



BERENBERG

PARTNERSHIP SINCE 1590

July 2021

Arundel and Brighton Diocese

ESG & Impact Reporting



01 ESG Footprint



A&B Diocese ESG & Impact Footprint

Overview



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We are conscious of the rapid evolution of ESG investing and the ways in which ESG credentials and expectations are met. We seek to address this in part through a multifaceted approach and throughout the investment process. Reporting on your ESG Footprint provides an overview of the outcome and impact your portfolio has on the environment and society and we demonstrate this in the following ways.

ESG Footprint

Using MSCI ESG's comprehensive database we are able to provide data on the following metrics:

- **MSCI ESG Scores** (indicates how well a security manages its most material ESG risks relative to sector peers).
- **Carbon Intensity** (measures volume of Scope 1 and 2 CO2 emissions by ton against \$m of sales revenue).
- **Controversy Flags** (indicates reputational risk as well as the operational handling of controversial business practices).

Net Impact Score & SDGs

By using our own proprietary model, we are able to calculate the net impact of your portfolio by considering positive and negative factors such as:

- ⊕ **Impact Exposure**
- ⊕ **Strategy & Credibility**
- ⊕ **Stage of Solutions**
- ⊖ **Controversial Behavior**
- ⊖ **Carbon Assessment**
- ⊖ **Lack of Transparency and Dialogue**

We map up to 3 SDGs per position in the portfolio using our own internal database. In addition we can provide the portfolio's net revenue alignment to the SDGs using MSCI ESG's database. However given its methodology, we are able to combine MSCI ESG's analysis with our own using our internal database.

Engagement & Case Studies

Active engagement with companies and issuers allows us to gain valuable insights and to encourage more transparency.

Additionally, **proxy voting**, through the provision of vote recommendations to our administrator, is an effective way to communicate our views concerning good corporate governance and other ESG aspects as well as to directly and positively influence corporate policies.

We are able to provide you with an overview of the following:

- **Engagement examples**
- **Aggregate proxy voting figures**
- **Collaboration and involvement in initiatives**

MAIF 1 MSCI ESG Footprint

MSCI ESG Footprint Background

MSCI ESG is used to identify the metrics below. The data is collected on a company basis and then aggregated to a portfolio level.

ESG Ratings

The MSCI ESG scores aim to measure a company's resilience to long-term ESG risks and give an indication of the key issues of a company.

Carbon Intensity

Carbon emissions are important to determine how a company is positioned to manage potential increased costs linked to carbon pricing or regulatory caps and the mitigation of its negative effects. It may also give an idea of how efficiently a company operates.*

Controversy Flags

MSCI ESG analyses controversial business practices across these five areas:

- Environment;
- Human rights;
- Labour rights & supply management;
- Customers; and
- Governance.

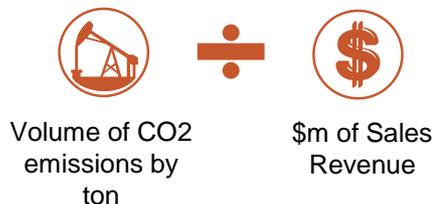
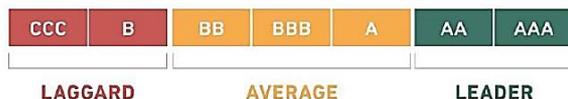
The scores represent the Final Industry-Adjusted Score of the issuer. The scores indicate how well an issuer manages its most material ESG risks relative to sector peers.

To arrive at a final letter rating, the weighted average of the key issue scores are aggregated and companies are ranked from best (AAA) to worst (CCC).

The Carbon risk is estimated through the volume of Scope 1 and 2 CO₂ emissions by ton against \$m of sales revenue.

The controversies are rated according to their reputational risk as well as the operational handling by a flagging system.

Green indicates no or weak controversies, yellow indicates moderate controversies, orange indicates severe controversies and red indicates very severe controversies.

