

Rathbone Unit Trust Management Limited  
(Rathbone Greenbank  
Global Sustainability Fund<sup>#</sup>)  
and Rathbone Greenbank Investments  
European SRI Transparency Code  
Second Statement of Commitment  
1 May 2021 to 30 April 2022



<sup>#</sup>Renamed from Rathbone Global Sustainability Fund April 2021

**Rathbones**  
Look forward



# European SRI Transparency Code

This submission is made on behalf of the Fund Management Company  
**Rathbone Unit Trust Management Limited ('Rathbone Unit Trust Management')**  
a subsidiary of  
**Rathbone Brothers Plc ('Rathbones')**  
and the Fund Management Company's ESG research provider  
**Rathbone Greenbank Investments ('Rathbone Greenbank')**  
a trading name of  
**Rathbone Investment Management Limited ('Rathbone Investment Management')**  
a subsidiary of  
**Rathbones Brothers Plc**

The European SRI Transparency Code (the Code) focuses on SRI funds<sup>1</sup> distributed publicly in Europe and is designed to cover a range of assets classes, such as equity and fixed income.

All information pertaining to the European SRI Transparency Code can be found at the following website: [www.eurosif.org](http://www.eurosif.org). The Code comes with a Guidance Manual for fund managers on how to best use and respond to the Code. The present version of the Code was approved by the Board of Eurosif in February 2018.

## Revision of the Code

In 2017 the Code was updated to better reflect the continuing evolution of the European SRI market. A Working Group was set up to facilitate revision of the Code in line with the latest developments in the industry and in view of the latest work carried out by experts at the European and global level.

Applications to sign up to the Code will now be in line with key elements of the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD), Article 173 of the French TECV Act and the latest recommendations made by the High-Level Group of Experts on Sustainable Finance (HLEG) in its final report published in January 2018. Questions that are specifically designed to reflect those recommendations/legislation are indicated in the Code with footnotes.

## Two key motivations underpin this Code

1. The opportunity for retail SRI funds to provide clarification to investors and other stakeholders about their SRI approach in an easily accessible and comparable format.
2. Proactive strengthening of self-regulation to contribute to the development and promotion of SRI funds by setting up a common framework for transparency best practices.

## Guiding principle

Signatories to the Code should be open and honest and should disclose accurate, adequate and timely information to enable stakeholders, especially consumers, to understand the ESG policies and practices of the fund.

<sup>1</sup> Sustainable and responsible investment ("SRI") is a long-term oriented investment approach which integrates ESG factors in the research, analysis and selection process of securities within an investment portfolio. It combines fundamental analysis and engagement with an evaluation of ESG factors in order to better capture long-term returns for investors and to benefit society by influencing the behaviour of companies. Ref. Eurosif 2016

### Commitments by signatories

- The order and exact wording of the questions should be followed
- Responses should be informative and clear, and the resources and methodologies used should be described in as much detail and as precisely as possible
- Funds should report data in the currency that they use for other reporting purposes
- Reasons preventing the fund from providing all or part of the information to a given question should be clearly stated and, in such cases, signatories should state when they will be able to answer the question
- Responses should be updated at least on an annual basis and should have a precise publication date
- Responses to the Code should be easily accessible from the website of the fund and/or of the fund manager. In any case, signatories should make it clear where to find the information required by the Code
- Signatories are solely responsible for the answers to the questions, and should state this in their response.

### Statement of commitment

Sustainable and responsible Investing is an essential part of the strategic positioning and behaviour of Rathbone Brothers Plc, the parent organisation of Rathbone Unit Trust Management Limited and Rathbone Greenbank Investments (Rathbone Greenbank). Rathbone Unit Trust Management has been involved in SRI since 2002 and Rathbone Greenbank since 1997; both parties welcome the European SRI Transparency Code.

This is our second statement of commitment and covers the period 1 May 2021 to 30 April 2022. Our full response to the European SRI Transparency Code can be accessed below and is available on our website.

### Compliance with Transparency Code

Rathbone Unit Trust Management is committed to transparency and we believe that we are as transparent as possible given the regulatory and competitive environments that exist in the countries in which we operate. The Rathbone Greenbank Global Sustainability Fund meets the full recommendations of the European SRI Transparency Code. (If the full recommendations are not met, please state if and when you hope to comply with the questions you cannot answer at this time).

30 June 2021

### Eurosif classification of Sustainable and Responsible Investment strategies

**Sustainability Themed Investment:** Investment in themes or assets linked to the development of sustainability. Thematic funds focus on specific or multiple issues related to ESG. Sustainability Themed Investments inherently contribute to addressing social and/or environmental challenges, such as climate change, eco-efficiency and health. Funds are required to perform an ESG analysis or screening of investments in order to come under this category.

**Best-in-Class Investment Selection:** Approach according to which leading or best-performing investments within a universe, category or class are selected or weighted based on ESG criteria. This approach involves the selection or weighting of the best-performing or most improved companies or assets as identified by ESG analysis within a defined investment universe. This approach includes best-in-class, best-in-universe and best-effort.

**Norms-Based Screening:** Screening of investments according to their compliance with international standards and norms. This approach involves the screening of investments based on international norms or combinations of norms covering ESG factors. International norms on ESG are those defined by international bodies, such as the United Nations (UN).

**Exclusion of Holdings from Investment Universe:** An approach that excludes specific investments or classes of investment from the investible universe, such as companies, sectors or countries. This approach systematically excludes companies, sectors or countries from the permissible investment universe if they are involved in certain activities based on specific criteria. Common criteria include weapons, pornography, tobacco and animal testing. Exclusions can be imposed at the individual fund or mandate level, but also increasingly at the asset manager or asset owner level, across the entire product range of assets. This approach is also referred to as ethical or values-based exclusion, as exclusion criteria are typically based on the choices made by asset managers or asset owners.

