BERENBERG WEALTH AND ASSET MANAGEMENT

IMPACT REPORT

BERENBERG SUSTAINABLE MULTI ASSET DYNAMIC

September 2022

Disclaimer

This information is a marketing communication. This information and references to issuers, financial instruments or financial products do not constitute an investment strategy recommendation pursuant to Article 3 (1) No. 34 Regulation (EU) No 596/2014 on market abuse (market abuse regulation) nor an investment recommendations pursuant to Article 3 (1) No. 35 Regulation (EU) No 596/2014, both provisions in connection with section 85 (1) of the German Securities Trading Act (WpHG). As a marketing communication this document does not meet all legal requirements to warrant the objectivity of investment recommendations and investment strategy recommendations and is not subject to the ban on trading prior to the publication of investment recommendations and investment strategy recommendations. This document is intended to give you an opportunity to form your own view of an investment. However, it does not replace a legal, tax or individual financial advice. Your investment objectives and your personal and financial circumstances were not taken into account. We therefore expressly point out that this information does not constitute individual investment advice. Any products or securities described may not be available for purchase in all countries or only in certain investor categories. This information may only be distributed within the framework of applicable law and in particular not to citizens of the USA or persons resident in the USA. The statements made herein have not been audited by any external party, particularly not by an independent auditing firm. Any future returns on fund investments may be subject to taxation, which depends on the personal situation of the investor and may change in the future. Returns on investments in foreign currencies may increase or decrease due to currency fluctuations. In the case of investment funds, you should always make an investment decision on the basis of the sales documents (key investor document, sales prospectus, current annual, if applicable, semi- annual report), which contain detailed information on the opportunities and risks of the relevant fund. In the case of securities for which a securities prospectus is available, investment decisions should always be made on the basis of the securities prospectus, which contains detailed information on the opportunities and risks of this financial instrument, otherwise at least on the basis of the product information document. An investment decision should be based on all characteristics of the fund and not just on the sustainability-related aspects . All the aforementioned documents can be obtained from Joh. Berenberg, Gossler & Co. KG (Berenberg), Neuer Jungfernstieg 20, 20354 Hamburg, Germany, free of charge. The fund sales documents and the product information sheets for other securities are available via a download portal using the password »berenberg« at the Internet address https://docman.vwd.com/portal/berenberg/index.html. The sales documents of the funds can also be requested from the respective investment management company. We will be pleased to provide you with the specific address details upon request. A fund investment involves the purchase of shares in an investment fund, but not a specific underlying asset (e.g. shares in a company) held by that fund. The statements contained in this document are based either on own company sources or on publicly accessible third-party sources, and reflect the status of information as of the date of preparation of the presentation stated below. Subsequent changes cannot be taken into account in this document. The information given can become incorrect due to the passage of time and/or as a result of legal, political, economic or other changes. We do not assume responsibility to indicate such changes and/or to publish an updated document. Past performance, simulations and forecasts are not a reliable indicator of future performance. Please refer to the online glossary at www.berenberg.de/glossar for definitions of the technical terms used in this document. Date: 05.09.2022.

On MSCI ESG Research: Although Joh. Berenberg, Gossler & Co. KG's information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG Parties"), obtain information (the "Information") from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. The Information may only be used for your internal use, may not be reproduced or redisseminated in any form and may not be used as a basis for, or a component of, any financial instruments or products or indices, Further, none of the Information can in and of itself be used to determine which securities to buy or sell or when to buy or sell them. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages

Berenberg

Established in 1590, today Berenberg is one of the leading private banks and one of the most dynamic banks in Europe. Our business is based on client focus, responsibility, first-class knowledge and solution-oriented thinking. Our Wealth Management, Asset Management, Investment Banking and Corporate Banking divisions offer solutions for private and institutional investors, companies and organisations.

CONTACT:
Alina Finkmann
Wealth and Asset Management
Joh. Berenberg, Gossler & Co. KG
Alina.Finkmann@berenberg.com

Contents

Impact Spotlights[1]

The Four Global Challenges

Through its products or services, every portfolio position contributes to the solution of one of the four defined global challenges within our impact framework.

Demography & Health

21% of portfolio positions address this challenge

- Each year, **30 million patients,** who, for example, suffer from heart diseases or cancer, are treated with **Boston Scientific's** products.
- **Mips** has sold **12.6 million helmet-based safety units** since inception, advancing brain protection in e.g. sports.

Climate Change

22% of portfolio positions address this challenge

- **1,500 tons of CO_2** saved through reduced energy consumption in **Equinix** cooling systems.
- **Energiekontor** developed renewable energy plants with a capacity of **over 1 GW** since its establishment.

Sustainable Growth & Innovation

32% of portfolio positions address this challenge

- Over **70%** of **HDFC Bank's** home loan approvals were granted to low- and middle-income customers in India.

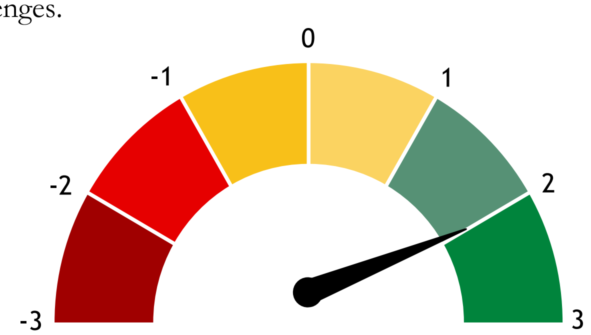
Responsible Use of Resources

252% of portfolio positions address this challenge

- **Waste Connections** was able to recycle **1.8 million tons of waste**, being on track to reach their goal of recycling 50% of their collected waste until 2033.

The Berenberg Net Impact Score

Via the Berenberg Net Impact Model application, we obtain a Net Impact Score at the portfolio level, which can range from -3 to 3. A score higher than 0 indicates a net positive impact in relation to the four defined global challenges.

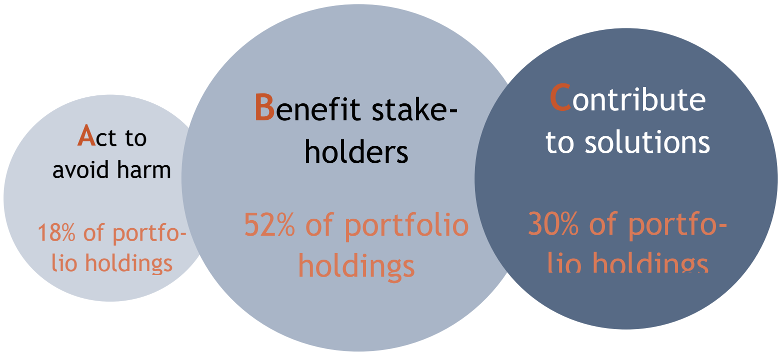


2022: 2,0

[1] The Berenberg Net Impact Model is applied to the portfolio as of March 31st 2022. All graphic representations are our own.