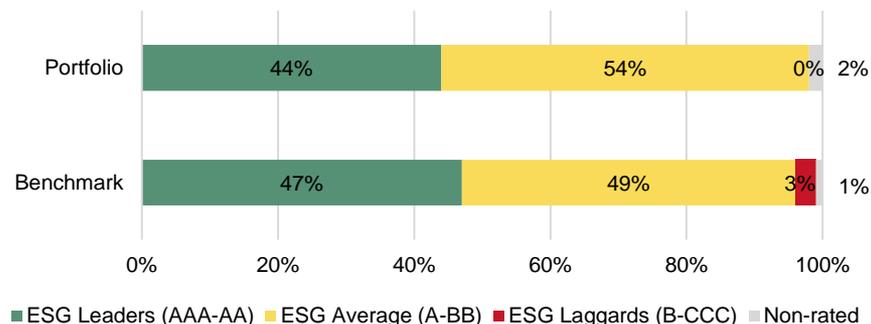


Flag	Controversy level	Score
Green	No or weak	5-10
Yellow	Moderate	2-4
Orange	Severe	1
Red	Very Severe	0

*Although it should be interpreted in the context of the company's business and strategy e.g. a carbon-intensive business may provide solutions to climate change.

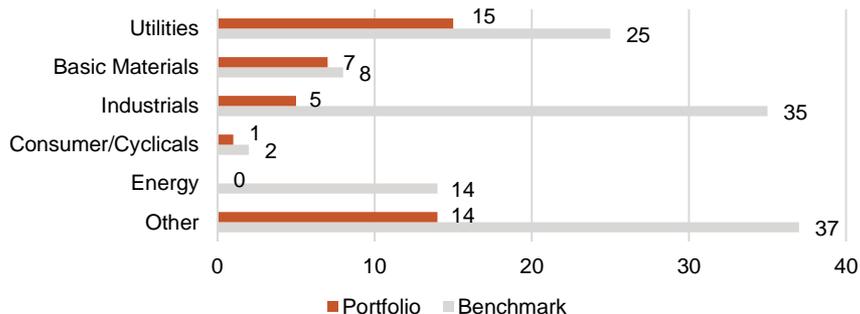
MAIF 1 ESG Footprint Overview

MSCI ESG Ratings Distribution



Companies with an MSCI ESG Rating from CCC-B are considered to be laggards, ratings from BB-A are moderate and companies with a rating from AA-AAA are ESG leaders (CCC-AAA). The chart includes the total ESG score of companies and evaluable mutual funds. Money market and alternative investments are excluded.

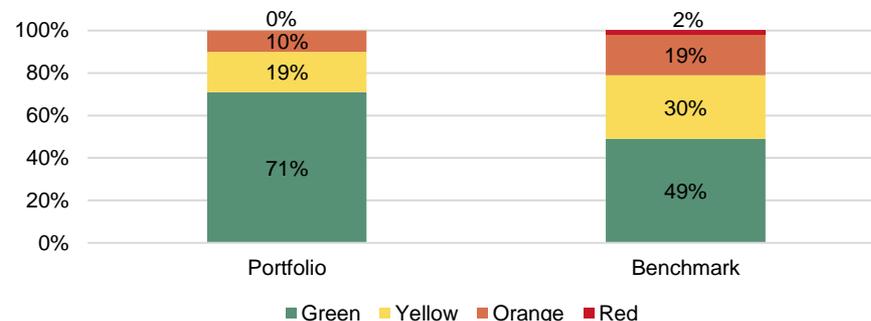
Most Carbon Intensive Sectors (Scope 1 & 2 emissions in tCO2e/\$m Sales)



Scope 1 refers to emissions from the company and Scope 2 includes emissions from purchased energy, such as electricity. Funds, alternative investments and money market are excluded. Carbon dioxide intensity is represented by the carbon risk multiple. A carbon risk multiple that is considered to be: very low is 0-15, low is 15-70, moderate is 70-250, high is 250-525 and very high is equal to or over 525.

Source: MSCI ESG Research LLC, own calculations and visualisations as at 09/07/21.

Controversy Flags Comparison



Companies with orange flags have controversies that are examined in more detail in the form of engagement and with a comprehensive risk analysis. Red flags are excluded from an investment.

Key Points:

- ESG Leaders in your portfolio include Dechra Pharmaceuticals and ASML (AAA and controversy score 10).
- ESG scores highlight potential strengths and weaknesses, but do not replace our own internal analysis, particularly as there is a bias against small cap companies. Thus, there are companies with a low ESG scores that are not necessarily in line with what we believe, e.g. Boston Scientific.
- Similarly, there may be companies with high MSCI ESG scores but a low controversy score which may prompt engagement, e.g. Microsoft.