**Integration of ESG Factors into Financial Analysis:** The explicit inclusion by asset managers of ESG risks and opportunities in traditional financial analysis and investment decisions based on a systematic process and appropriate research sources. This category covers explicit consideration of ESG factors alongside financial factors in the mainstream analysis of investments. The integration process focuses on the potential impact of ESG issues on company financials (positive and negative), which in turn may affect the investment decision.

**Engagement and Voting on Sustainability Matters:** Engagement activities and active ownership through voting of shares and engagement with companies on ESG matters. This is a long-term process that seeks to influence behaviour or increase disclosure. Engagement and voting on corporate governance are necessary, but are not sufficient in themselves for inclusion in this category.

**Impact Investing:** Impact Investments are investments in companies, organisations and funds with the intention of generating a social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets and target a range of returns from below market-to-market rate, depending upon the circumstances<sup>2</sup>. Investments are often project-specific and distinct from philanthropy, as the investor retains ownership of the asset and expects a positive financial return. Impact investing includes microfinance, community investing, social business/entrepreneurship funds and French fonds solidaires.

<sup>2</sup>Global Impact Investing Network (GIIN), "What is Impact Investing?", <http://www.thegiin.org/cgi-bin/iowa/investing/index.html>, 2012

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## 1. List of funds covered by the Code

Name of the fund(s): Rathbone Greenbank Global Sustainability Fund					
Dominant/preferred SRI strategy (Please choose a maximum of 2 strategies)	Asset class	Exclusions standards and norms	Fund capital as at 31 December	Other labels	Links to relevant documents
<input type="checkbox"/> Best-in-class investment section <input type="checkbox"/> Engagement and Voting <input type="checkbox"/> ESG Integration <input checked="" type="checkbox"/> Exclusions <input type="checkbox"/> Impact Investing <input type="checkbox"/> Norms-Based Screening <input type="checkbox"/> Leading to exclusions <input type="checkbox"/> Leading to risk-management analysis/engagement <input checked="" type="checkbox"/> Sustainability Themed	<b>Passively managed</b> <input type="checkbox"/> Passive investing – core benchmark: specify the index tracking <input type="checkbox"/> Passive investing – ESG/SRI benchmark: specify the index tracking <b>Actively managed</b> <input checked="" type="checkbox"/> Shares in a euro area country <input checked="" type="checkbox"/> Shares in an EU country <input checked="" type="checkbox"/> International shares <input type="checkbox"/> Bonds and other debt securities denominated in euro <input type="checkbox"/> International bonds and other debt securities <input type="checkbox"/> Monetary assets <input type="checkbox"/> Short-term monetary assets <input type="checkbox"/> Structured funds	<input checked="" type="checkbox"/> Controversial weapons <input checked="" type="checkbox"/> Alcohol <input checked="" type="checkbox"/> Tobacco <input checked="" type="checkbox"/> Arms <input checked="" type="checkbox"/> Nuclear power <input checked="" type="checkbox"/> Human rights <input checked="" type="checkbox"/> Labour rights <input checked="" type="checkbox"/> Gambling <input checked="" type="checkbox"/> Pornography <input checked="" type="checkbox"/> Animal testing <input checked="" type="checkbox"/> Conflict minerals <input checked="" type="checkbox"/> Biodiversity <input checked="" type="checkbox"/> Deforestation <input checked="" type="checkbox"/> CO <sub>2</sub> intensive (including coal) <input type="checkbox"/> Genetic engineering <input type="checkbox"/> Global Compact <input type="checkbox"/> OECD Guidelines for MNCs <input type="checkbox"/> ILO Conventions <input type="checkbox"/> Other (please specify)	31/12/20 Mid value: £43.83m	<input type="checkbox"/> French SRI label <input type="checkbox"/> French TEEC label <input type="checkbox"/> French CIES label <input type="checkbox"/> Luxflag label <input type="checkbox"/> FNG label <input type="checkbox"/> Austrian Ecolabel <input type="checkbox"/> Other (please specify)	– (KIID) – Prospectus – Management report – Financial and non-financial reporting – Corporate presentations – Other (please specify) Website: <a href="http://rathbonefunds.com">rathbonefunds.com</a>

## 2. General information about the fund management company

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### 2.1. Name of the fund management company that manages the applicant fund(s)

<b>Company:</b>	Rathbone Unit Trust Management Limited 8 Finsbury Circus London EC2M 7AZ
<b>Manager:</b>	David Harrison Fund Manager
<b>Telephone:</b>	020 7399 0399
<b>Facsimile:</b>	020 7399 0057
<b>Email:</b>	rutm@rathbones.com
<b>Website:</b>	rathbonefunds.com

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### 2.2. What are the company's track record and principles when it comes to integrating SRI into its processes?

Rathbone Unit Trust Management is a leading UK fund manager. We are an active management house, offering a range of equity and bond unit trusts and a multi-asset portfolio (consisting of four sub-funds), of which two embrace distinct SRI strategies. The company specialises in investment management for the retail investor, intermediaries and segregated institutional accounts.

While Rathbone Unit Trust Management applies an over-arching governance and stewardship policy in the management of all its funds, it does not routinely apply environmental and social criteria across all products. However, this is an area currently being addressed as its parent group, Rathbones Brothers Plc, develops a group-wide policy on responsible investment.

In 2001, Rathbone Unit Trust Management identified a market for a retail unit trust composed of ethically screened corporate bonds. In May 2002, it launched the Rathbone Ethical Bond Fund, a fund investing in sterling-denominated bonds issued by companies or institutions which meet a defined set of ethical criteria. In July 2018, it built on the success of the Rathbone Ethical Bond Fund with the launch of the Rathbone Greenbank Global Sustainability Fund (renamed April 2021 from Rathbone Global Sustainability Fund).

