

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

<p><b>Sustainable investment</b> means an investment in an economic activity that contributes to an environmental objective or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.</p>	<p>Product name: Berenberg Aktien Mittelstand</p>	<p>Legal entity identifier: 529900FZZAG4CUQZC267</p>
<b>Environmental and/or social characteristics</b>		
<b>Does this financial product have a sustainable investment objective?</b>		
<p>  <input type="checkbox"/> Yes</p>	<p>  <input checked="" type="checkbox"/> No</p>	
<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b>: ___%  <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b>: ___%</p>	<p><input type="checkbox"/> It promotes <b>Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments  <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> with a social objective</p> <p><input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments.</p>	

## What environmental and/or social characteristics are promoted by this financial product?



This Fund promotes environmental and social characteristics within the meaning of Article 8 of the Disclosure Regulation.

Environmental and social characteristics are taken into account in the investment decisions such as climate change and environmental pollution in the field of the environment, working conditions, health and safety in the social sector. In addition, aspects such as bribery, corruption and unfair business practices are considered in corporate governance.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The ESG exclusion process excludes companies associated with certain products or activities such as controversial arms or thermal coal mining and power generation from coal. The Berenberg ESG exclusion criteria set a minimum standard from an ESG perspective that companies must satisfy in order to qualify as a potential investment for the portfolio. The Fund applies activity-based exclusions. Companies with the following activities are excluded:

- Conventional weapons (upstream activities, production and downstream activities)  
    > 5% turnover
- Controversial weapons (upstream activities, production and downstream activities)  
    > 0% turnover
- Nuclear weapons (upstream activities, production and downstream activities)  
    > 0% turnover
- Thermal coal (production) > 5% turnover
- Power generation from coal (production) > 10% turnover
- Atomic/nuclear energy (incl. uranium mining, power generation from atomic/nuclear energy, operation of atomic/nuclear power plants as well as the production of essential components for atomic/core power plants) > 5% turnover
- Unconventional oil & gas (production) > 5% turnover
- Tobacco (production) > 5% turnover

The Fund also applies norm-based screening in relation to international frameworks such as the "UN Global Compact Principles", "OECD Guidelines for Multinational Enterprises" and "Standards of the International Labour Organisation (ILO)". The Fund also applies other norms-based screening based on MSCI ESG Research's ESG controversy methodology. On this basis, companies are identified that are directly involved in ongoing particularly serious ESG controversies. These are generally excluded for investment. In the event of serious ESG controversies, the portfolio management enters into direct engagement with the company, both in the case of existing holdings and in the case of potential new investments, in order to analyse the controversy together with the company and to make a final investment decision based on this analysis. This commitment is undertaken by the portfolio management, but not on behalf of the Fund.

Further information on ESG integration can be found in the section on investment strategy.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm environmental or social objectives.*



## Does this financial product consider principal adverse impacts on sustainability factors?

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environment, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Yes,

The Fund takes into account principal adverse impacts (PAIs) through binding elements of its investment strategy. More specifically, PAIs are taken into account by activity-based exclusions based on corporate revenues and norms-related exclusions.

The PAI indicators included in the investment strategy are the following:

4. "Exposure to fossil fuel companies" through:

Turnover-based exclusion criteria for companies involved in:

- Coal power generation
- Thermal coal mining and distribution
- Extracting oil and gas from unconventional sources.

7. "Activities that have an adverse effect on vulnerable biodiversity areas" and 28. "Soil degradation, desertification, soil sealing" through:

Exclusion criteria for companies with a direct link to ongoing particularly serious ESG controversies including biodiversity and land use.

8. "Water emissions" and 9. "Share of hazardous and radioactive waste" through:

Exclusion criteria for companies with a direct link to ongoing particularly severe ESG controversies including pollutant emissions and waste.

10. "Violations of the UNGC principles and the guidelines of the Organisation for Economic Co-operation and Development (OECD) for Multinational Enterprises" and 11. "Missing processes and compliance mechanisms for monitoring compliance with the UNGC principles and the OECD Guidelines for Multinational Enterprises" through:

Exclusion criteria for companies with severe violations of the UN Global Compact principles, the OECD Guidelines for Multinational Enterprises and other international standards and frameworks.

14. "Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons)" through:

Exclusion criteria for companies involved in the production and/or distribution of controversial weapons (including anti-personnel mines, cluster munitions, chemical and biological weapons).

Information on PAIs is available in the Fund's annual report (annual reports from 01/01/2023).

No

## What investment strategy does this financial product follow?

The **investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The investment objective of Berenberg Aktien Mittelstand is to achieve long-term capital growth, which is intended to exceed the performance of the benchmark over a medium to long-term period. The main driver of this is the above-average profit growth of the selected companies. The strategy is based on a disciplined bottom-up stock selection of attractive secondary stocks in the German-speaking region. With their focused business models, the established niche companies have strong market positions in their home market and globally. They offer sustainable and above-average growth with high profitability and are often owner-managed. Key criteria are end markets with structural growth, high barriers to entry and excellent management teams.

Investments are made in stocks that meet the applied ESG exclusion criteria. The ESG exclusion process excludes investments associated with specific products or activities. ESG risks and opportunities are considered in investment decisions and during the holding period, including through:

- Monitoring of individual stocks in relation to various ESG aspects,
- Regular critical and constructive dialogue with the company's management team,
- Early identification of issues that could raise ethical questions and potential risks as well as trends and opportunities arising from ESG issues.

