

**RATHBONE GREENBANK  
MULTI-ASSET PORTFOLIOS**



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# INTRODUCTION

## SUSTAINABLE INVESTING WITHIN A MULTI-ASSET FRAMEWORK.

Multi-asset funds that follow a sustainable investment process are naturally more complicated than single-asset strategies. With more asset classes to consider, each of which has its own characteristics and complications, it is important that our objectives and investment process are clear.

Our aim with the Rathbone Greenbank Multi-Asset Portfolios (RGMAPS) is to be as transparent as possible about the asset classes and underlying companies that we hold. We do this by clearly defining what we mean by sustainable investing and the criteria that specific asset classes must meet for inclusion in the funds.

Our objective with these funds is to invest in companies and entities that are aligned with the 17 UN-backed Sustainable Development Goals (SDGs). We developed our sustainability framework, methodology and screens in collaboration with Greenbank, which has a long track record of managing private client portfolios as well as providing screening services for the

Rathbone Ethical Bond Fund and Rathbone Greenbank Global Sustainability Fund. Greenbank's ethical, sustainable and impact research team works to ensure that investments are made only in organisations that meet the funds' criteria.

The combination of Rathbones Asset Management and Greenbank places us at the forefront of sustainable multi-asset investing. It creates a joint approach to analysing sustainability performance and engaging with companies on environmental, social and governance (ESG) issues. With sustainable investing constantly evolving, we have the experience and expertise to adapt and respond to new developments and trends as they emerge.

This document outlines this collaboration between Rathbones Asset Management and Greenbank in greater detail; it expands upon the principles and processes involved, and provides a comprehensive insight into the credentials of the Rathbone Greenbank Multi-Asset Portfolios.





# COLLABORATIVE WORKING

## THE FUND IS A COLLABORATION BETWEEN RATHBONES ASSET MANAGEMENT AND GREENBANK.

The day-to-day management of the funds is the remit of Rathbones Asset Management, utilising a well-established investment process with a demonstrable track record. The sustainability analysis for the funds is provided by Greenbank, the specialist ethical, sustainable and impact investment unit of Rathbones.

### **Rathbones Asset Management**

Rathbones Asset Management is a leading UK asset manager. We are an active management house, offering a number of equity and bond unit trusts and two multi-asset portfolio ranges. We specialise in investment management for retail investors, intermediaries and segregated institutional accounts.

The managers of the Rathbone Greenbank Multi-Asset Portfolios are supported by a wider investment team of equity and fixed income fund managers and analysts, including those of the Rathbone Greenbank Global Sustainability Fund and the Rathbone Greenbank Global Sustainable Bond Fund.

