND E.V.'s activities have included trauma-informed first aid for children and young people from Ukraine. During the year under review, the foundation supported this work to the tune of €30,000. All told, the foundation was able to provide more than €100,000 in 2022 to assist children and families from Ukraine. Alongside supporting ANKERLAND E.V., this money also went to aid organisations such as KLEINER PRINZ and DEUTSCHES KINDERHILFSWERK, each of which received €25,000.

The annual BERENBERGKIDS STEP CHALLENGE once again saw teams of employees compete against each other in a step-counting competition in 2022 to raise funds. Round-down donations have been another funding source since 2016: employees can voluntarily round down their salary and donate the corresponding cents or euros of their net salary. There are 470 employees in Germany who are currently part of this scheme – with €13,553 collected in this way during the year under review. In addition, BERENBERGKIDS has been home to a bee colony for a few years now, with profits from the sale of honey also going to the foundation.

Besides monetary donations, BERENBERGKIDS also donates time and material items. In the year under review, employees once again made Christmas wishes come true for children from a difficult neighbourhood in the city. In Hamburg, toys and books have been donated to the LESELEO association since 2017. This organisation promotes child language development and reading skills and is particularly active both in refugee accommodations and at the reading club in the QUARREE WANDSBEK shopping centre.

Visit www.berenbergkids.de to see a detailed overview of all the funding projects supported by BERENBERGKIDS in the year under review and to learn more about the foundation's work.

43 %

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

Our colleagues in London also took part in a variety of activities as part of the BERENBERGKIDS initiative to help disadvantaged children and young people. In April 2022, the London office voted for a new charity partner and are pleased to now be supporting THE CHILDHOOD TRUST which aides 800,000 plus children and young people living in poverty in London. Their projects help children who are hungry, cold, behind with their education, at risk of abuse and exploitation, often homeless, and suffering from mental health issues. The BERENBERGKIDS London committee have organised a few in-person fundraising activities, such as internal breakfast mornings, a twice-yearly staff quiz and 12 Berenberg members cycling 100 kilometres through London in the middle of the night. They raised close to £7,000 in 2022. Nine Berenberg employees also participated in a volunteer programme where they spent a day at an impoverished children's home, decorating to make it more liveable.



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. Key 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 US, 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 as

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.*

part of our standard contracts. These items account for the largest procurement volumes by far. 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, Belgium and Switzerland. In the UK and the US, 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 the chapter on Anti-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 any assertions have been confirmed, if applicable, corresponding punitive measures are taken against the individual 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 their 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 copy paper).

3. Risks

Berenberg has a high degree of vertical integration compared with the rest of the industry. Outsourcing takes place 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 be treated equally with regard to the following: ethnic origin, nationality, skin colour, gender, age, religion, world view, marital status, sexual identity and/or orientation, and disability. As an employer, Berenberg is open to all applicants and employees – regardless of gender, age, background, sexual identity and religion, among others. Everyone has the opportunity to bring their interests and skills with them and to shape their career path at Berenberg accordingly. We believe that diversity and the inclusion of different cultures and perspectives play a positive role in how we act and how we collaborate with our wide range of international clients. Web-based training on the German General Act on Equal Treatment (Allgemeines Gleichbehandlungsgesetz, AGG) is mandatory for all employees in Germany and the US 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 and in leadership trainings.

100 %

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

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 paying 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.



Anti-Corruption and Fraud

Management Approach

The banking business environment is constantly changing, determined by regulatory requirements, developments in the global financial markets and not least political and social events at the national and international level. Owing to EU regulations, the term »sustainability« is also becoming increasingly important for financial products. Cryptocurrencies and digital assets are still on the rise and are creating new challenges for financial authorities and the market participants' business models. In addition, the Covid-19 pandemic meant that new approaches and flexible action were required in almost all business areas to protect clients and employees and enable the Bank to provide its services at the high level of quality to which its clients are accustomed. 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 (e.g. offering and taking bribes). 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« principle (KYC) in conjunction with a substantiated risk assessment, as well as the ensuing duties of care vis-à-vis new 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 in relation to anti-corruption and fraud.