Both funds use Rathbone Greenbank's ethical, sustainable and impact research team as their screening provider. This team works closely with both funds' managers to ensure that only securities issued by organisations meeting the funds' published criteria are eligible for investment. Rathbone Greenbank's

ethical investment team has been managing socially responsible portfolios for private clients, trusts and charities since 1997.

Further information about Rathbone Greenbank Investments and its approach to responsible investment is available at:

<http://www.rathbonegreenbank.com>

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### 2.3. How does the company formalise its sustainable investment process?

*Link to the sustainable investment policy.*

Rathbone Unit Trust Management Limited is the fund management subsidiary of Rathbone Brothers Plc; as such, its policy with regard to SRI is covered by that of its parent group:

<https://www.rathbones.com/about-us/corporate-responsibility/socially-responsible-investing>

In addition, details of Rathbone Greenbank's approach can be found here:

<https://www.rathbonegreenbank.com/investment-approach/research>

*Link to the voting rights policy.*

<https://www.rathbonefunds.com/about-us> (see the 'governance and stewardship' tab)

*Link to the engagement policy<sup>3</sup>.*

In addition, Rathbone Greenbank has its own engagement policy:

<https://www.rathbonegreenbank.com/investment-approach/engagement>

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### 2.4. How are ESG risks and opportunities – including those linked to climate change – understood/taken into account by the company?<sup>4</sup>

In the context of the two Rathbone Unit Trust Management funds that employ SRI strategies, we define ESG as an investment strategy which believes that long-term growth and value creation can be achieved by investing in companies that conduct their business and apply capital responsibly. In doing so, this gives full consideration to a range of social, environmental and ethical issues as they might affect a number of interested parties, including employees, customers, suppliers, investors and society as a whole.

<sup>3</sup> Reference to Article 173 of the French TECV Act and the HLEG recommendations on INVESTOR DUTIES

<sup>4</sup> Reference to Article 173 of the French TECV Act and the TCFD recommendations (risks and opportunities section)

## 2. General information about the fund management company

ESG issues that are taken into consideration cover a broad range of both positive and negative environmental, social and governance factors including climate change, clean energy, human rights, community investment and employee welfare. Across these, we consider not only regulatory risks or those affected by changes in national or supranational policy, but also those that might affect a company's reputation or its licence to operate.

In relation to climate change, we assess both the physical risks affecting investee companies and their potential for contributing, both directly and indirectly, towards climate change mitigation. This may be through allocating capital to the provision of climate-beneficial products or operational alignment through well-developed business practices and policies.

Rathbone Unit Trust Management participates fully in Rathbones' Stewardship Committee and benefits from its corporate governance and voting policy. Its funds therefore hope to minimise any risks that might arise in this area, as well as avoiding the financial or regulatory risks that might affect any companies found to be in breach of standards or regulations that might result in fines or enforcement action.

## 2.5. How many employees are directly involved in the company's sustainable investment activity?

Across the activities of fund management, financial analysis, ESG screening, voting, steering committee and marketing, 23 people are now involved in sustainable investment activity for funds managed by Rathbone Unit Trust Management.

## 2.6. Is the company involved in any Responsible Investing (RI) initiatives?

General Initiatives	Environmental/Climate Initiatives	Social Initiatives	Governance Initiatives
<input checked="" type="checkbox"/> ECCR – Ecumenical Council for Corporate Responsibility	<input checked="" type="checkbox"/> CDP – Carbon Disclosure Project (please specify carbon, forest, water etc.) CDP membership is via our Plc. Rathbone Greenbank responsible for carbon disclosure	<input checked="" type="checkbox"/> Access to Medicine Foundation	<input type="checkbox"/> ICGN – International Corporate Governance Network
<input type="checkbox"/> EFAMA RI WG		<input checked="" type="checkbox"/> Access to Nutrition Foundation	<input type="checkbox"/> UK Stewardship Code
<input type="checkbox"/> European Commission's High-Level Expert Group on Sustainable Finance	<input checked="" type="checkbox"/> Climate Bond Initiative	<input type="checkbox"/> Accord on Fire and Building Safety in Bangladesh	*Indicates initiatives to which Rathbone Greenbank Investments is a member/signatory
<input type="checkbox"/> ICCR – Interfaith Center on Corporate Responsibility	<input type="checkbox"/> Green Bond Principles	<input checked="" type="checkbox"/> Workforce Disclosure Initiative*	
<input type="checkbox"/> National Asset Manager Association (RI Group)	<input checked="" type="checkbox"/> IIGCC – Institutional Investors Group on Climate Change	<input checked="" type="checkbox"/> The Food Foundation*	
<input checked="" type="checkbox"/> PRI – Principles For Responsible Investment	<input checked="" type="checkbox"/> Montreal Carbon pledge*	<input checked="" type="checkbox"/> BBAFA*	
<input checked="" type="checkbox"/> SIFs – Sustainable Investment Fora	<input type="checkbox"/> Paris Pledge for Action	<input checked="" type="checkbox"/> FAIRR*	
<input type="checkbox"/> Other (please specify)	<input type="checkbox"/> Portfolio Decarbonization Coalition	<input checked="" type="checkbox"/> Other (please specify)	
	<input checked="" type="checkbox"/> Climate Action 100+		
	<input checked="" type="checkbox"/> Other (please specify)		
	<input checked="" type="checkbox"/> Finance for Biodiversity Pledge*		
	<input checked="" type="checkbox"/> Partnership for Biodiversity Accounting Financials*		

## 2.7. What is the total number of SRI assets under the company's management?

As at 31 December 2020, total SRI assets managed by Rathbone Unit Trust Management were as follows:

- Rathbone Ethical Bond Fund – £2,285.82 million
- Rathbone Greenbank Global Sustainability Fund# – £43.83 million

# Renamed from Rathbone Global Sustainability Fund April 2021



## 3. General information about the SRI fund(s) that come under the scope of the Code

### 3.1. What is (are) the fund(s) aiming to achieve by integrating ESG factors?

Sustainable investment is about long-term value creation for investors, society and the environment. We believe that long-term growth can be achieved by companies that conduct their business, and thereby apply capital, in a responsible way.