Note: The benchmark is comprised of MSCI USA, MSCI Europe ex UK, MSCI UK, iBoxx GBP Gilt 5-7yrs, iBoxx Sterling Corp. 5-7yr, with weights in line with your benchmark without cash.

02 Impact Footprint



Global Challenges Create Opportunities for Growth



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Top 5 investable SDGs* as starting point for the development of the 4 fund themes

Internal research

Aim of the 4 fund themes:

- Ensure investability
- Invest in companies with solutions to global challenges
- Make a positive contribution on a broad basis

Top 5 investable SDGs and associated challenges

4 fund themes

- 
 - 1 in 3 people have no access to clean drinking water.
 - 795 million people worldwide are undernourished.
 - By 2050 - with current developments - resources of 3 planets would be needed to meet demand.
- 
 - Since 1990, global CO₂ emissions have increased by ~60%.
- 
 - About 60% of CO₂ emissions come from energy production and consumption.
 - Increasing risk of rising sea level until 2065 by ~30cm.
- 
 - By 2030, worldwide 470 million jobs for those entering the job market needed.
 - Officially over 5% of all people unemployed.
 - Global gender pay gap is 23%.
- 
 - Over 8.5 billion people will inhabit the earth by 2030.
 - By 2050 over 16% of the world population will be over 65 years old.
 - More than 6 million children under the age of 5 die every year - more than 45% of them due to poor nutrition.



Our goal: Responsible use of resources

Investments in efficient technologies and services.



Our goal: Contributing against climate change

Reduction of CO₂ emissions through sustainable solutions and renewable energies.



Our goal: Sustainable growth and innovation

Infrastructure, fair working conditions and financial inclusion.



Our goal: Contributing to demography and health

Meeting increasing demand for medical care and investment in health and sustainable nutrition.

* UN Sustainable Development Goals

Source: Figures retrieved from UN sources in 2020, WWF, Nature Research, Berenberg

Berenberg Net Impact Model

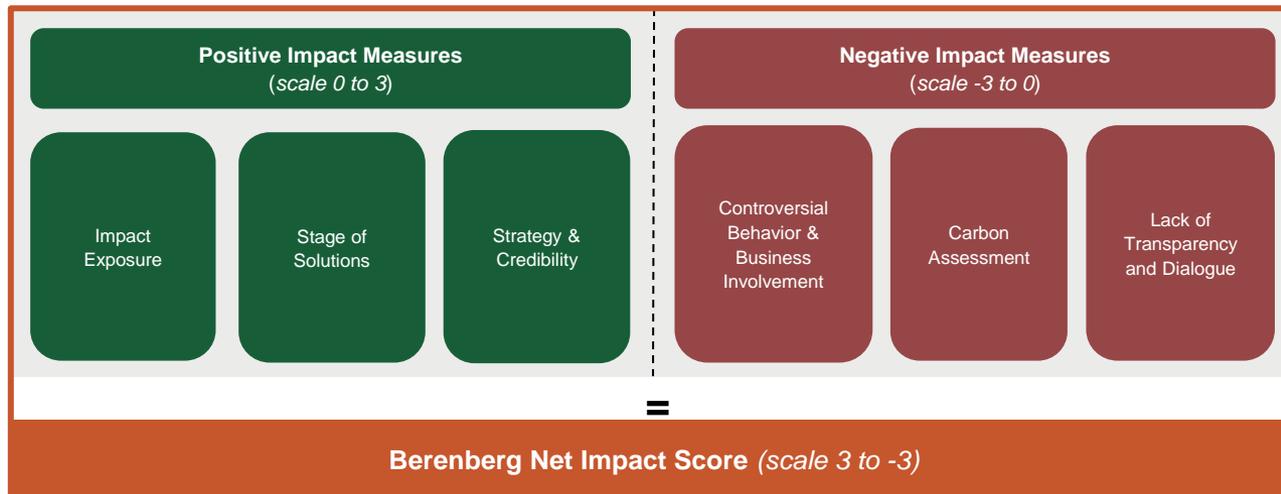
Overview

Why we do it

- Improve transparency and make impact of portfolio holdings more comprehensible
- Integration of Berenberg's four global challenges, SDGs and portfolio management's company knowledge

Key characteristics

- Proprietary model
- Positive and negative aspects is captured in the Net Impact Model
- Aligned with industry best practice standards
- Comprehensible SDG mapping