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 and 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 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 head and the money laundering reporting officer report directly and regularly to the managing partners, the chair of the advisory board and the audit committee, and regularly exchange information with the head of Internal Audit and the head of Risk Controlling. 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, these rules and principles 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 Index¹¹⁾), 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

¹¹⁾ 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).

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

With a comprehensive training programme and efficient control mechanisms, *Group Compliance* ensures that the applicable standards and guidelines are observed throughout the business.

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 regarding employee transactions.

3. Opportunities and Risks

Opportunities

A bank's reputation is invaluable. Over more than four centuries, Berenberg has built an outstanding reputation, and our brand gives us a strong competitive edge. Our compliance management system allows us to detect misconduct at an early stage. This ensures that we are complying with the statutory regulations while 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 to manage the risks described above.

100 %

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

Outcomes and Performance Indicators

We support efforts to fight financial crime at both the national and international level. In addition to corruption, this includes offences such as money laundering, fraud, terrorist financing and circumventing embargoes and sanctions. Berenberg is a founding member of the nationwide PUBLIC PRIVATE PARTNERSHIP ANTI-FINANCIAL CRIME ALLIANCE (AFCA), an alliance of authorities and private sector companies seeking to intensify collaboration in the fight against money laundering and terrorism financing. In the area of corruption prevention, we consider the KYC principle in conjunction with our risk assessment to be the key basis for deriving appropriate due diligence obligations.

Client Perspective: Know Your Customer

Our KYC regulations serve to protect the Bank from abuse for criminal purposes. As part of our new client acceptance process, we carry out an extensive review of personal and business details. We require a detailed description of the potential account holder as well as, where applicable, the (fictitious) beneficial owner, the planned business activities with Berenberg and 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 client list is regularly and automatically reviewed 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 evaluation can lead to special monitoring of the client relationship, additional security measures or even to the termination of the client relationship.

Employee Perspective: Protection of Employees

At the employee level, the key elements of corruption prevention include guidelines for dealing with invitations and gifts, our training programme, 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 and set clear rules for 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, such 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 system 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 make an open report or opt to submit a report anonymously. 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.

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

0 %
of our 2022 earnings were
generated by Berenberg Group
locations in countries with a
corruption index of than 60 accor-
ding to the CPI¹²⁾ of Transparency
International.

¹²⁾ 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.



EU Taxonomy Reporting

EU TAXONOMY REPORTING

Disclosure Obligations

To meet the greenhouse gas reduction targets of the Paris Agreement and Green Deal, investments in environmentally sustainable activities are required. To incentivise such investments, a classification system has been developed called the EU Taxonomy. As part of their non-financial reporting, companies are required to state whether or not their business activities are in line with the Taxonomy's six environmental goals (i.e., climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, pollution prevention and control, protection and restoration of biodiversity and ecosystems, and the transition to a circular economy). The guiding principle is that one individual activity should make a significant contribution to one environmental goal while, at the same time, not causing any significant damage to the five other goals. An economic activity that meets this principle is deemed *Taxonomy-compliant*. An economic activity is regarded as *Taxonomy-eligible* if it is in the Taxonomy's comprehensive catalogue.

Within the framework of the Taxonomy regulation, financial undertakings report their exposures to Taxonomy-eligible or Taxonomy-compliant activities. This core metric is called the Green Asset Ratio, which is the ratio of Taxonomy-compliant assets to all assets.

Regulation (EU) 2020/852¹³⁾ and Delegated Regulation (EU) 2021/2178¹⁴⁾ govern the implementation of the Taxonomy.

EU Taxonomy reporting began in 2022, and reporting content will be expanded gradually in the period leading up to 2026.¹⁵⁾ The Taxonomy has not yet been fully formulated. There are currently parameters for only two out of six environmental goals (climate change mitigation and climate change adaptation).

As Taxonomy compliance is not yet part of the reporting by non-financial undertakings, the key figures reported are not yet meaningful with regards to their environmental benefit. Rather, this is a first step in understanding the Taxonomy's requirements and providing the necessary data.

¹³⁾ For detailed disclosures, see Chapter 8.

¹⁴⁾ Article 7 and 10 (3) as well as Annexes V and XI are relevant.