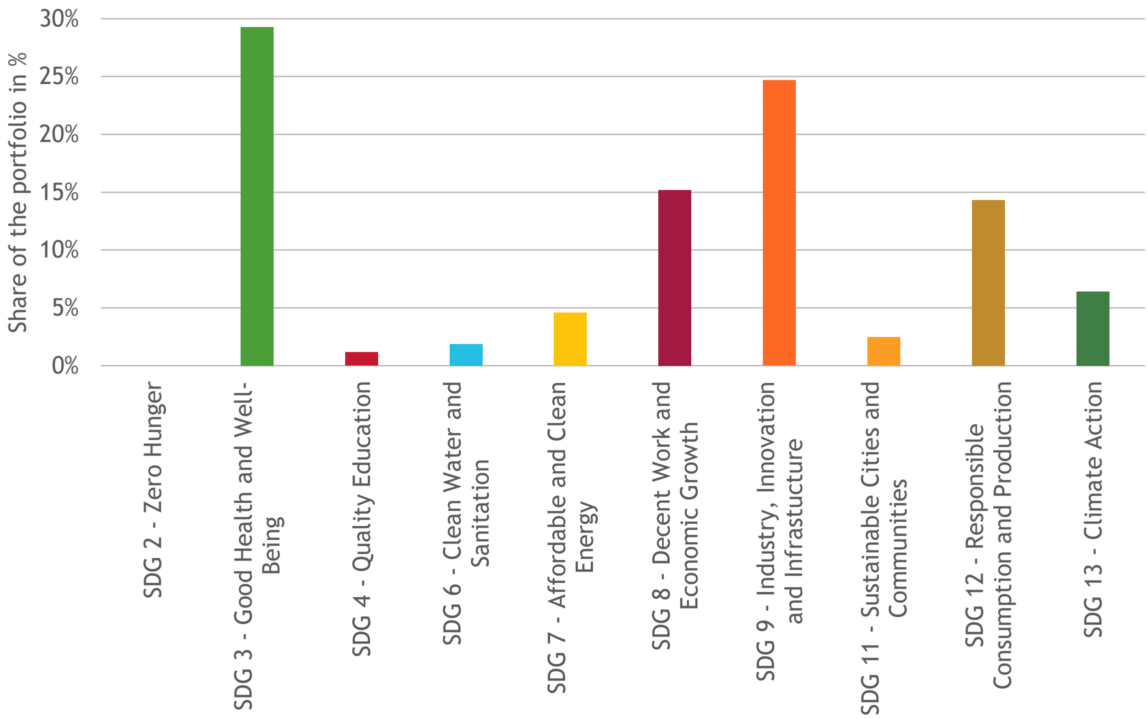
The ABC Model

Within the classification scheme of the ABC model by the Impact Management Project (IMP)[2], we evaluate the criticality of companies' or issuers' solutions and classify them into the categories "Act to avoid harm" (A), "Benefit stakeholders" (B) and "Contribute to solutions" (C), with C being the category generating the strongest impact.



The Sustainable Development Goals (SDGs)

We map our portfolio holdings according to their contribution to ten of the most investible Sustainable Development Goals by the United Nations. More information on the SDGs can be found in the dedicated SDG chapter.



[2] See "IMP – A Guide to Classifying the Impact of an Investment", available at https://impactmanagementproject.com/impact-management/how-enterprises-manage-impact/.

Impact at Berenberg – An Introduction

At Berenberg Wealth and Asset Management, the funds in our category *"Impact focused"* apply a holistic approach to sustainability, and we combine several ESG instruments to provide a sound approach to impact[3]. We integrate ESG aspects in our investment process through exclusions, analysis and active ownership activities such as engagement. As an additional step exclusive to the funds in our *"Impact focused"* category, we apply an impact framework.

The Baseline: ESG Integration

As a solid foundation, the funds in our category *"Impact focused"* use ESG integration tools such as exclusions, screening and ESG analysis. Generally, we recognise that the integration of ESG helps our portfolio management to adequately analyse risks and returns. We incorporate ESG criteria by analysing ESG risks and opportunities using our own research and third-party providers. The open dialogue between our investment and ESG professionals allows us to integrate their industry experience and knowledge into our ESG approach and to develop and strengthen it continuously. In addition to our general ESG exclusions, which apply to the Berenberg Wealth and Asset Management product platform[4], the impact-focused investment funds apply additional exclusion criteria in order to further mitigate the risk of potential adverse effects and to avoid clear negative impact investments.

Inducing Positive Change via Active Ownership

Active ownership activities such as direct company engagement are part and parcel of our ESG and impact-focused approach and key tools in understanding company behaviour when it comes to sustainability issues. Having an open dialogue with companies and other issuers encourages transparency and allows us to gain better insights. We regularly engage with companies and consistently monitor our engagement results. Through our engagement, we are not only able to make investment decisions in regards whether we buy, sell or hold – as an active investor, we also help to improve the sustainability profile of companies in the long term and reduce risks. We believe that our active ownership approach can create positive change in the issuer or company and can, ultimately, benefit society or the environment and help to overcome global challenges.[5]

---

[3] For further information on our internal ESG categories please refer to our Berenberg WAM ESG Policy and our website www.berenberg.de/en/esg-publications.

[4] Further information on the application scope of our exclusions can be found in our publicly available Berenberg WAM Exclusion Policy, available at www.berenberg.de/en/esg-publications.

[5] For more information, see our Engagement Policy as well as our Active Ownership Report, available at www.berenberg.de/en/esg-publications.

The Value Add: Our Approach to Impact

For the funds of our category *"Impact focused"*, we apply an additional impact framework, which consists of targeting specified global challenges with our investments as well as a proprietary impact measurement and analysis tool. We use this impact approach to exclusively invest in portfolio holdings that generate a measurable positive impact on the environment and/or society.

Our impact approach has developed over time, reflecting our long-standing experience within this segment. Apart from continuously monitoring ongoing market developments, we conduct our own studies and compose white papers on relevant ESG- and impact-related topics, which has helped to form our approach and confirmed our impact-related perspectives. We strive to further evolve our approach and do not shy away from challenging our views.

Confirmed by the findings of our survey from 2018[6] and its updates from 2021[7] and 2022[8], we identified the SDGs that are investible as well as important. Based on these findings, we developed a set of four key global challenges, which are at the heart of our impact framework:

- Demography & Health;
- Climate Change;
- Sustainable Growth & Innovation; and
- Responsible Use of Resources

Every portfolio holding in our impact-focused investment funds undergoes in-depth impact analysis, within which we assess the portfolio holdings' contributions to the respective challenges. We also map them to the Sustainable Development Goals based on their contribution.

A further aspect within our impact-related framework is the development of a proprietary Berenberg Net Impact Model, in which we holistically analyse and assess the positive as well as potentially negative impact of our portfolio holdings. We discuss the details and methodology in the next chapter.

This report entails information on our approach to impact as well as portfolio-related information for the Berenberg Sustainable Multi Asset Dynamic fund that was launched in 2021.