First, the fund applies key exclusion criteria. Companies held within the portfolio shall not be in breach of any of these, ensuring compliance with ethical norms and excluding those organisations whose activities or operating practices hinder sustainable development. Second, the enterprise must also fulfil at least one of the positive requirements. We invest in companies that support the achievements of the UN Sustainable Development Goals.

Finally, we wish to invest only in those companies with strong corporate governance practices, ensuring they are managed in the long-term interest of shareholders and other stakeholders.

### 3.2. What internal or external resources are used for ESG evaluation of the issuers who make up the investment universe of the fund(s)?

#### *Internal*

The fund uses the services of Rathbone Greenbank's in-house ethical, sustainable and impact research team to carry out its ESG research. This team comprises six staff (5.2 FTE) with over 35 years' combined experience in conducting analysis into corporate ESG policies and performance. In addition, the fund is supported by Rathbones' four-strong stewardship team for its assessment of corporate governance, performance and voting activities.

#### *External*

The team subscribes to MSCI's ESG Manager and has access to its ESG Controversies and ESG Ratings tools. For voting activities that come under Rathbones' Stewardship Committee, the fund uses Institutional Shareholder Services (ISS) to assist in the implementation of its corporate governance policy. In addition, the team uses specialist ESG broker research and reports and analysis published by non-governmental organisations (NGOs) and academic institutions.

### 3.3. What ESG criteria are taken into account by the fund(s)?

#### **The fund will apply screening criteria to avoid investing in:**

- **Companies involved in specific activities or engaged in behaviour that is of general concern to ethical investors; or,**
- **Companies creating significant negative impacts that are considered to be incompatible with sustainable development.**

## The exclusions and negative screens

The fund will exclude companies in breach of one or more of the following criteria:

Issue	Explanation and criteria for exclusion
<p><b>Alcohol</b></p>	<p>Excessive or irresponsible alcohol consumption can result in significant harm to individuals and society. Factors contributing to alcohol misuse include: low per unit alcohol pricing; promotions targeting young or underage consumers, or which encourage excessive consumption; the siting of licensed premises.</p> <p><b>The fund shall exclude companies:</b></p> <ul style="list-style-type: none"> <li>– <b>Deriving over 10% revenue from the manufacture of alcoholic beverages.</b></li> <li>– <b>Deriving over 25% of revenue from the retail of alcoholic beverages.</b></li> <li>– <b>Involved in serious or repeated breaches of guidelines to prevent the irresponsible marketing of alcohol or harmful drinking.</b></li> </ul>
<p><b>Animal welfare violations: animal testing</b></p>	<p>Companies developing new pharmaceuticals, medical devices, chemicals or personal and household care products are sometimes required to conduct animal studies in order to demonstrate their safety and meet regulatory requirements on the registration of new products and ingredients. While alternatives to animal studies exist, in certain circumstances companies are obliged to conduct animal tests.</p> <p><b>The fund shall exclude companies:</b></p> <ul style="list-style-type: none"> <li>– <b>Conducting animal testing without an appropriate animal welfare violations policy, referencing the '3Rs' principles of refinement, reduction and replacement.</b></li> </ul>
<p><b>Animal welfare violations: fur</b></p>	<p><b>The fund shall exclude companies:</b></p> <ul style="list-style-type: none"> <li>– <b>Deriving any revenue from the production of fur or exotic animal skins.</b></li> <li>– <b>Deriving any revenue from the production or sale of products containing fur or exotic animal skins (either wild or farmed).</b></li> </ul> <p>Non-food animal products that are by-products of the meat industry (e.g. leather) are not covered by these exclusions.</p>

Issue	Explanation and criteria for exclusion
<p><b>Animal welfare violations:</b> intensive livestock farming</p>	<p>Intensive livestock farming can lead to significant animal welfare violations issues, with certain practices (such as close confinement or long-distance transport) likely to result in negative welfare outcomes for farmed animals. Intensive livestock farming can also create wider social harm due to an increased use of antibiotics and growth promoters or higher incidence of food-borne pathogens.</p> <p><b>The fund shall exclude companies:</b></p> <ul style="list-style-type: none"> <li>– Rearing or processing of animals for food and operating without evidence of policies, management and reporting on farm animal welfare violations issues.</li> </ul>
<p><b>Armaments</b></p>	<p><b>The fund shall exclude companies:</b></p> <ul style="list-style-type: none"> <li>– Deriving any revenue from the manufacture or sale of strategic weapons systems, munitions or combat platforms.</li> </ul>
<p><b>Climate change</b></p>	<p>Climate change is a major environmental challenge with wide-ranging social and environmental consequences. Certain industries and activities have an intrinsically high carbon impact that limits their ability to reduce climate impacts, e.g. through energy efficiency measures or the use of renewable energy.</p> <p><b>The fund shall exclude companies:</b></p> <ul style="list-style-type: none"> <li>– Operating oil and gas fields or thermal coal mines.</li> <li>– Operating in high-impact industries without evidence of a credible strategy to align their activities with a low-carbon transition.</li> </ul>
<p><b>Employment</b></p>	<p>Companies have a duty to ensure the safety of those working for them, and to provide fair and decent working conditions. A failure to do so can result in serious safety incidents or fatalities, labour disputes or legal action. Poor employment practices can also exacerbate inequality and cause wider social harm.</p> <p><b>The fund shall exclude companies:</b></p> <ul style="list-style-type: none"> <li>– Showing serious or repeated failings related to health and safety, labour relations or diversity and equal opportunities.</li> </ul>
<p><b>Environment</b></p>	<p>Environmental impacts can arise as a direct result of company activities or indirectly, e.g. through supply chains or the use of products. A failure to properly manage and mitigate environmental impacts can result in pollution incidents, prosecutions and fines, and damage to ecosystems and biodiversity. In addition, certain activities have an intrinsically high environmental impact and cause damage that is difficult to mitigate.</p> <p><b>The fund shall exclude companies:</b></p> <ul style="list-style-type: none"> <li>– Deriving any revenue from mining and mineral extraction.</li> <li>– Involved in serious or repeated pollution incidents and/or demonstrating a material failure to manage their environmental impacts.</li> <li>– Linked to widespread habitat destruction or serious and unabated impacts on biodiversity.</li> </ul>