¹⁵⁾ See Article 10 (3) of the Delegated Regulation (EU) 2021/2178.

Reported Figures

1. Share of exposures to sovereign, central bank and supranational issuers in total assets	40.67%
2. Share of derivatives in total assets	0.00%
3. Share of exposures to Taxonomy-eligible economic activities in total assets	0.38%
4. Share of exposures to non-Taxonomy-eligible economic activities in total assets	1.71%
5. Share in total assets of exposures to companies that are not required to publish non-financial information under Article 19a or Article 29a of Directive 2013/34/EU.	11.49%
6. Share of short-term interbank loans in total assets	1.32%
7. Share of trading portfolio in total assets	0.16%

Explanations

Berenberg adheres to the European Commission's guidelines in designating various balance sheet items. These, in turn, follow the FINREP definitions, as stated in the official FAQs (December 2021). Data used to determine the key figures are retrieved from the Bank's own reporting software, from which all other regulatory reports are also generated. This ensures a high level of data consistency with other reports.

1. The high, 40.67 % share of exposures to sovereign, central bank and supranational issuers in total assets is mainly due to a high Bundesbank balance, which is in accordance with the Bank's highly conservative investment policy.
2. Derivatives are presented on an off-balance sheet basis, in accordance with the German Commercial Code (HGB), as they are pending transactions.
3. The share of exposures to Taxonomy-eligible and non-Taxonomy-eligible economic activities in our total assets is currently defined as including all companies that employ more than 500 people. In accordance with Article 19a and Article 29a of Directive 2013/34/EU, companies that are below this threshold are not required to report non-financial information. In accordance with our usual business practices, our exposures are mostly to smaller and medium-sized companies with fewer than 500 employees. As a result, these two key figures are relatively low at 0.38 % and 1.71 %. Sectors and individual companies have been classified precisely as either Taxonomy-eligible and non-Taxonomy-eligible, based on NACE codes, which cover all economic sectors.

4. See no. 3.
5. See no. 3.
6. Based on the FINREP definitions, loans processed via clearing accounts – so-called nostro accounts – are also included in the share of short-term interbank loans in total assets. Due to our highly conservative investment and liquidity strategy, we conduct relatively little interbank trading, either as a borrower or as a lender.
7. The trading portfolio is defined as all positions from conventional proprietary trading, in which we engage on a very small scale, in accordance with our business strategy.

Qualitative Data

In accordance with Annex XI of Delegated Regulation (EU) 2021/2178, this report also contains some qualitative information:

The Bank's business strategy continues to be one of providing client-focused services in all main business areas. Conventional proprietary trading is allowed only to a very limited extent. Guided by its clients' needs, the Bank strives to base its product design process on very detailed client interests and requirements. For example, it has long been very active in developing and selling ESG-compliant products, mainly in wealth and asset management and corporate banking. It set up its *ESG office* in 1998 to deal mainly with product design in wealth and asset management.

Client interests are also paramount in securities trading, and there is very little conventional proprietary trading. Most of the portfolio is determined by the service-related character of the (client-initiated) positions. Because of this, the Bank has a very limited influence on the composition of the trading portfolio.

Another component of the Bank's business strategy is its relatively restrained lending policy, which is focused on cross-selling but not as an end in itself. Retail lending, for instance, is not part of the business strategy. Financing Taxonomy-compliant economic activities is an important building block for Berenberg but, in accordance with the aforementioned lending guidelines, less for direct financing than in active product design, for example in the issue of green energy funds or comparable products.

ABOUT THIS REPORT

Reporting Practice

The present publication is our sixth Sustainability Report and meets the requirements of the EU Directive on the disclosure of non-financial information, including in particular the requirements of Section 289 of the German Commercial Code (HGB) on non-financial statements. It describes the activities of the Berenberg Group, 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 2022. All of the information refers in principle to Joh. Berenberg, Gossler & Co. KG. Information on the Berenberg Group is designated as such.

The report is available for the next ten years at the following link:
www.berenberg.de/en/csr-report2022

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 (VEREINIGUNG FÜR FINANZANALYSE UND ASSET MANAGEMENT, DVFA) 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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