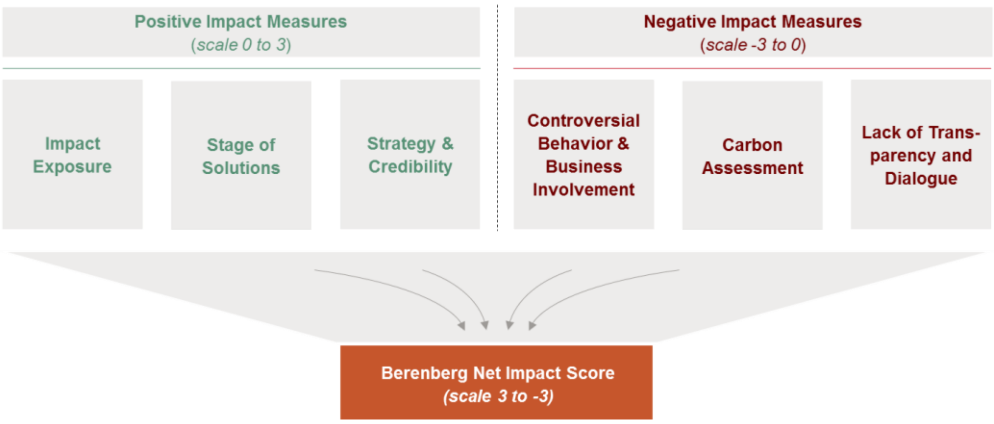
[6] See Berenberg Wealth & Asset Management Study "Understanding the SDGs in Sustainable Investing", available at www.berenberg.de/en/esg-publications

[7] See Berenberg Wealth & Asset Management Study "Berenberg ESG Survey: Exploring investor sentiment", available at www.berenberg.de/en/esg-publications

[8] See Berenberg Wealth & Asset Management Study "Berenberg ESG Survey: SDG and Climate Investing – Exploring Investor Sentiment", available at www.berenberg.de/en/esg-publications

Berenberg Net Impact Model – Our Methodology

We use our proprietary Berenberg Net Impact Model to comprehensibly quantify the positive and potentially negative impact that our portfolio holdings generate in relation to the four defined global challenges of Demography & Health, Climate Change, Sustainable Growth & Innovation and Responsible Use of Resources. We defined specific measures in the positive as well as the negative impact space, with which we aim to holistically capture the net impact of our portfolio holdings. For each holding, every impact measure is analysed individually and given a score, which is summed up at the issuer or company level and finally aggregated at the portfolio level. These scores are based on quantitative and qualitative measures.



The positive impact measures do not only capture the contribution of the business model to one of the four global challenges, but also consider the stage of impact as well as the company's strategy and credibility. In our view, this provides a more holistic and forward-looking view on a company's positive impact. Within specified assessment frameworks for each pillar, we award scores between 0 and 3.

- ❖ The pillar *Impact Exposure* quantifies the extent to which a portfolio holding addresses one of the four global challenges via its product and service offering. The measure relies on several financial metrics such as revenue exposure to one of the global challenges, and accounts for adjustments that capture future-orientated efforts such as R&D spending, capex investments and sector-specific key performance indicators.
- ❖ The pillar *Stage of Solutions* integrates the ABC approach as defined by the Impact Management Project (IMP)[9]. The criticality of a company's or issuer's solutions are analysed and classified into the categories "Act to avoid harm" (A), "Benefit stakeholders" (B) and "Contribute to solutions" (C), with C being the category generating the strongest impact.
- ❖ On a company level, the pillar *Strategy & Credibility* considers the depth and ambition of ESG-related commitments and targets as well as achieved

[9] See "IMP – A Guide to Classifying the Impact of an Investment", available at https://impactmanagementproject.com/impact-management/how-enterprises-manage-impact/

performance that underline the company's credibility. In a forward-looking way, this pillar seeks to capture how far companies have embedded their sustainability and impact-related efforts into their cultures, their DNA and overall business strategy. This measure relies on publicly available information regarding the company's sustainability key performance indicators

Similarly, the negative impact measures seek to quantify the negative externalities of the issuer or company. Within specified frameworks, we award scores between -3 and 0.

- In the pillar *Controversial Behaviour & Business Involvement* we analyse (potentially) existing controversial behaviour and conflicts as well as involvements in and exposure to controversial business sectors and activities. The measure relies on the data and analysis framework from our external data provider, which is complemented with our own research as well as potential adjustments such as productive engagement activities.
- The pillar *Carbon Assessment* quantifies and evaluates a company's CO_2 impact as well as possibly existing countermeasures such as carbon reduction initiatives. We rely on data from our external data provider and use publicly available company information. The specified framework for this measure accounts for benchmark comparisons and sector-specific CO_2 levels.
- The pillar *Lack of Transparency & Dialogue* assesses the overall level of company transparency regarding ESG and impact data as well as openness to dialogue in the context of engagement activities.

The result of the model application is a Net Impact Score in a range of -3 to 3, whereas a score higher than 0 indicates a net positive impact in relation to the four global challenges. The maximum Net Impact Score of 3 demonstrates a strong positive impact and no or sufficiently offset negative impact.

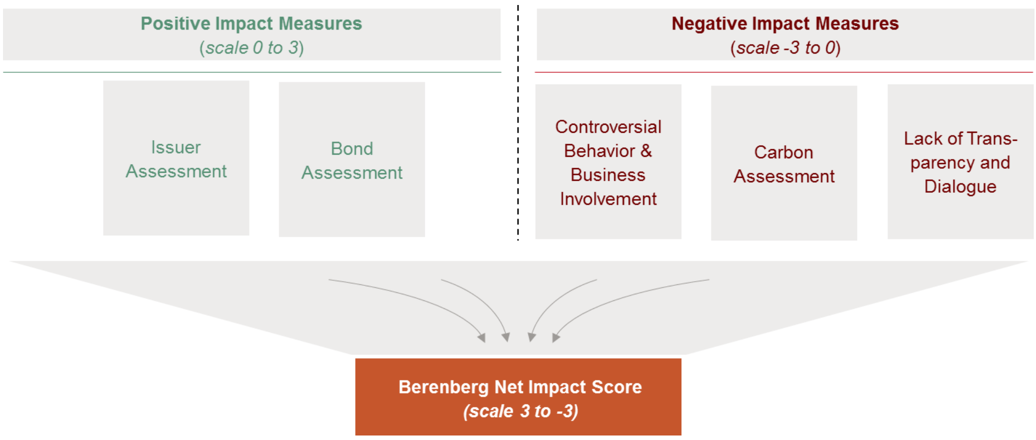
Within the fixed income segment, certain adjustments to the Berenberg Net Impact Model presented above are required to capture the characteristics of fixed income investments fully and correctly. For this purpose, we differentiate between:

1. regular bonds, for which the proceeds are not exclusively tied to specific projects or assets and for which we consequently apply the model presented above based on the issuer's impact; and
2. use-of-proceeds bonds, such as green, social or sustainability bonds for which we apply an adjusted model.

In case of green, social and sustainability bonds (and similar structures), certain adjustments in the evaluation and scoring of the net impact are required[10]. These bonds are issued under dedicated frameworks that govern the exact use of proceeds and include further requirements on their allocation and impact reporting. Investing in a green, social or sustainability bond means that the investor is directly providing

[10] For definitions on Green Bonds (G), Social Bonds (S) and Sustainability Bonds (ST), please refer to https://www.icmagroup.org/sustainable-finance/.

funds to finance a specific environmentally or socially beneficial project – this may include the financing of a new wind park or the development of a rare disease treatment. Consequently, we incorporate the direct positive impact the investment in a green, social or sustainability bond has into our scoring approach. This also implies that the current impact of the issuer and its business model must be evaluated differently. Particularly, green and sustainability bonds are often issued by companies that we would describe as transition stories or as issuers that play a vital role in the transition to a low-carbon economy. Therefore, the most relevant factor for these issuers is not the impact they already have through their current business activities, but the successful transition to being a more sustainable issuer, their future positive impact as well as the direct impact we can have through the use-of-proceeds feature of green, social and sustainability bonds.



Consequently, the positive impact pillar is adjusted, and we assess and score the issuer as well as the bond itself as below.