Issue	Explanation and criteria for exclusion
<p><b>Gambling</b></p>	<p>Excessive gambling can lead to debt problems for individuals, causing harm to families and wider society. Technological developments have led to greatly increased access to betting and gambling services.</p> <p><b>The fund shall exclude companies:</b></p> <ul style="list-style-type: none"> <li>– Deriving over 5% of revenue from the operation of betting or gambling services (including casinos, betting shops, websites or mobile apps).</li> </ul>
<p><b>Human rights</b></p>	<p>Companies can have significant negative impacts on human rights, either directly as a result of their own operations or indirectly, e.g. through supply chains, business partnerships and the use of products. While issues may arise in any location, the risks are greatest in jurisdictions with low levels of civil and political liberties and/or high levels of bribery and corruption.</p> <p><b>The fund shall exclude companies:</b></p> <ul style="list-style-type: none"> <li>– Involved in serious or repeated breaches of international human rights standards, including direct use of child, forced or bonded labour.</li> <li>– Operating in high-risk locations without implementing appropriate controls for the management of potential human rights risks.</li> </ul>
<p><b>Nuclear power</b></p>	<p>While nuclear power offers a lower carbon method of generating electricity than fossil fuels, concerns remain about the environmental and health impacts associated with potential incidents and the treatment and storage of nuclear waste.</p> <p><b>The fund shall exclude companies:</b></p> <ul style="list-style-type: none"> <li>– Deriving any revenue from the construction of nuclear power plants.</li> <li>– Generating over 10% of their total electricity output from nuclear power.</li> <li>– Deriving over 5% of revenue from the supply of equipment or services to the nuclear power industry, unless related to safety or environmental management.</li> </ul>
<p><b>Pornography</b></p>	<p><b>The fund shall exclude companies:</b></p> <ul style="list-style-type: none"> <li>– Deriving any revenue from the production of sexually explicit material.</li> <li>– Deriving over 5% of revenue from the distribution or sale of sexually explicit material.</li> <li>– Failing to implement safeguards to prevent minors from accessing adult content.</li> </ul>
<p><b>Tobacco</b></p>	<p><b>The fund shall exclude companies:</b></p> <ul style="list-style-type: none"> <li>– Deriving any revenue from the manufacture of tobacco products.</li> <li>– Deriving over 5% of revenue from the sale of tobacco products or the provision of specialist machinery or packaging to the tobacco industry.</li> </ul>

## The positive sustainability criteria

In order to qualify for inclusion in the fund, companies that pass the negative screen must also display leading or well-developed business practices and policies (operational alignment), and/ or allocate capital towards the provision of products or services aligned with sustainable development (activity alignment).

### *Operational alignment*

Our focus is on three principal areas of operations: employment, environment and human rights. Businesses under consideration are expected to exhibit positive action in at least one of these areas. We should think of this as a **minimum threshold** with regard to how the company operates.

Operational alignment with sustainable development		Sustainable development theme
Issue	Attributes of good practice	
<b>Employment</b>	<ul style="list-style-type: none"> <li>– Investment in staff training and development.</li> <li>– Good relationships with unions and other employee representative bodies.</li> <li>– Commitment to workplace communication and employee engagement; evidence of responsiveness to staff concerns.</li> <li>– Strong safety performance (both over time and relative to peers) and commitment to staff wellbeing.</li> <li>– Payment of wage rates above statutory minimums.</li> <li>– Good performance with regard to workplace diversity at all levels of the business.</li> <li>– Provision of flexible working arrangements.</li> </ul>	<b>Decent work</b>
<b>Environment</b>	<ul style="list-style-type: none"> <li>– Detailed environmental policy covering all operations, with clear guidance on its application.</li> <li>– Board-level oversight of environmental policy and integration of environmental considerations into business decisions.</li> <li>– Strong performance with respect to impact areas such as greenhouse gas emissions, and energy and resource consumption (both over time and relative to peers).</li> <li>– Commitment to working with suppliers and other partners to improve their environmental performance.</li> <li>– Innovation in products and business processes to reduce 'cradle-to-grave' impacts.</li> </ul>	<b>Resource efficiency</b> <b>Energy and climate</b>
<b>Human rights</b>	<ul style="list-style-type: none"> <li>– Detailed human rights policy covering all operations, with clear guidance on its application.</li> <li>– Board-level oversight of human rights policy and its implementation.</li> <li>– Recognition of international human rights guidelines and principles.</li> <li>– Commitment to community engagement and consultation, and operation of appropriate grievance mechanisms.</li> <li>– Awareness of specific risks associated with different business activities, geographies or operating environments.</li> </ul>	<b>Resilient institutions</b>

## Activity alignment

We require companies to have significant involvement in the provision of products or services aligned with sustainable development. Essentially, we are asking **whether companies are allocating capital in alignment with one or more of these themes, and if this practice is central to their business models**. This creates a clear overlap between Rathbone Funds' investment process, which is highly motivated by how businesses allocate capital for long-term value creation, and Greenbank's sustainable investment disciplines. This is where capital deployment is examined through the lens of sustainable development.