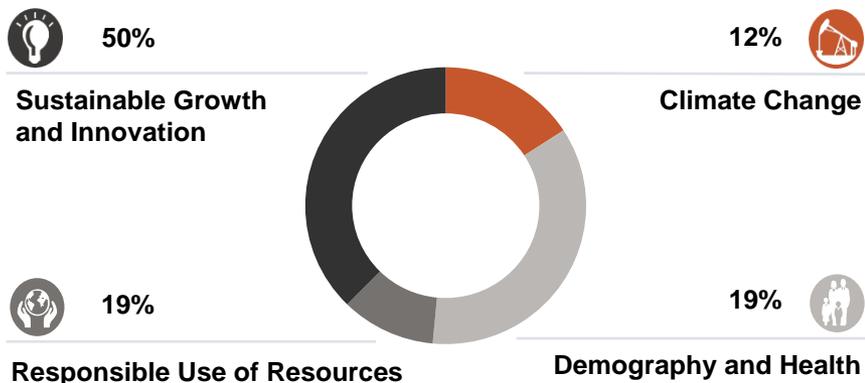
MAIF 1 Net Impact Score

Equities Overlapping with the Fund*



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Four Global Challenges

Every portfolio position overlapping with the Sustainable Equities Fund is categorised into one of the four defined global challenges.

Berenberg Net Impact Score

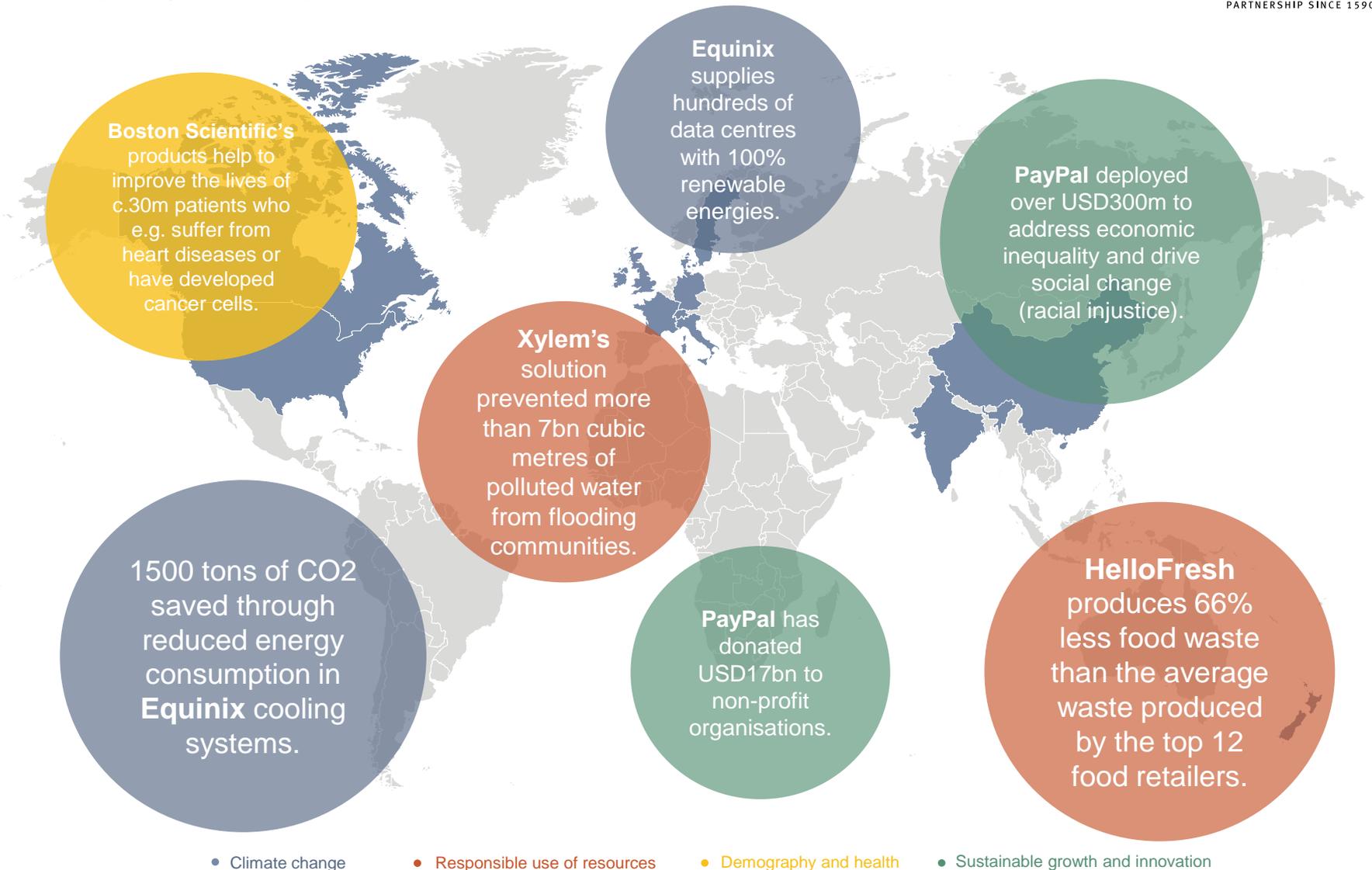
As a result of the Berenberg Net Impact Model application, we obtain a Net Impact Score at a portfolio level, which can range from -3 to 3. A score higher than 0 indicates a net positive impact in relation to the four global challenges.