### **Greenbank**

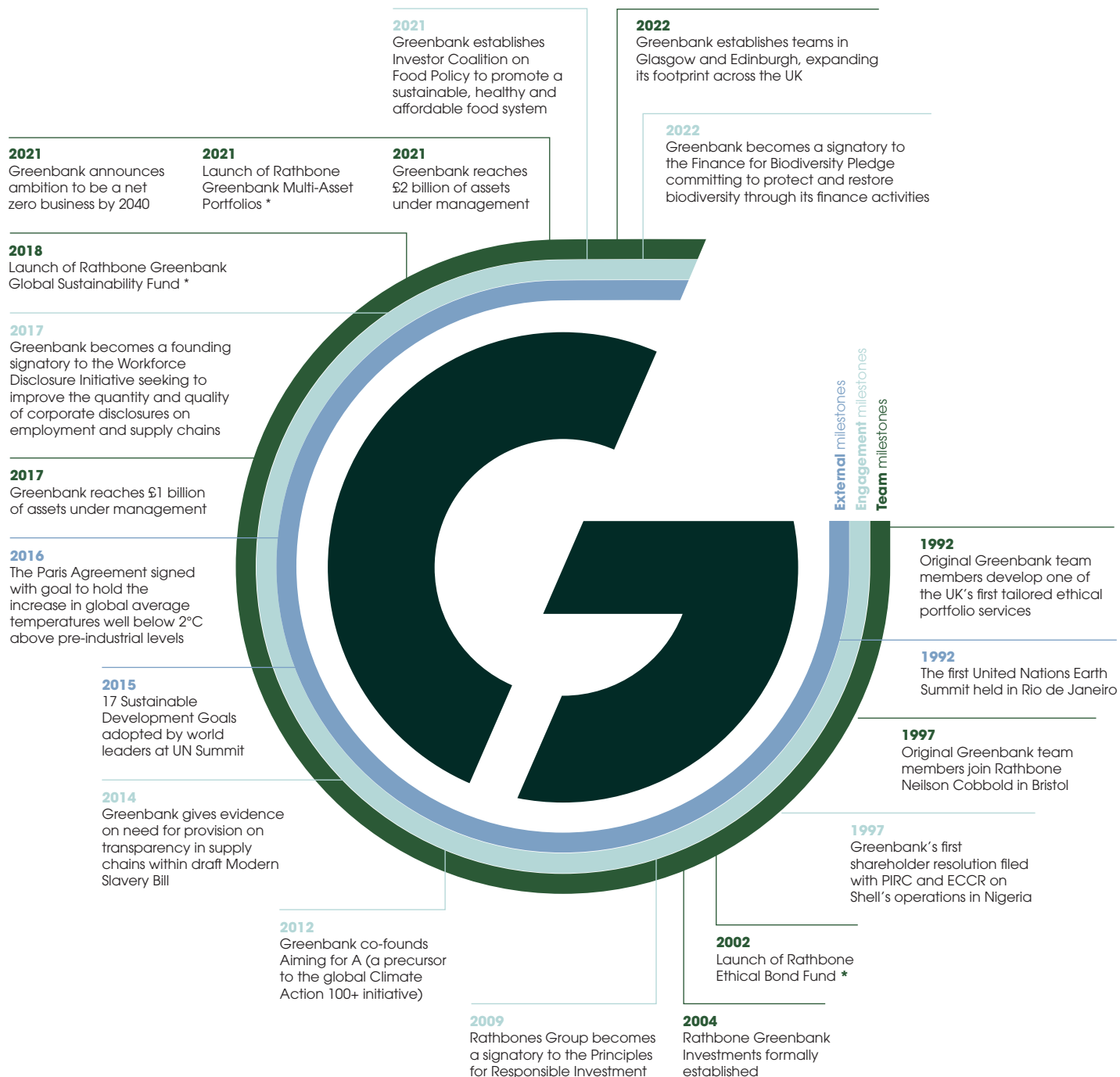
Greenbank is the specialist ethical, sustainable and impact investment team within Rathbones. They have one of the most experienced teams in the sustainable investment field and have been helping to drive change in finance, business and society through ethical and sustainable investment for over 20 years.

Greenbank was created by people passionate about the use of finance as a force for good and this remains central to their purpose.

Greenbank's ethical, sustainable and impact (ESI) research team provides the Rathbone Greenbank Multi-Asset Portfolios with independent analysis into the sustainability credentials of the companies and entities in which they invest. The team conducts detailed analysis of investments, reviews how sustainable development themes impact and are impacted by our investments and undertakes engagement activities to stimulate wider dialogue and action across the investment community.

Greenbank's ESI research team is the final arbiter on whether an investment is eligible for inclusion within the funds; it also monitors fund holdings for their ongoing suitability in the event of changes in their core activities due to mergers, acquisitions and disposals or as they develop new environmental, social and governance (ESG) policies and practices.