Examples of activities aligned with sustainable development include:

Activity alignment with sustainable development	Sustainable development theme		
<p><b>Major environmental sustainability challenges include climate change, resource scarcity, water security, biodiversity and ecosystem loss.</b></p> <p>Activities, products and services include (but are not limited to):</p> <ul style="list-style-type: none"> <li>– Manufacture, installation or operation of renewable or low-carbon energy infrastructure.</li> <li>– Industrial or domestic products or services enabling cleaner or more efficient use of energy and resources.</li> <li>– Promotion of the circular economy through sustainable waste recovery and recycling services, or the manufacture of products with lower lifecycle impacts.</li> <li>– Services or technologies to control emissions or the discharge of pollutants to land, water, or air.</li> </ul>	Energy and climate	Resource efficiency	Innovation and infrastructure
	Habitats and ecosystems	Health and wellbeing	Inclusive economies
<p><b>Major social development challenges include inequality, demographic change, urbanisation, access to nutrition, healthcare and other basic needs.</b></p> <p>Activities, products and services include (but are not limited to):</p> <ul style="list-style-type: none"> <li>– Provision of basic needs, such as educational products and services, water and sanitation, sustainable and public transport, or affordable housing.</li> <li>– Products and services that help to prevent avoidable deaths and support the ability of individuals and communities to lead healthy lives.</li> <li>– Products and services meeting the needs of underserved or conventionally excluded groups.</li> <li>– Technology and innovation that supports economic development and human well-being.</li> </ul>	Inclusive economies	Innovation and infrastructure	
	Decent work	Resilient institutions	

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### 3.4 What principles and criteria linked to climate change are taken into account in the fund(s)?<sup>5</sup>

Climate change is a major environmental challenge with wide-ranging social and environmental consequences. Certain industries and activities have an intrinsically high carbon impact that limits their ability to reduce climate impacts, e.g. through energy efficiency measures or the use of renewable energy.

The fund therefore excludes companies:

- Operating oil and gas fields or thermal coal mines.
- Operating in high-impact industries without evidence of a credible strategy to align their activities with a low-carbon transition.

In addition, the fund will give preference to companies with:

- Strong performance with respect to impact areas such as greenhouse gas emissions, and energy and resource consumption (both over time and relative to peers).
- Manufacture, installation or operation of renewable or low-carbon energy infrastructure.

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### 3.5. What is the ESG analysis and evaluation methodology of the fund manager/ fund management company (how is the investment universe built, what rating scale is used etc.)?

Application of the fund's criteria is carried out by Rathbone Greenbank's ethical research team, using its in-house proprietary database of company ESG profiles.

Companies are assessed using two approaches:

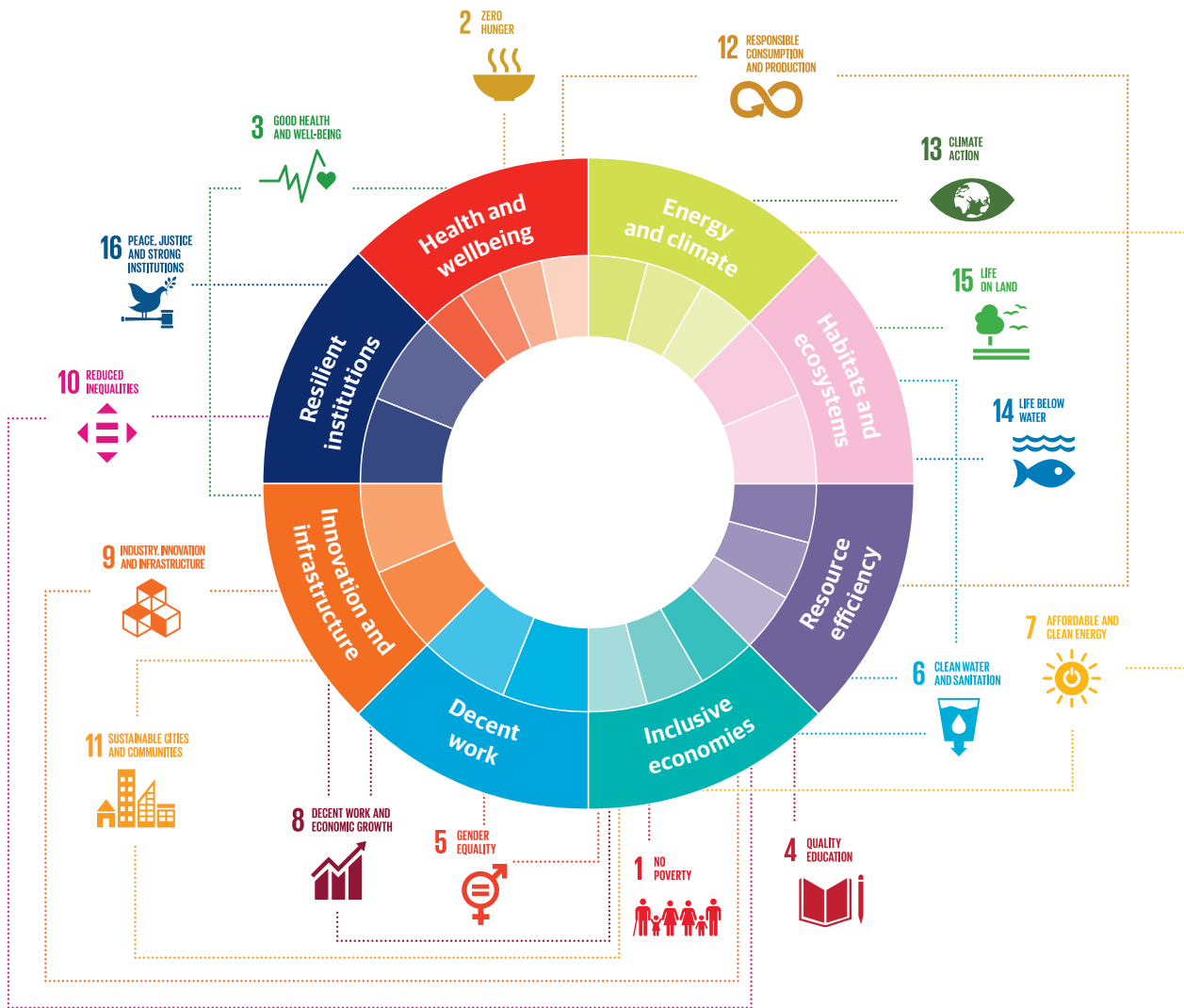
- Stock-specific: looking in detail at the specific merits of their individual activities and how they address corporate responsibility issues;
- Macro: evaluating this performance in comparison to peers in terms of the range of corporate responsibility issues covered and quality of response.