*Note on coverage:

68% of MAIF 1 Equities overlap with Sustainable World Equities Fund

MAIF 1 Impact Contribution

Company Examples



MAIF 1 SDG Mapping

Equities Overlapping with the Fund*



Demography and Health



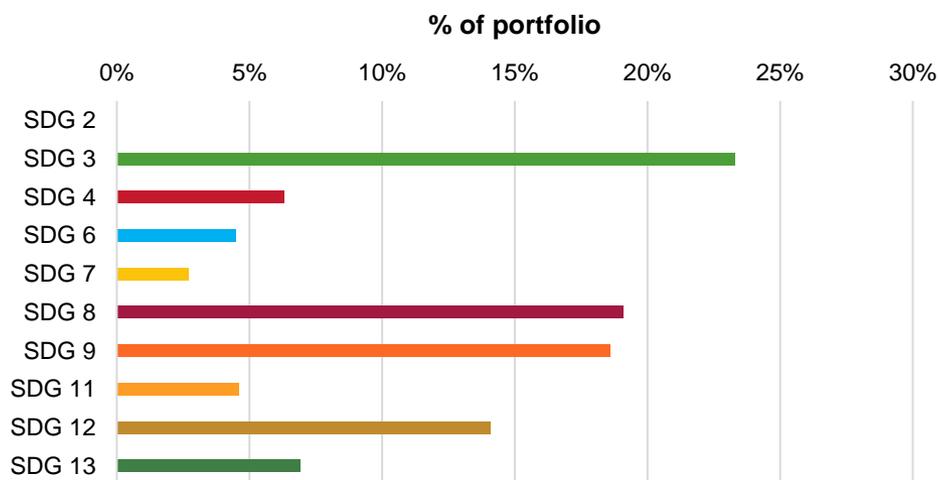
Responsible Use of Resources



Climate Change



Sustainable Growth and Innovation



Based on the findings from our survey study, we specified a framework in which we assigned ten investible SDGs to our four core global challenges.

By using our internal database, we are able to map the portfolio's equity components to the SDGs should they overlap with the Berenberg Sustainable World Equities Fund.