# GREENBANK TIMELINE



\*Managed by Rathbones Asset Management; screening services provided by Greenbank







# SUSTAINABLE INVESTMENT — A DEFINITION

**SUSTAINABLE INVESTMENT IS ABOUT LONG-TERM VALUE CREATION FOR INVESTORS, SOCIETY AND THE ENVIRONMENT.**

We believe it is possible to achieve long-term returns by investing in entities that conduct their business, and thereby apply capital, in a responsible way. This is achieved by taking into account a range of social and environmental issues, and how they might affect individuals and wider society.

We therefore believe a sustainable fund is one that includes all the following approaches to responsible investment:

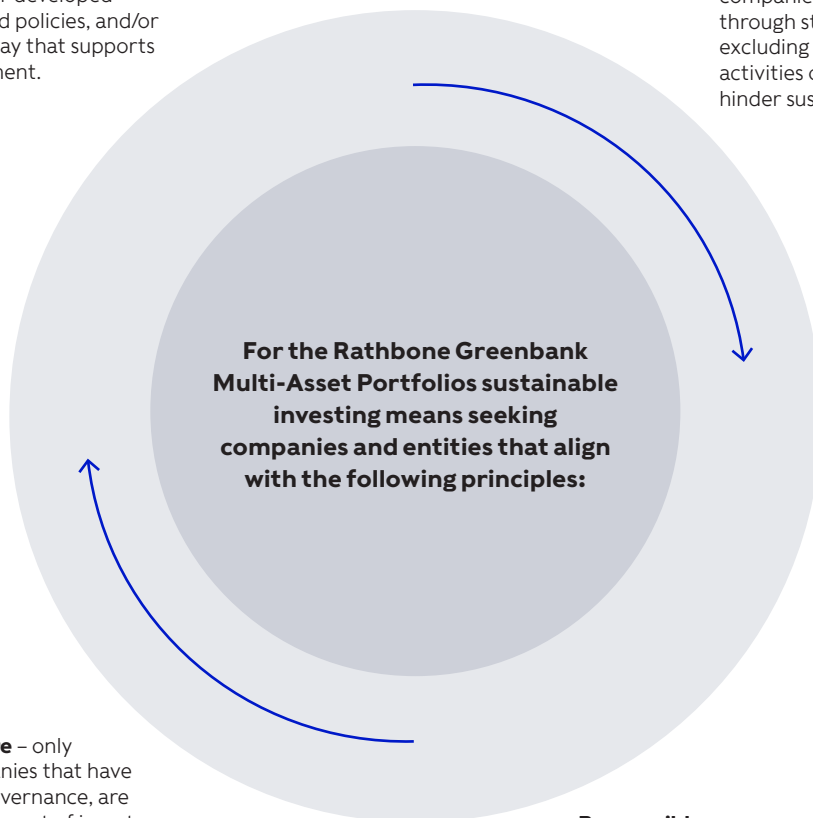
- Integrates ESG factors into risk management and stewardship activities.
- Follows 'acting to avoid harm' clauses within its investment policy.
- Implements 'do good' clauses within its investment policy.

**A force for good** – companies must display leading or well-developed business practices and policies, and/or allocate capital in a way that supports sustainable development.

**'acting to avoid harm'** – companies in the portfolio must pass through strict screening criteria, excluding organisations whose activities or operating practices hinder sustainable development.

**Durable franchises** – investing in quality companies that have strong business models, robust risk management, sound financial metrics and an ability to evolve and remain relevant for the long term.

**Corporate culture** – only investing in companies that have good corporate governance, are managed in the interest of investors and stakeholders, and treat their employees well.



**Responsible governments** – only lending to governments that respect human rights and civil liberties, are driving towards a greener economy and provide a range of public services.

# OUR APPROACH TO SUSTAINABILITY ANALYSIS

## GREENBANK HAS MAPPED THE SDGS TO A SET OF EIGHT SUSTAINABLE DEVELOPMENT CATEGORIES AND UNDERLYING SUB-CATEGORIES.

The fund managers then assess the potential impact of these on company performance before making an investment decision.