The ESG exclusion process excludes companies associated with certain products or activities such as controversial arms or coal mining and power generation from coal. The Berenberg ESG exclusion criteria set a minimum standard from an ESG perspective that companies must satisfy in order to qualify as a potential investment for the portfolio. In addition, based on the ESG controversies analysis provided by our external ESG data provider, we identify all companies that are directly involved in ongoing particularly serious ESG controversies. These are generally excluded for investment. In the event of serious ESG controversies, the portfolio management enters into direct engagement with the company, both in the case of existing holdings and in the case of potential new investments, in order to analyse the controversy together with the company and to make a final investment decision based on this analysis.

The ESG risk and opportunity analysis is based on internal research, exchanges with the companies and data from external data providers. Relevant ESG issues are openly discussed and monitored within the investment team and in dialogue with the ESG Office. Based on a bottom-up approach, a fundamental assessment process applies exclusion criteria and analyses industry-relevant ESG criteria, *inter alia*, to determine a sustainability profile of companies. Alongside ESG compliance, long-term profitability remains the key selection factor.

Part of the ESG integration are also our activities in active ownership, in which we as investors try to exert a positive influence on companies with regard to their handling of ESG aspects. This includes, among other things, engagement, *i.e.* direct dialogue with companies on specific ESG aspects. Within the framework of a structured engagement process, existing and/or potential ESG controversies as well as other ESG-relevant aspects are addressed. Through this engagement, portfolio management can determine whether a company/issuer acknowledges existing and/or potential issues and develops strategies to address them as well as identify ESG/sustainability opportunities.

In addition, based on the "Berenberg Wealth and Asset Management Proxy Voting Policy", recommendations for voting at general meetings of portfolio companies are defined by the portfolio management in cooperation with the Berenberg Wealth and Asset Management ESG Office. The Berenberg Wealth and Asset Management ESG Office passes on these recommendations to the capital investment company Universal Investment, which in turn takes these recommendations into account when exercising voting rights.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicators described above to measure the attainment of the Fund's environmental and/or social characteristics are the binding elements of the Fund's investment strategy.

**Good governance practices** include sound management structures, employee relations, remuneration of staff and tax compliance.

- **What is the policy to assess good governance practices of the investee companies?**

Good governance practices of investee companies are evaluated on the basis of the following elements of the investment strategy:

- Application of norm-based ESG exclusion criteria and monitoring of ESG controversies with the exclusion of companies directly related to ongoing particularly serious ESG controversies, including on governance practices and compliance with international standards based on the Berenberg Wealth and Asset Management ESG principles and ESG exclusion criteria
- Engagement with portfolio companies associated with serious ESG controversies based on the Berenberg Wealth and Asset Management engagement principles
- ESG analysis based on internal research, sharing with the companies and data from external ESG data providers, including on governance practices
- Making recommendations to the investment company on how to vote at general meetings of portfolio companies on the basis of the Berenberg Wealth and Asset Management proxy voting policy



**The asset allocation** describes the share of investments in specific assets.

### What is the asset allocation planned for this financial product?

The asset allocation of the Fund and to what extent the Fund may take direct or indirect exposures to companies can be found in the Terms and Conditions of Investment.

Taxonomy-aligned activities are expressed as a share of:  
- **turnover** reflecting the share of revenue from green activities of investee companies  
- **capital expenditure** (CapEx) showing the green investments of investee companies, e.g. for a transition to a green economy  
- **operating expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivatives are used in accordance with the provisions of the Terms and Conditions of Investment. Derivatives are neutral positions of the portfolio in line with the sustainability strategy and do not explicitly serve to attain the Fund's environmental and/or social characteristics.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The minimum level of sustainable investments with an environmental objective as defined by the EU Taxonomy is 0%.

The Fund promotes environmental and/or social characteristics, but does not have sustainable investments as a target and therefore does not take into account the criteria of Article 2(17) of the Sustainable Financing Disclosure Regulation (SFDR) or the EU Taxonomy.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

Yes:

In fossil gas  In nuclear energy

No

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

1. Taxonomy-alignment of investments including sovereign bonds\*



2. Taxonomy-alignment of investments excluding sovereign bonds\*



*\* For the purposes of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

<sup>1</sup> Fossil gas and/or nuclear energy activities are only aligned with EU Taxonomy if they contribute to climate change mitigation ("climate protection") and do not significantly impair any EU Taxonomy objective. The full criteria for activities aligned with EU Taxonomy in the field of fossil gas and nuclear energy are set out in the Commission Delegated Regulation (EU) 2022/1214.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The “Other” category includes cash and investments in products that are used for hedging purposes.

For other investments not covered by the Fund's sustainability strategy, there are no binding criteria to take into account minimum environmental and/or social safeguards. This is due either to the nature of the assets for which, at the time of drawing up these contractual documents, there are no legal requirements or normal market procedures governing how to implement minimum environmental and/or social protection for such assets, or else specific investments are excluded from the sustainability strategy, which are then also not subject to the audit of minimum environmental and/or social protection.



### **Where can I find more product-specific information online?**

**More product-specific information can be found on the website:**

Unit class M A

<https://fondsfinder.universal-investment.com/api/v1/DE/DE000A14XN42/document/SRD/de>

Unit class R A

<https://fondsfinder.universal-investment.com/api/v1/DE/DE000A14XN59/document/SRD/de>

Unit class B A

<https://fondsfinder.universal-investment.com/api/v1/DE/DE000A2JF7M7/document/SRD/de>