***Note on coverage:**

68% of MAIF 1 Equities overlap with Sustainable World Equities Fund

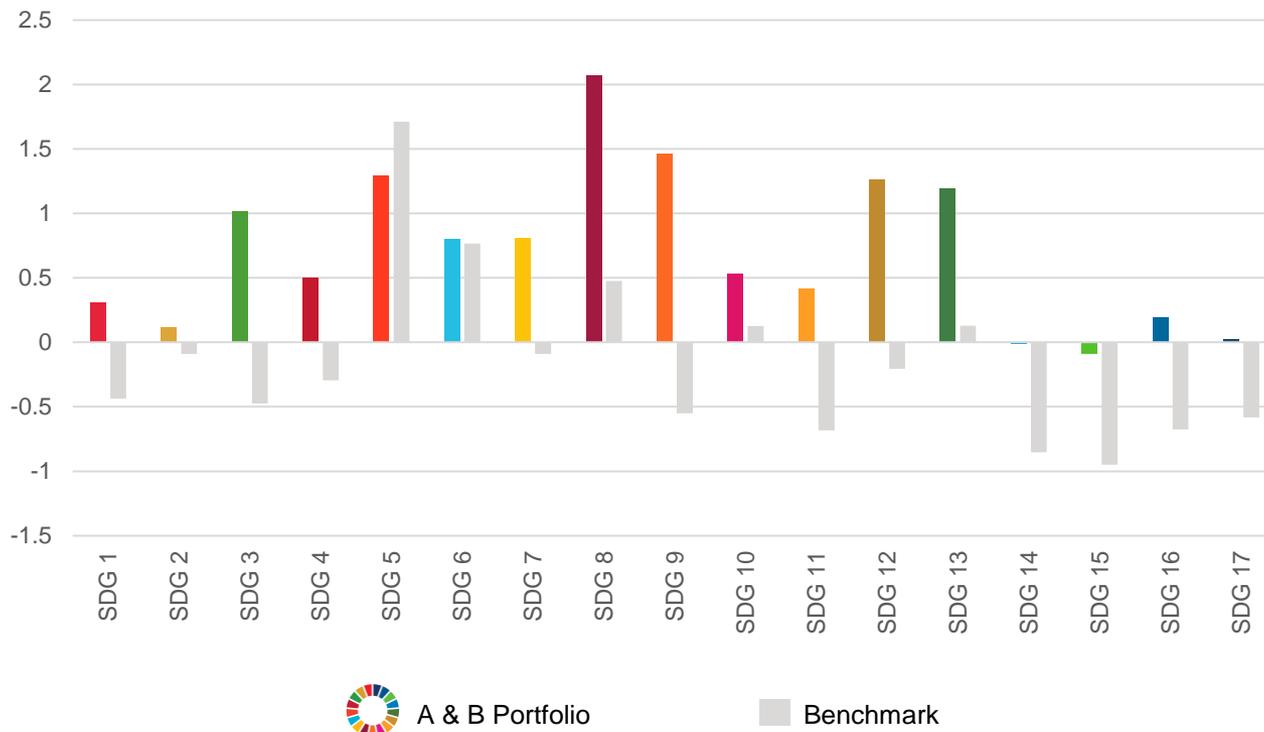
MSCI SDG Net Alignment Score

Portfolio Overview



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By using data from our external data provider MSCI ESG, we are able to give SDG Net Alignment Scores for the full portfolio as well as the benchmark.

The SDG Net Alignment Scores range from -10 (strongly misaligned) to 10 (strongly aligned).

We do not have visibility on the granular company-level information regarding MSCI's methodology, which is why we combine our internal research for constituents covered by our Impact Database.

03 Active Ownership



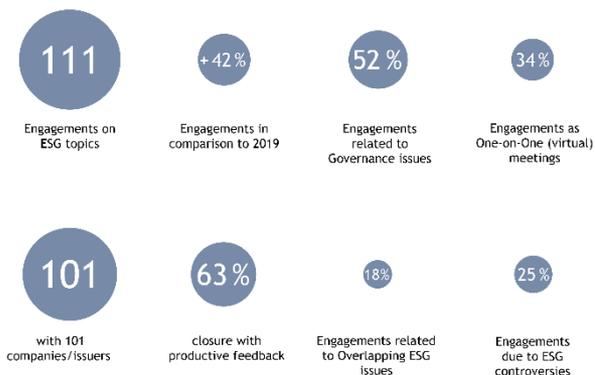
Active Ownership

Engagement, Voting and Collaborations



Engagement

Active exchange with companies/issuers as part of investment decisions is important to discuss a range of topics from ESG controversies, proxy voting and positive impact.



Proxy Voting

We provide voting recommendations to the administrator for our fund equity holdings on basis of our Berenberg's Proxy Voting Policy.



Collaboration

We participate in overarching sector and initiatives that guide our approach and support important causes.

Initiative	Description	Since
Signatory of: Principles for Responsible Investment	Signatory to the PRI.	2018
ICGN International Corporate Governance Network	Member of the ICGN.	2018
KNOW THE CHAIN	Supporter, signatory to their 2020 investor statement, Participation in collaborative engagement in 2020.	2020
ACCESS TO MEDICINE FOUNDATION	Signatory to their 2021 investor statement.	2021

Gain insights into behaviour, strategies and processes, address relevant improvements and increase transparency.

Influence corporate governance structures and strengthen shareholder rights.

Exchange with investors and companies, engage jointly "with one voice" and ultimately support positive change.