- The pillar *Issuer Assessment* only scores the strategy and credibility of the bond issuer and neglects the (potential) current impact of the business model itself. We focus on the sustainability strategy, transition ambitions and what role the issued green, social or sustainability bond plays within the issuer's overall business activities and strategy.
- The pillar *Bond Assessment* evaluates the direct positive impact of the green, social or sustainability bond that results from the financed projects and assets. We focus on the actual value-add from the projects or assets (*Impact Exposure*), the consistency and quality of the *Bond Framework* as well as the allocation and impact reporting (*Transparency & Impact Reporting*). Additionally, we apply the ABC approach mentioned above to score the *Stage of Solution* that the specific projects provide.

Similar to the presented standard model, we also include the negative impact and externalities that the issuer of a green, social or sustainability bond may have on the environment or society. Hence, the negative impact pillar ("Negative Impact Measures") always refers to the issuer and is identical to the negative impact measurement we have already introduced.

Comprehensive and valid data is crucial to our Berenberg Net Impact Model. We rely on publications from portfolio holdings and data from our external ESG data provider. We additionally integrate information which we gather through our engagement activities, from sell-side research or other relevant sources.

For our assessments and scoring methodology, we specify clear scoring frameworks to arrive at objective and comprehensible scoring results. However, there remains a discretionary part within the model for which we, at this point, cannot establish specified and reasonable thresholds. We realise that this could be a potential shortcoming of the model, however, we also see benefits in establishing a methodology which is not entirely rigid and thus able to reflect the unique opportunities or challenges in specific business models. We discuss our view on this and our envisioned outlook for future developments in the “Outlook” section.

Demography & Health

The Challenge of Demography & Health

The United Nations' Sustainable Development Goal 3 aims at improving the lifelong health and well-being of all people. Although major advances in medicine have been made over the past decades, inequality regarding the healthcare levels of different countries remains high, and new challenges arise as the global population becomes wealthier and lives longer. Similarly, the Goal of ending hunger and malnutrition (SDG 2) persists and its hurdles change throughout the decades.

The trend is clear: The World Health Organisation estimates that the share of people aged 60 years and older will rise from 12% in 2015 to 22% of the world's population in 2050.[11] With it, typically age-related diseases such as cancer, dementia and cardiovascular diseases now represent the by far most common causes of death. Chronic diseases such as type 2 diabetes and hypertension, which are often lifestyle-related, are also on the rise.[12] At the same time, medical treatments and innovations need to be distributed more equally. Regarding nutrition, the United Nations estimates that, in 2019, an estimated 2bn people did not have regular access to safe, nutritious and sufficient food.[13]

Contributing to the Solution — Our Portfolio Holdings

In the face of these challenges, there is a strong need for innovative solutions, which are of high quality but also affordable. Many companies have specialised in offering exactly that. For example, new technologies in the space of pharmaceuticals and data-driven solutions already contribute to a better understanding of diseases and allow for more accurate diagnoses as well as personalised and potentially less invasive treatments. Further, companies offering healthcare services and elderly care solutions are important facilitators to overcome challenges, as are companies focusing on healthy and environmentally sustainable nutrition.

[11] https://www.who.int/news-room/fact-sheets/detail/10-facts-on-ageing-and-health
[12] https://ourworldindata.org/causes-of-death
[13] https://www.un.org/sustainabledevelopment/hunger/

Our portfolio positions[14] addressing the challenge:

Addlife	AstraZeneca	Boston Scientific	Chemometec
Corp. Andina	Dechra Pharmaceuticals	Evotec	Givaudan
LBBW	LHC	Lifco	Lonza
MIPS	Novo Nordisk	Royalty Pharma	Ryman Healthcare
Siemens Health	Straumann	Thermo Fisher	

[14] As of 31 March 2022

A Case Study — Ryman Healthcare

Company Overview

Founded in 1984, the New Zealand-based company Ryman Healthcare operates retirement homes in New Zealand and Australia. Ryman Healthcare has 6,700 employees and owns approx.. 15% of the retirement home and aged-care market in New Zealand.

Positive Impact

In its 45 operational retirement homes with 8.538 retirement units, Ryman Healthcare is able to serve more than 13.200 residents. Ryman Healthcare offers a variety of retirement living options that cater to different type of needs and capabilities, including independent living, assisted living and care. Regarding the latter, Ryman Healthcare offers 4.239 care beds. Their overall occupancy is currently at 96%. All of its revenues are thus focused on solutions addressing the global challenge of Demography and Health.

Retirement homes is an important solution for an ageing population such as the ones in New Zealand and Australia. The projected population aged over 75 by 2065 in both countries is estimated at 5.3 million people, whereas it is at 2.3 today. The company has industry-leading patient care quality grades. The company is able to provide solutions to pressing matters.

Potentially Adverse Impact

The largest contributor to the carbon emissions footprint of Ryman Healthcare is the electricity used for the operation of its homes. The company has set interim targets to reduce carbon emissions and focuses on embodied carbon of the buildings by e.g. developing timber structures and replacing stell and concrete elements. Ryman Healthcare does not face controversies relating to problematic behaviour and is not involved in any controversial business activities.

Summary

Berenberg Net Impact Score	2,4	
Sustainable Development Goals	3	3 GOOD HEALTH AND WELL-BEING
ABC Classification	C	

Climate Change

The Challenge of Climate Change

Climate change is humanity's greatest challenge. Its consequences pose risks for specific sectors, companies, and countries. These include physical risks caused by natural disasters and changing weather patterns as well as more frequent and more extreme weather events, but also so-called transition risks, which relate to the ability of companies to transition to low-carbon or climate-neutral business models. In addition to the direct impacts, progressive climate change and the associated global warming have potentially significant negative effects on the achievement of the United Nations Sustainable Development Goals.

The report of the Intergovernmental Panel on Climate Change (IPCC) published in 2018 stresses the relevance of achieving the goal to limit global warming to 1.5°C, since the risks arising from climate change become even greater beyond this.[15] Annual greenhouse gas (GHG) emissions are now more than 50% higher than in 1990. While all countries experience the effects of climate change, countries that are not accountable for high emissions are often hit harder due to missing resources to withstand negative effects.[16]

Adding to the Solution — Our Portfolio Holdings

We recognise our responsibility to contribute to the fight against climate change through our investment decisions and collaboration with our portfolio companies and other investors. We believe that the necessary transition to a low-carbon economy also offers opportunities. For example, we welcome innovations in the renewable energy and energy efficiency sectors. Especially in industrial applications or the real estate sector, these can induce meaningful positive change. Also, new technologies that optimise the control and regulation of cooling systems in data centres or research in renewable natural gas positively contribute to mitigating climate change.

[15] See "Global warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty, available at: https://www.ipcc.ch/sr15/chapter/spm/.

[16] https://ourworldindata.org/greenhouse-gas-emissions

Our portfolio positions[17] addressing the challenge:

Schneider Electric	Energiekontor	Koninklijke DSM	SiteOne Landscape
Sika	Somfy	Equinix	Carel Industries
Infineon	Kingspan	Assemble Generali	CPI Property Group
Ontario TFT	CTP	NordLB	Banco Sabadell
EIB	ERG	Commerzbank	

[17] As of 31 March 2022

A Case Study - ERG

Company Overview

ERG SpA is an Italian utility company focussed on the renewable energy segment. The company is primarily active in onshore wind farms and solar with a total installed renewable capacity of 2.4GW (as of FYE21) across Italy and Europe.