All assets in the funds are then scrutinised against pre-determined sustainability criteria by Greenbank's ethical, sustainable and impact research team, which maintains a proprietary database of in-depth profiles on companies and countries.

The sustainability criteria are explained in greater detail later in this document and have been designed to exclude entities whose activities or behaviours hinder sustainable development and identify those that are delivering benefits for society and the environment. They have been agreed between the fund managers and the team at Greenbank, who are the final arbiter on whether an investment is eligible for inclusion within the funds. While the fund managers may propose a stock, the team at Greenbank has the power of veto if the company fails this screening process, ensuring validation by an independent, third party.

To be considered for inclusion in the funds, a company or entity must demonstrate strong positive policies and practices, or provide a clear link between their activities and sustainable development.

Greenbank has mapped the SDGs to a set of eight sustainable development categories and underlying sub-categories. The fund managers seek to invest in alignment with these, in the process aligning investment returns with positive social and environmental commitments.

Greenbank is also responsible for monitoring news on environmental and social matters that may affect the fund's investments, both positive and negative. As new governments are elected, or companies change their activities, merge with others, or develop new policies and practices, their suitability and risks will alter. The research team monitors corporate news flow on a daily basis using an Artificial Intelligence-powered web platform, a web-based content and RSS (Really Simple Syndication) feed reader, and ESG rating and news alerts from research firm MSCI.

Finally, stewardship forms an essential part of our approach to responsible investment. Stewardship is a crucial fourth leg to the process and involves the participation of both the fund managers and a dedicated corporate governance team when scrutinising policies and management teams.







# WHAT WE CAN OWN IN THE FUNDS

## ALL ASSET CLASSES THAT CAN BE HELD IN THE FUNDS MUST MEET OUR SUSTAINABILITY CRITERIA.

Investing in a sustainable manner can be more complex in multi-asset funds than traditional single-asset funds. Each asset class requires a separate process for assessing whether it meets the sustainable objectives of the fund.

We believe transparency is important in sustainable investing, so we have developed specific criteria that each asset must meet before it can be included in the funds.

All potential investments are put forward by the fund managers, with the team at Greenbank then undertaking the necessary sustainability analysis and making the final decision about its eligibility for inclusion in the funds.

We have outlined below the specific approach for all asset types.

Asset	Permissible	Criteria outline
<b>Government bonds</b>	Yes	<p>Must meet three of:</p> <ul style="list-style-type: none"> <li>— The country must respect people's right to political and civil liberty</li> <li>— The country must meet high standards regarding bribery and corruption</li> <li>— Must not exceed global average on military spending</li> <li>— The country must be committed to reducing its contribution to climate change</li> </ul>
<b>Green bonds</b>	Yes	<p>Approval granted in the context of the specific use of bond's proceeds, rather than the issuer's principal activity, and only if intended for a specific social or environmental purpose</p>
<b>Corporate bonds</b>	Yes	<p>Must meet the Greenbank criteria for negative screening and positive alignment analysis (outlined later in this document)</p>
<b>Equities</b>	Yes	<p>Must meet the Greenbank criteria for negative screening and positive alignment analysis (outlined later in this document)</p>
<b>Commodities</b>	Some	<p>Does not invest directly in fossil fuels. Wider commodities in general not explicitly excluded. Supply chain will be subject to sustainability analysis</p>
<b>Property</b>	Yes	<p>Open-ended funds are not eligible for these funds. Real estate investment trusts (REITs) are subject to the same criteria as equities and corporate bonds</p>
<b>Structured products and portfolio protection</b>	Yes	<p>Underlying long credit or equity exposure must meet the same criteria as equities. Rates, volatility and foreign exchange (FX) are permissible, as are products that provide short exposure to equity and credit (for hedging). Structured product counterparties must meet the sustainability criteria used for corporate bonds</p>