Companies are assessed against over 30 positive and negative top-level social and environmental criteria which are then broken down into more than 300 detailed sub-criteria. Ratings are assigned on a scale of 1-3 for sub-criteria (with each weighted for relevance according to the company's sector in terms of its social and/or environmental impacts) and a cumulative score is then derived for each of the top-level criteria, again on a scale of 1-3.

Rathbone Greenbank has also mapped the UN Sustainable Development Goals (SDGs) to a set of eight sustainable development themes and a number of underlying sub-themes. These themes ultimately align with the same ambitions as the SDGs, but translate them into something more relevant to companies. We use these themes to determine how successful individual companies are at translating aspirations into tangible results.

<sup>5</sup>Reference to Article 173 of the French TECV Act and the HLEG recommendations on INVESTOR DUTIES Reference to Article 173 of the French TECV Act see paragraphs 3 and 4 of Article D.533-16-1 of Chapter III of the French Legal Code): <https://www.legifrance.gouv.fr/affichCodeArticle.do?cidTexte=LEGITEXT000006072026&idArticle=LEGIART1000031793697>

3. General information about the SRI fund(s) that come under the scope of the Code



3.6. How often is the ESG evaluation of the issuers reviewed? How are any controversies managed?

Newsflow relating to the fund's holdings is monitored by Rathbone Greenbank's research team on a weekly basis, in combination with ratings alerts from MSCI. Holdings are reviewed in the light of any relevant news, merger and acquisition activity or findings from ongoing company analysis.

A full review of the fund's portfolio is conducted on a semi-annual basis; the eligible investment universe is reviewed annually ahead of the fund's yearly review meeting (held following year-end in May-June).

Any changes to ESG criteria are communicated via the fund's product brochure, which covers its screening process, systems and criteria, and published in the subsequent annual report.

Active engagement with companies on governance issues is an important adjunct to voting activities. Since 2017, Rathbones' stewardship team has written to all companies when voting against management, outlining our specific concerns and offering further engagement on the issues.



## 4. Investment process

### 4.1. How are the results of the ESG research integrated into portfolio construction?

The starting point is always finding businesses with attractive valuations. The managers are part of a team that uses a straightforward methodology established upon a robust, risk-based approach to investment, which divides investment risk into three types: business risk, financial risk and price risk, to identify a 'good' investment.

Companies selected on this basis will then go through the screening process, described in section 3.3 previously. This has two broad aims:

- Ethical screening: Companies involved in any activities outlined in the fund's published negative criteria will not be considered for inclusion in the fund universe (Rathbone Greenbank has a strict veto at this point in the process).
- Positive sustainability criteria: Companies must also be aligned with at least one positive sustainability theme, either in the way they operate or via the products and services they provide.

### 4.2. How are criteria specific to climate change integrated into portfolio construction?<sup>6</sup>

While the fund does not integrate criteria related to climate change into financial analysis as part of portfolio construction, it specifically excludes any companies involved in fossil fuel exploration and production as well as those involved in high-impact industries without evidence of a credible strategy to align their activities with a low-carbon transition.

The fund also supports international action on limiting global warming by investing in companies involved in energy efficiency, the development of renewable or low-carbon energy infrastructure or zero/low-emission transport. As at 31 December 2020, around 11.4% of the fund was invested in such companies.

### 4.3. How are the issuers that are present in the portfolio, but not subject to ESG analysis evaluated (not including mutual funds)?<sup>7</sup>

*Please specify how much the funds can hold.*

Not applicable – all holdings within the fund are subject to ESG analysis.

### 4.4. Has the ESG evaluation or investment process changed in the last 12 months?

No

### 4.5. Is a part of the fund(s) invested in entities pursuing strong social goals/social enterprises?

No – while many of the fund's holdings will display strong performance on a range of social factors, it does not invest in 'social enterprises' within the strict definition of the term.

### 4.6. Does (do) the fund(s) engage in securities lending activities?

No

<sup>6</sup>Reference to Article 173 of the French TECV Act and HLEG recommendations on DISCLOSURE

<sup>7</sup>Reference to Article 173 of the French TECV Act and the TCFD recommendations (delivering on investor and stakeholder demands for climate-related information)

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4.7. Does (do) the fund(s) use derivative instruments?

No

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4.8. Does (do) the fund(s) invest in mutual funds?

No

## 5. ESG controls

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5.1. What internal and/or external control mechanisms are in place to ensure compliance of the portfolio with the ESG rules on managing the fund(s) as defined in section 4?<sup>8</sup>

The process for ensuring ongoing compliance of the fund's portfolio with its ethical/ESG criteria are as described in 3.6 prior. Whenever a new company is purchased for the fund the investment team will send an e-mail to the Rathbone Unit Trust Management compliance team who in turn will notify the funds trustees. This e-mail covers which company has been bought along with approval from the Rathbone Greenbank research team as backup.

<sup>8</sup>Reference to Article 173 of the French TECV Act

## 6. Impact measures and ESG reporting

### 6.1. How is the ESG quality of the fund(s) assessed?

We produce a slide on each company held in the portfolio for clients in the fund's Annual Review and Case Study document(s). Each company specific slide provides 3 bullet points of narrative as to why it is included in the portfolio from a positive impact perspective.