Our Berenberg WAM Active Ownership Report 2020 is available at berenberg.de/en/esg.

Appendix



Sustainable Development Goals



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Responsible use of resources

Lanxess



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Structural growth drivers

- Lanxess is one of the world's largest chemical companies and is active in the development, production and sale of chemical intermediates, additives, specialty chemicals and plastics.
- The company is transforming energy-intensive and environmentally harmful products to climate-friendly and innovative solutions.
- Increasingly stringent environmental regulations, global population growth and rising living standards are boosting demand for Lanxess' products.

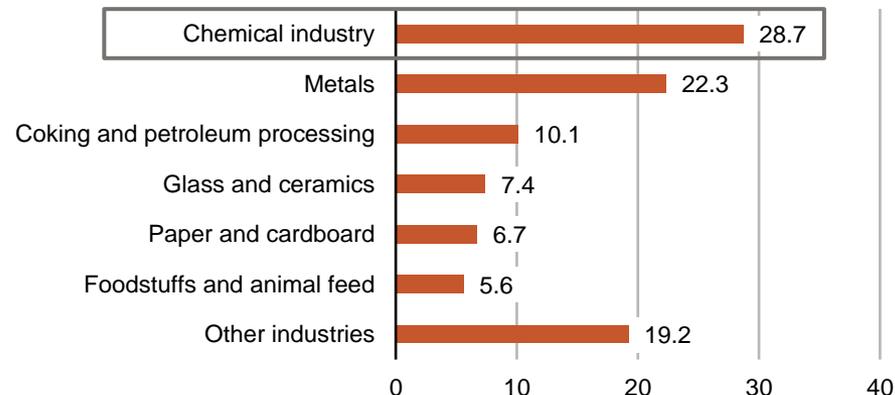
Positive impact

- Strong expansion and investment in hygiene, lightweight construction for the automotive industry or critical components for battery technology.
- Lanxess' products enable customers to reduce greenhouse gas, energy and water consumption.
- Necessary transition of energy-intensive industries - Lanxess' goal is climate neutrality by 2040.

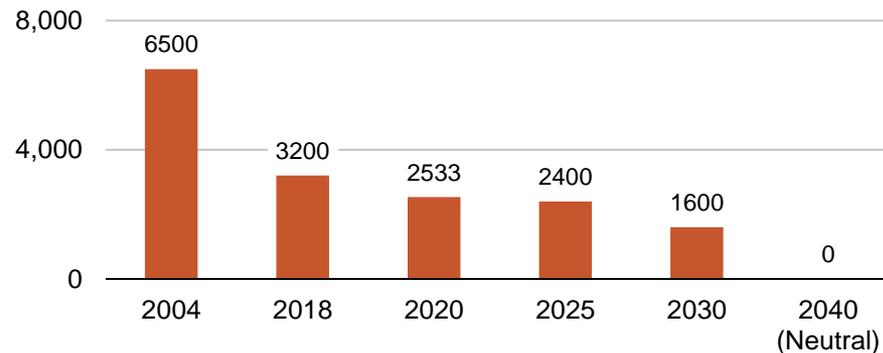
Source: Lanxess; Berenberg Research, May 2021

Energy use in the industry

German industry 2019 (in %)



Lanxess' goal: climate neutrality



Source: Lanxess
Scope 1 and 2, In thousand tons CO2e

Growth opportunities through environment-friendly technology

Equinix



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Structural growth drivers

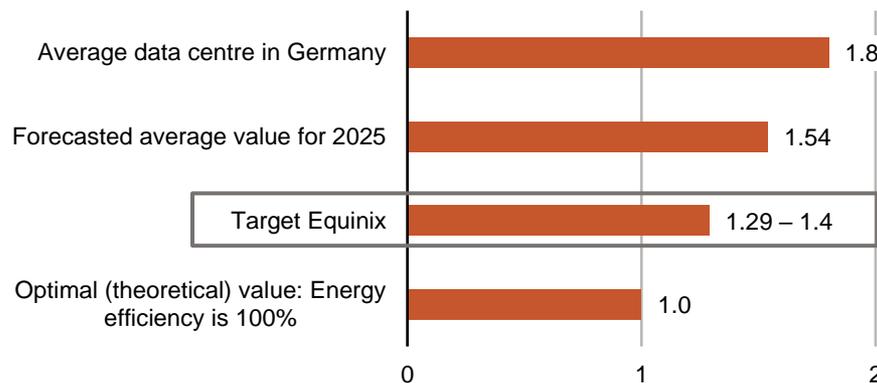
- Equinix is the world's leading provider of globally networked data centres, digital platforms and other connectivity solutions.
- The company benefits from rapidly growing digital businesses, big data and a cloud-first approach by global players (AWS, Azure, Google Cloud, etc.).