Rathbone Greenbank sustainability analysis

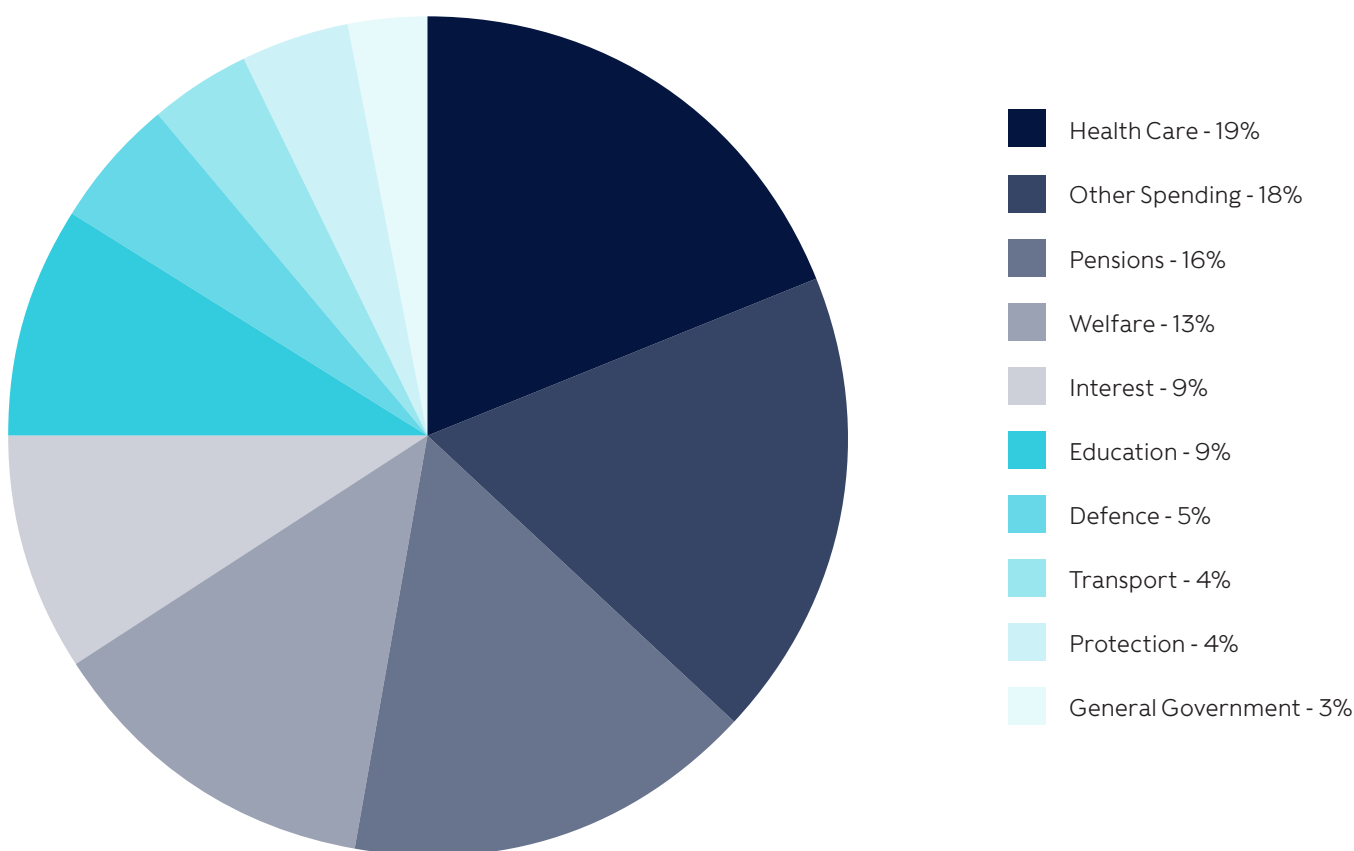
# GOVERNMENT BONDS

## GOVERNMENT BONDS HAVE HISTORICALLY BEEN AN AREA OF DEBATE FOR SUSTAINABLE INVESTORS.

The majority of bond-issuing countries devote some of their budgets to military spending and generate tax revenues from controversial industries such as tobacco and alcohol. However, we believe this needs to be considered alongside the significant positive impact that many governments have on the environment and society. This may be through policies, regulations and subsidies designed to protect the environment, or the significant proportion of spending devoted to education, welfare, healthcare, etc.