Positive Impact

ERG is an important player in the European renewable energy space. Over the past decade the company quickly transformed itself from a fossil fuel / oil-based energy company to a primarily renewable-focused company. Through its clean energy generation ERG for example helped to avoid approx. 3mn tones of CO2e emissions - equivalent to more than 800,000 round-trip Rome/New York flights.[18] In its most recent strategic plan for 2022-2026, ERG targets to almost double its renewable energy capacity to 4.6GW (from 2.4GW in 2021) and to spend 100% of its Capex for activities consistent with the UN SDGs. Additionally, ERG has the ambitious goal of becoming Net Zero by 2040.[19] To fund the further growth in the renewable segment and expand across Europe, ERG frequently issues green bonds. Proceeds of the green bond issued in 2020 were used to finance a total of 48 wind and solar plants with a total capacity of 533MW. In 2021 the already operation plants generated 418GWh of clean energy leading to CO_2 savings of 242k tonnes of CO_2e.

Potentially Adverse Impact

ERG comprehensively reports on its sustainability metrics and does not face any material controversies. ERG has been additionally generating energy from a thermoelectric plant in Sicily over the past years which substantially increased the carbon footprint of the company and led to negative environmental externalities. However, the company plans to fully divest its natural gas business by the third quarter of 2022 and, through its ambitious business and sustainability strategy, plays an essential role in increasing Europe's clean energy capacity.

Summary

Berenberg Net Impact Score	2,3
Sustainable Development Goals	7 & 13
ABC Classification	C

[18] https://www.erg.eu/en/sustainability/planet
[19] https://www.erg.eu/en/sustainability/esg-at-the-core-of-erg-strategy

Sustainable Growth & Innovation

The Challenge of Sustainable Growth and Innovation

While economic growth might not be an end in itself, it has significant effects on global levels of poverty. However, against the background of climate change and finite natural resources, economic growth needs to be environmentally sustainable while at the same time adhering to and promoting social standards such as fair and inclusive labour practices. As defined by the United Nations' Sustainable Development Goal 8, the aim is to achieve sustained, inclusive, and sustainable economic growth with full and productive employment and decent work for all.

Innovation is one of the fundamental factors when it comes to both an individual company's success and stable and sustainable economic growth. Creating and fostering corporate cultures that accelerate highly innovative ideas requires ongoing effort – yet only those companies making this effort remain economically viable and can, ultimately, solve global challenges and induce positive change.

Further, education and, in a wider sense, social enablement and empowerment are essential aspects in achieving the goal of smart, green and fair growth for the global population. Although major advancements have been made in recent decades, achieving inclusive and equitable quality education, as aimed for by the United Nations' Sustainable Development Goal 4, is still a long way off.

Contributing to the Solution – Our Portfolio Holdings

Companies offering solutions to this challenge contribute, among other things, to financial inclusion, access to and affordability of public transportation, or the reduction of dependence on non-renewable resources. Easily accessible and low-cost technologies can advance education and skills or help small businesses create jobs sustainably. Further, affordable housing and solutions that advance inclusive, sustainable cities are needed. Generally, R&D expenditure and strong innovation capabilities can lead to the development of much needed solutions

Our portfolio positions[20] addressing the challenge:

Addtech	AIA Group	ASML	BE Semiconductor
Caixabank	Caja Rural	Cassa Depositi e Prestiti	Chile
Comet	Deere	Epiroc	Hamburger Hochbahn
HDFC	Interconti-nental Ex-change	KHFC	London Stock Exchange
Madrid	Mastercard	Microsoft	Moody's Corp
NetCOmpany	PayPal	ServiceNow	TechnoProbe
Transunion	Wordline		

[20] As of 31 March 2022

A Case Study — HDFC Bank

Company Overview

HDFC Bank is the largest private sector bank in India as measured by balance sheet and offes a comprehensive range of financial products and services to a diverse customer base. HDFC has c120,000 employees and operates in approx. 2,900 cities and towns.

Positive Impact

Rising income in India is driving the demand for financial services across income brackets and, as such, financial inclusion is crucial for India's sustained economic growth. As the nation's largest private bank and with its focus on rural and semi-urban areas, HDFC is offering financial services to the under-banked population of the country. 75% of HDFC clients come from the low and middle income segments, whereas 48% of housing loans were first-time home buyers.

Through dedicated programs, HDFC facilitates livelihood enhancement opportunities, particularly for women and youth, primarily in agriculture and allied areas such as dairy and poultry. The objective is to foster formal and local jobs, enhance household income and discourage migration.

Potentially Adverse Impact

HDFC operates in a business, where a lack of responsible lending can lead to adverse impacts. To mitigate these risks, HDFC has dedicated policies and systems in place to address client protection. These focuse, among other things, on transparency, financial literacy of customers, prevention of over-indebtedness and data privacy. Further, HDFC has an exclusion policy with regards to controversial and harmful business activities. HDFC faces some controversies relating to Governance standards, that are currently assessed as moderate but are being monitored.

Summary

Berenberg Net Impact Score	**2,0**
Sustainable Development Goals	**9**
ABC Classification	**B**

Responsible Use of Resources

The Challenge of a Responsible Use of Resources

The planet's natural resources are finite. Yet they are central to human wellbeing, as they form the basis of our health and prosperity. Over time, the global use of resources has increased, accelerated by industrialisation and globalisation. At this point, some natural resources are overexploited. This in turn threatens livelihoods and jeopardises whole ecosystems.[21]

Numbers can give a sense of the extent of this. The global use of freshwater has increased almost sixfold since 1900 to c4trn m^3 in recent years.[22] Globally, c368m tons of plastics were produced in 2019[23], but only 9% of the plastics manufactured between 1950 and 2015 was recycled.[24]

To mitigate the adverse effects of the overuse of natural resources, a drastic change of consumption and production patterns is required. Resource efficiency during production processes is often a starting point. Further, innovative technologies that decouple natural resource use and environmental impact from economic activity are needed. Measures that mitigate scarcity, reduce losses, and optimise resource management systems can positively induce change and accelerate a transition towards a circular economy.

Contributing to the Solution — Our Portfolio Holdings

Companies offering solutions to this challenge contribute, among other things, to a drastic reduction of resources used and advance their recycling capabilities. This can, for example, include: avoiding and reducing packaging or replacing it with innovating packaging solutions; cutting the amount of food waste; and protecting and managing water as well as optimising its use. Further, sustainable solutions to treat and manage waste and new recycling technologies are much needed.

Our portfolio positions[25] addressing the challenge:

Linde	**Danaher**	**Veolia Environment**	**Xylem**
Alphabet	**Waste Connections**	**HelloFresh**	**AutoStore**
Acea	**Xylem**	**FCC Servicios Medio Ambiente**	**JFM**
Lands-bankinn			

[21] https://www.iisd.org/articles/sustainable-use-natural-resources-governance-challenge
[22] https://ourworldindata.org/water-use-stress
[23] https://www.statista.com/topics/5401/global-plastic-waste/
[24] https://www.oecd.org/environment/waste/policy-highlights-improving-plastics-management.pdf
[25] As of 31 March 2022

A Case Study – Waste Connections

Company Overview

Founded in 1997, the Canada-based company Waste Connections is an integrated waste services company, active in the areas of waste collection, transfer, disposal and recycling. Waste Connections operates in the United States and Canada and is the third largest waste management company in North America.

Positive Impact

The efficient use of our resources is a key element for mitigating harmful effects from climate change, environmental degradation, loss of biodiversity and other ecological challenges. Waste Connections contributes to solutions through its business model, which is focused on resource recovery. Waste Connections recycles between 50% and 70% of collected waste volumes in many markets. Their target is to increase the rate of resources recovered by 50% by 2033 through e.g., investing in state-of-the-art recycling projects.