Positive impact

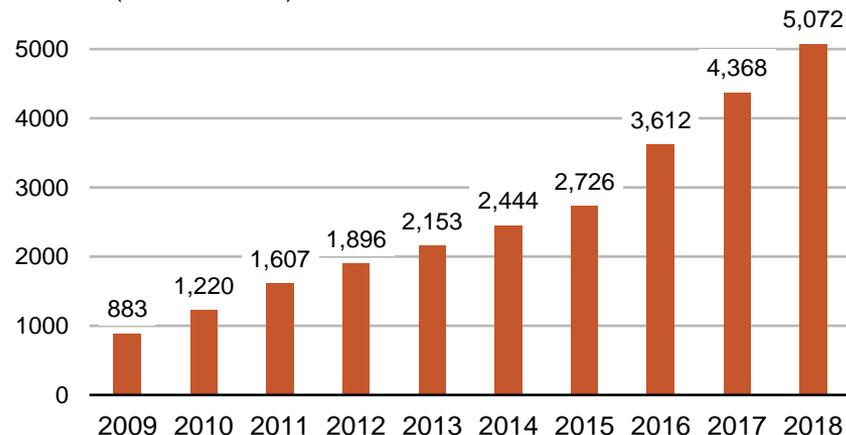
- Equinix is a pioneer in the use of renewable energy to operate data centres; the company aims to only use renewable energy in the long-term.
- The company imposes strict regional environmental guidelines for the design of new data centres; in particular comprehensive energy-saving measures.
- Equinix is significantly investing (US\$86 million since 2011) in energy-efficient upgrades and retrofits for existing data centres.

Power Usage Effectiveness (PUE) as an industry metric for data centre energy efficiency

Equinix significantly more efficient than peers



Turnover (in US\$ million)



Source: Equinix, Berenberg Research

Term	Definition
Engagement	Engagement enables us to gain deep insights into the behaviour, strategies and processes of companies and issuers. In addition, we can address relevant and critical improvements and increase transparency. In this way, we can help as an active investor to improve the sustainability profile of companies in the long term and reduce risks. Therefore, the engagement process and its results are central elements of our investment decisions and the basis of long-term, successful investment in companies.
ESG	The concept of ESG encompasses non-financial criteria concerning environmental, social and governmental issues to assess investments or business practices. These criteria support investors to identify and evaluate potential returns and risks of investments and businesses. Alongside, the criteria help investors to meet their social responsibilities. ESG-criteria complement fundamental/ quantitative analysis and relate to corporate behavior and its responsibilities concerning topics such as climate change, human rights, and manager salaries.
MSCI ESG	MSCI is the leading worldwide provider of ESG Research. The ESG rating identifies ESG investment opportunities and risks, which are often not captured with conventional financial analysis.
Proxy Voting	We provide voting recommendations to the administrator for our fund equity holdings on basis of our Berenberg's Proxy Voting Policy.
UN SDGs	The United Nations Sustainable Development Goals (SDGs) represent a blueprint to address key global and sustainability challenges.

Note: Further definitions can be found here <https://www.berenberg.de/en/glossary/>

Biographies



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- Tabea Weber joined Berenberg's ESG Office in January 2021.
 - Previously, she worked with the sustainability research team of GLS Bank, where she focused on ESG-related analysis of issuers, ESG integration within the portfolio management as well as the conceptual design of development finance products.
 - She holds a MSc in Economics from the University of Münster and has studied at Panthéon-Sorbonne in Paris and at the University of Bayreuth.
- Christelle joined Berenberg in October 2018 as part of the International Graduate programme. She joined the Wealth and Asset Management team, London, after completing the programme.
 - Prior to this she worked as a Policy Analyst at the Investment Association, London.
 - She holds a BA in Land Economy from the University of Cambridge, has passed CFA Level 1, IMC, CISI Level 3 Securities and CISI Level 3 in UK Financial Regulation.

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