The fund is not compared against an ESG benchmark although evaluation of holdings by Rathbone Greenbank includes reference to MSCI ESG Ratings and Controversies reports.

### 6.2. What ESG indicators are used by the fund(s)?<sup>9</sup>

Exclusions and positive attributes are primarily based on companies' core activities together with an assessment of operational alignment with key ESG criteria, including:

- Absolute greenhouse gas (GHG) emissions and normalised per unit of production, sales etc.
- Number and degree of severity of controversies linked to labour laws and human rights
- Key performance indicators on waste disposal and recycling, consumption of resources, emissions to air, and discharges to land and water
- Environmental fines and pollution incidents (by severity)
- Health and safety indicators (accident frequency rate, lost time injury rate)
- Commitment to workplace diversity and equal opportunities; contribution to employees' work/life balance, e.g. by offering flexible working arrangements

An annual fund review is published which includes a portfolio carbon footprint and a breakdown of the portfolio according to its exposure to eight key sustainable development themes.

### 6.3. What communication resources are used to provide investors with information about the SRI management of the fund(s)?

- For detailed fund holdings (Manager's Report), Fund Fact Sheets, Key Investor Information Document and other fund literature (including the fund brochure and this submission), please see the 'Downloads' section on the following pages:  
<https://www.rathbonefunds.com/uk/individual-investor/rathbone-global-sustainability-fund> (for individual investors)  
<https://www.rathbonefunds.com/uk/financial-adviser/rathbone-global-sustainability-fund> (for Professional Advisers)
- Examples of ethical case studies of holdings within the fund can also be found under the above sections.
- Ethical report from fund's research provider included in half-yearly and annual reports.

### 6.4. Does the fund management company publish the results of its voting and engagement policies?<sup>10</sup>

*If so, please include links to the relevant activity reports.*

Yes, please see:

<https://www.rathbonefunds.com/about-us>  
(see the 'governance and stewardship' tab)

<https://www.rathbonefunds.com/uk/financial-adviser/literature-library>

Corporate engagement forms an essential part of our approach to responsible investment, either to address direct concerns about a specific issue or area of performance or to encourage best practice. Whilst we engage with companies where required, we are not activist investors. Our philosophy is established upon a framework of long-term partnership and encouragement. Rathbones has directed substantial resources toward a separate corporate governance team over the last few years, and it grows in importance and relevance. Both Rathbone Unit Trust Management and Rathbone Greenbank regularly engage with companies on a variety of issues.

Active engagement with companies on governance issues is an important adjunct to voting activities. Since 2017, Rathbones' stewardship team has written to all companies when voting against management, outlining our specific concerns and offering further engagement on the issues.

<sup>9</sup>Reference to Article 173 of the French TECV Act

<sup>10</sup>Reference to Article 173 of the French TECV Act and the HLEG recommendations on GOVERNANCE

## 7. About Eurosif

The European Sustainable Investment Forum (Eurosif) is the leading European membership association whose mission is to develop sustainability through European financial markets.

Eurosif works as a non-for-profit partnership of the national Europe-based national Sustainable Investment Forums (SIFs) with the support and involvement of member affiliates.

Eurosif member affiliates include a range of organisations covering the value chain of the sustainable investment industry, from institutional investors, asset managers to financial services providers, ESG analysis firms, academic institutes and NGOs.

Eurosif speaks authoritatively and broadly on SRI (socially and responsible investment) issues. The main activities of Eurosif are public policy, research and creating platforms for nurturing sustainable investing best practices. For more details, please see [eurosif.org](https://eurosif.org).

National sustainable investment forums in Europe to date include:

- Belsif\*, Belgium
- Dansif, Denmark
- Finsif, Finland
- Forum Nachhaltige Geldanlagen\* (FNG) e.V., Austria, Germany and Switzerland
- Forum per la Finanza Sostenibile\*(FFS), Italy
- Forum pour l'Investissement Responsable\* (FIR), France
- Norsif, Norway
- Spainsif\*, Spain
- Swesif\*, Sweden
- UK Sustainable Investment and Finance Association\* (UKSIF), UK
- Vereniging van Beleggers voor Duurzame Ontwikkeling\* (VBDO), the Netherlands.

\*Member of Eurosif

For further information on Eurosif or more details on the European SRI Transparency Code, please look at the Eurosif website, [eurosif.org](https://eurosif.org); contact Eurosif at +32 (0)2 27414 35 or by email at [contact@eurosif.org](mailto:contact@eurosif.org).

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# Rathbones

Look forward

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We are covered by the Financial Services Compensation Scheme. The FSCS can pay compensation to investors if a bank is unable to meet its financial obligations. For further information (including the amounts covered and the eligibility to claim) please refer to the FSCS website [fscs.org.uk](http://fscs.org.uk) or call 020 7892 7300 or 0800 6781100. Unless otherwise stated, the information in this document was valid as at 9 June 2021. Not all the services and investments described are regulated by the Financial Conduct Authority (FCA). Rathbone Brothers Plc. is independently owned, is the sole shareholder in each of its subsidiary businesses and is listed on the London Stock Exchange.

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The European SRI Transparency logo signifies that Rathbone Unit Trust Management Limited commits to provide accurate, adequate and timely information to enable stakeholders, in particular consumers, to understand the Socially Responsible Investment (SRI) policies and practices relating to the fund.

Detailed information about the European SRI Transparency Guidelines can be found on [eurosif.org](http://eurosif.org), and information of the SRI policies and practices of the Rathbone Greenbank Global Sustainability Fund (formerly the Rathbone Global Sustainability Fund) can be found at: [rathbonefunds.com](http://rathbonefunds.com).

The Transparency Guidelines are managed by Eurosif, an independent organisation. The European SRI Transparency Logo reflects the fund manager's commitment as detailed above and should not be taken as an endorsement of any particular company, organisation or individual.