Resource recovery is also relevant for the landfills, for which Waste Connections deploys gas recovery systems and provides renewable energy to some of the local communities: the generated electricity is used by local households, local industrial facilities alternative fuelled vehicles. Their target for this area is to increase biogas recovery by 40% until 2033.

Potentially Adverse Impact

Adverse impacts of Waste Connections relate to the generated carbon emissions from solid waste collection and biodegradation processes for certain waste streams within landfills. Waste Connections actively pursues projects and targets that enable emissions offsets, including recycling and the beneficial use of landfill gas. In total, the emission offsets exceed the company's emissions from operations by over 3.2 times, thus, resulting in a net negative carbon footprint. Waste Connections does not face controversies relating to problematic behaviour and is not involved in any controversial business activities.

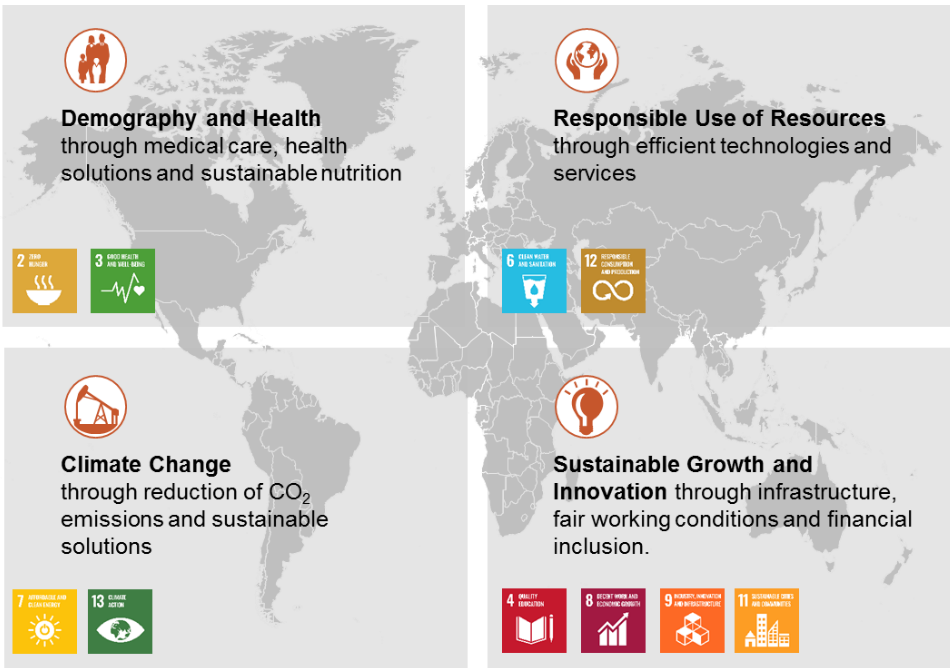
Summary

Berenberg Net Impact Score	**2,2**
Sustainable Development Goals	**12**
ABC Classification	**B**

The Sustainable Development Goals

Confirmed by the findings of our survey from 2018[26] and its updates from 2021[27] and 2022[28], we identified the SDGs that are investible as well as important. Based on these findings, we defined the four key global challenges Demography and Health, Climate Change, Sustainable Growth and Innovation and Responsible Use of Resources. These challenges are at the heart of our approach to impact.

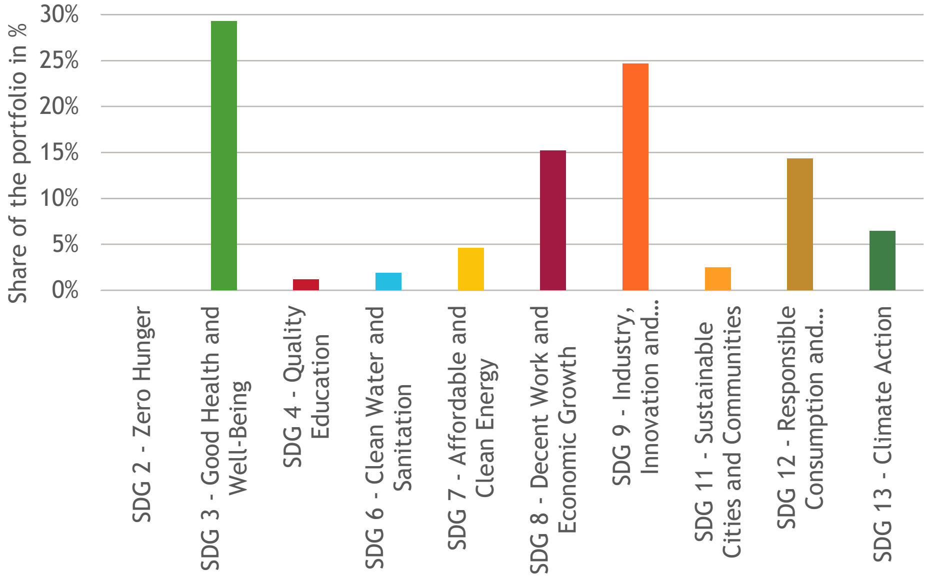
An additional part of our impact framework is the mapping of our portfolio holdings with respect to their contribution to some of the SDGs. As a first step, we assigned 10 investible SDGs to our four core global challenges, as per the graphic below.[29]



The four global challenges and the SDGs
Source: Berenberg

In a second step, we mapped our portfolio holdings to the respective SDGs of the specific global challenge (see step one). Based on its primary contribution, each portfolio position is assigned to 1-3 of the SDGs. We show portfolio weights alongside the respective SDGs – if an investment contributes to several SDGs, the portfolio weight is allocated proportionately:

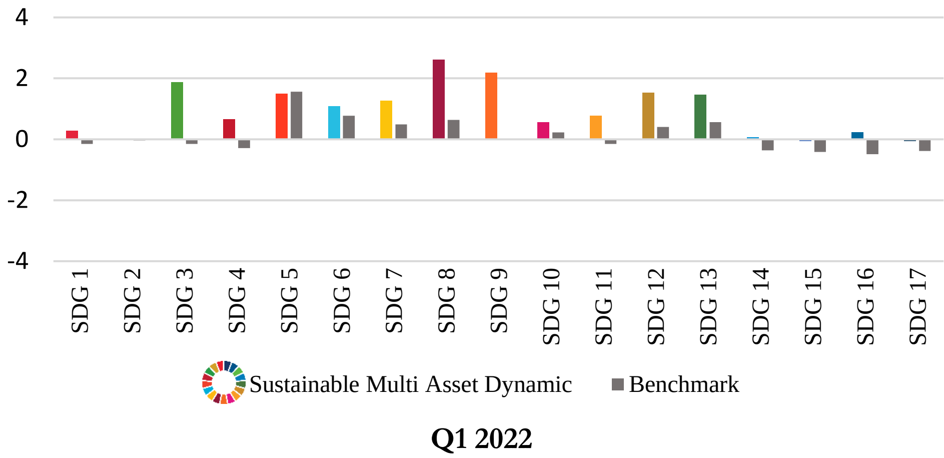
[26] See Berenberg Wealth & Asset Management Study "Understanding the SDGs in Sustainable Investing", available at www.berenberg.de/en/esg-publications.
[27] See Berenberg Wealth & Asset Management Study "Berenberg ESG Survey: Exploring investor sentiment", available at www.berenberg.de/en/esg-publications.
[28] See Berenberg Wealth & Asset Management Study "Berenberg ESG Survey: SDG and Climate Investing – Exploring Investor Sentiment", available at www.berenberg.de/en/esg-publications.
[29] An overview of all SDGs can be found in the appendix.



The portfolio holdings mapped to the SDGs as per March 31st of 2022
Source: Berenberg

Finally, as an additional view on the fund holding's contribution to the SDGs, we compare the so-called "SDG Net Alignment Scores" of the fund with its regular benchmark as well as a sustainability index. We use SDG Net Alignment Scoring data from an external data provider MSCI ESG and combine this with our own Net Impact Score data. For constituents not covered by our internal analysis, we only use data from the external provider.

The graph shows the fund's relative positive SDG net alignment compared to that of the respective benchmark. It is important to note that the two methodologies, namely our own as well as the external data providers', are not identical. However, both are based on a similar approach of considering positive and negative contributions and scoring those respectively. We believe this to be a further valuable indication of the fund's performance when it comes to the SDGs:

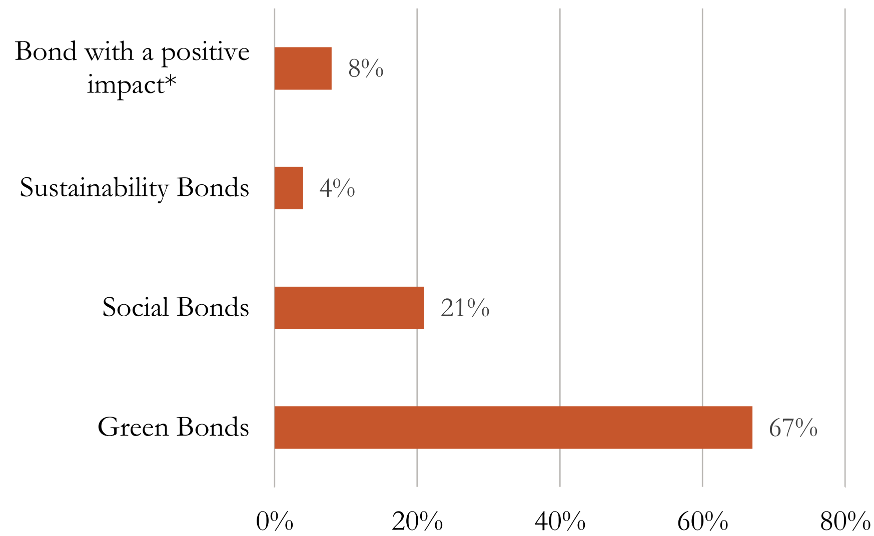


MSCI Net Alignment of SDG Scores compared to benchmark as per March 31st 2022
Source: MSCI ESG, own calculations and presentation. Certain information © 2021 MSCI ESG Research LLc. Reproduced by permission

Additional ESG and Impact-related Information

Use of Green, Social and Sustainability Bonds

Share of Green, Social and Sustainability Bonds in the Portfolio

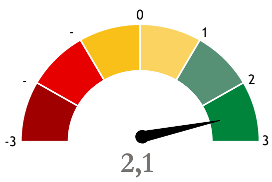


* Bonds from issuers that have a positive impact on the environment and society through their business model and offered products and services
Source: Bloomberg
Based on holdings as of 31 March 2022

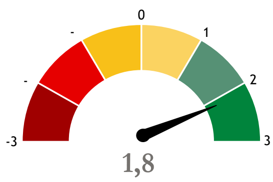
Average Net Impact Score per Global Challenge

Additional to the portfolio level as shown within our "Spotlights" section, we measure and showcase the average Berenberg Net Impact Score per global challenge.

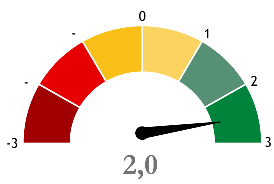
Demography & Health

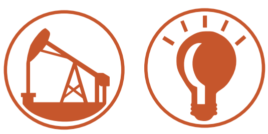


Responsible Use of Resources

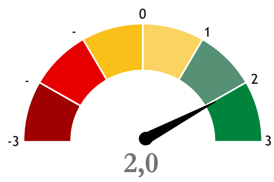


Climate Change



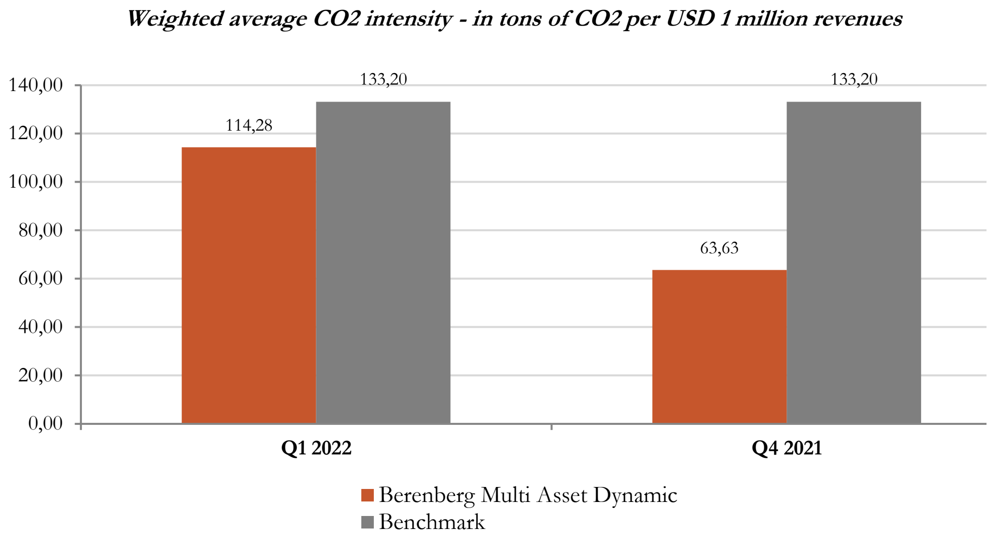


Sustainable Growth & Innovation



CO_2 Intensity

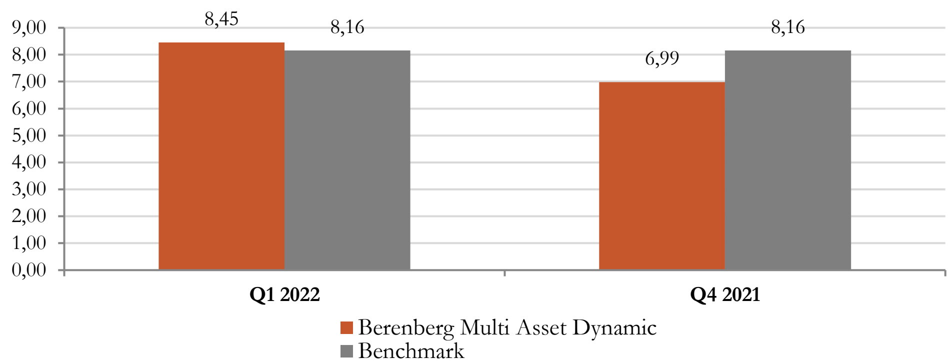
While the fund does not specifically target to minimize its carbon intensity, we recognize the importance of our companies' carbon exposure and climate impact, which is also why we explicitly incorporate the introduced *Carbon Assessment* pillar in our proprietary Berenberg Net Impact Model. Emissions data such as CO_2 intensity are relevant parameters which can be used to assess the efficient management of a company and the extent of transition risks. We compare this with the regular benchmark.



Source: MSCI ESG, own calculations and presentation. Certain information © 2021 MSCI ESG Research LLc. Reproduced by permission. Portfolio as of 31 March 2022 and 31 December 2021.

ESG Score

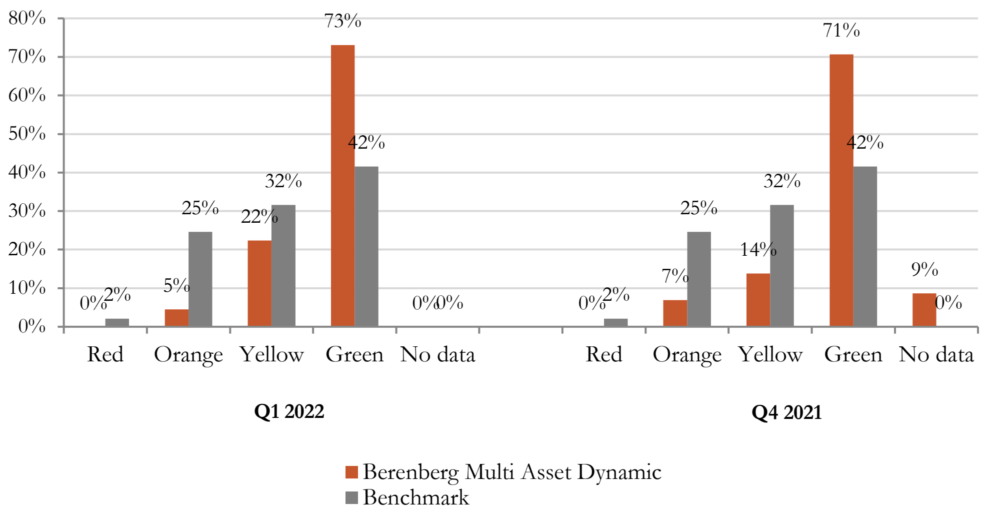
Using a score between 0 (lowest score) and 10 (highest score), MSCI ESG assesses the ability of portfolio holdings to identify and manage environmental, social and governance-related risks compared to peers.



Source: MSCI ESG, own calculations and presentation. Certain information © 2021 MSCI ESG Research LLc. Reproduced by permission. Portfolio as of 31 March 2022 and 31 December 2021.

ESG Controversies Screen

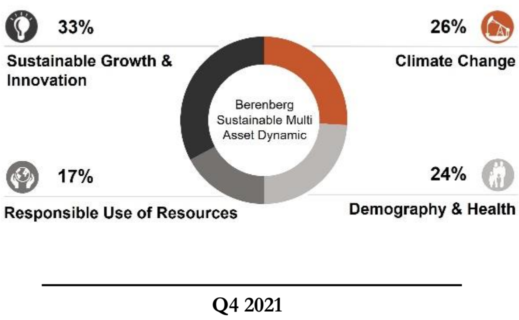
Investments in the fund are monitored for ESG controversies and, with the help of MSCI ESG data, flagged according to their severity.

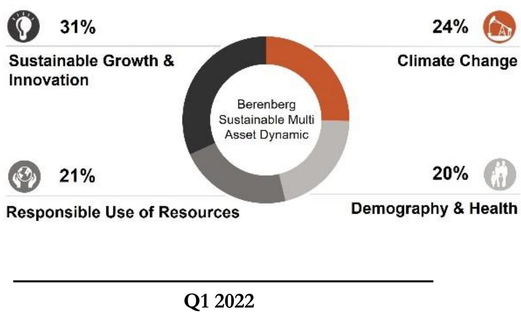


Source: MSCI ESG, own calculations and presentation. Certain information © 2021 MSCI ESG Research LLc. Reproduced by permission. Portfolio as of 31 March 2022 and 31 December 2021

The Four Global Challenges

As presented earlier in the report, every portfolio position contributes to the solution of one of the four defined global challenges within our impact framework. Here we present the share of investments within the challenges over time.





Progress and Outlook

Last year, we integrated an additional data provider for timely controversy monitoring into the methodology of our Net Impact Model, namely RepRisk. This data provider identifies ESG risks and controversies by daily analysing systematically on the basis of artificial intelligence and machine learning a vast quantity of sources on a daily basis. With this, we were able to enrich the database within the pillar "*Controversial Behaviour and Business Involvement*" and have, thus, further enhanced our overall approach.

We aim to constantly review our methodology to improve our Berenberg Net Impact Model, to increase its objectivity and clarity and to align it with best-practice standards. We will keep developing the Berenberg Net Impact Model, taking into account the evolving landscape of impact-related data providers and numerous impact measurement initiatives.

We also closely watch market, regulatory and academic developments in the impact measurement space. For example, we are excited to see how the EU taxonomy for sustainable activities will influence impact measurement practice and will dynamically react to upcoming best-practice standards.

Appendix

1. Methodology

Below, we detail our methodology to calculate mentioned parameters.

Chapter "Spotlights"

Four Global Challenges

The proportion of each key structural theme in the fund is calculated via the total percentage-weighted portfolio share of the companies that primarily address each key challenge.

The ABC Model

Depending on the relevant business activity, each of the fund's holdings is classified to one of the three categories "Act to avoid harm" (A), "Benefit stakeholders" (B) or "Contribute to solutions" (C). We calculate the percentage-weighted portfolio share of the companies within each category.

The Sustainable Development Goals

In a first step, we set a framework in which we assigned 10 investible SDGs to our four core global challenges. In a second step, depending on the relevant business activity, each of the fund's holdings is mapped to the SDGs of the respective specific global challenge that the holding addresses. Based on its primary contribution, each investment is assigned 1-3 goals. Portfolio weights are shown along with the respective SDGs – in the case of investments that contribute to several SDGs, the portfolio weight is allocated proportionately.

Chapter "Additional ESG and Impact related Information"

Share of Green, Social and Responsibility Bonds

Each portfolio holding is classified as a green bond, social bond, sustainability bond or 'regular' bond without any use-of-proceeds features, based on publicly available information (e.g. Bloomberg, issuer documents or Second Party Opinions). Individual bond weights are then aggregated on a portfolio level.

CO_2-Intensity

The CO_2 intensity per company (Scopes 1 and 2) is multiplied by the portfolio weight of the company (current value of the investment divided by current fund value) and summed up. This weighted average CO_2 intensity provides an indication of the portfolio's exposure to CO_2 emission-intensive companies.

The calculation of emissions data is based on indicators recommended by the G20's Task Force on Climate-related Financial Disclosures (TCFD).

2. Sustainable Development Goals (SDGs)

- SDG 1 – No Poverty
- SDG 2 – Zero Hunger
- SDG 3 – Good Health and Well-being
- SDG 4 – Quality Education
- SDG 5 – Gender Equality
- SDG 6 – Clean Water and Sanitation
- SDG 7 – Affordable and Clean Energy
- SDG 8 – Devent Work and Economic Growth
- SDG 9 – Industry, Innovation and Infrastructure
- SDG 10 – Reduced Inequality
- SDG 11 – Sustainable Cities and Communities
- SDG 12 – Responsible Consumption and Production
- SDG 13 – Climate Action
- SDG 14 – Life Below Water
- SDG 15 – Life on Land
- SDG 16 – Peace, Justice and Strong Institutions
- SDG 17 – Partnership to achieve the Goals

BERENBERG
PARTNERSHIP SINCE 1590