For example, nearly half the UK government's budget is spent on education, welfare, healthcare, justice and emergency services, with a further 16% going towards pension income (2023). The government also channels funding towards community development and protection of biodiversity and the environment, which aligns with the sustainable development theme. By contrast, defence spending is just 5% of the budget.

### UK government spending for the full year 2023



Source: [www.ukpublicspending.co.uk/uk\\_total\\_spending\\_pie\\_chart](http://www.ukpublicspending.co.uk/uk_total_spending_pie_chart)



**Nevertheless, not all government bonds are automatically deemed to be acceptable investments for our fund. For us to invest in their bonds, issuing governments must meet at least three of the following four criteria:**

- **Civil and political freedom:** The country must respect people's right to political and civil liberty. We use sources such as the Freedom in the World report by the non-governmental organisation Freedom House to benchmark countries on issues such as electoral process, functioning of government, freedom of expression and belief, rule of law and individual rights.
- **Corruption:** The country must meet high standards regarding bribery and corruption. We use sources such as Transparency International's Corruption Perception Index to assess the risk of public sector corruption in different countries.
- **Defence:** The country must not exceed the global average on military expenditure as a proportion of GDP, calculated on a three-year rolling basis.
- **Climate change:** The country must be committed to reducing its contribution to climate change. We use sources such as the Climate Change Performance Index and Climate Action Tracker to assess effectiveness of climate change policy, alignment with decarbonisation pathways and progress in reducing emissions.

# SUSTAINABILITY BONDS

## GREEN BONDS, SOCIAL BONDS, SUSTAINABILITY BONDS, OR SIMILAR BONDS WHERE THE PROCEEDS ARE USED TO ACHIEVE A POSITIVE ENVIRONMENTAL OR SOCIAL OBJECTIVE, MAY BE ELIGIBLE FOR INCLUSION IN THE FUND.

Each is subject to the usual sustainability criteria applied to the issuer as described previously in the 'What can we invest in?' section on page 13.

If the issuer itself does not pass our positive and negative screens, a bond may still be approved for inclusion in the fund on the merits of how the bond's proceeds will be used, rather than the issuer's principal activity. In these cases, we will only invest if the proceeds are clearly ring-fenced and used solely for a specific social or environmental purpose that materially reduces or offsets the issuer's exposure to whatever concern resulted in its original exclusion.

As an example, a green bond issued by an electricity company, which would ordinarily be rejected due to the company's significant involvement in the nuclear power sector, could be considered for inclusion if the proceeds of the bond are used to reduce or offset the company's exposure to nuclear energy through funding a renewable energy project.

### **When analysing a ring-fenced bond against our criteria, we will look at:**

- The issuer's green/social financing framework and whether an independent second party opinion on this has been sought (what the proceeds of the bond can be used for).
- The processes in place to govern ongoing management of proceeds from the bond (how certain can we be that the money will be used as intended).
- Full transparency on the use of proceeds through regular reporting, ideally with third party verification and reporting on impact in addition to allocation of funds (what was the money used for and what benefit did it create).
- Whether the funding is transformational for the issuer or part of 'business as usual' with a green/social label (would the activity have occurred anyway?).

Greenbank will also take into consideration whether the financing framework is aligned to an external standard, which can include, but is not limited to, the International Capital Market Association's Green Bond Principles and the Climate Bonds Initiative's Climate Bonds Standard and Certification Scheme.

# EQUITIES AND CORPORATE BONDS

Companies are assessed against a number of positive and negative top-level social and environmental criteria, comprising over 300 distinct sub-criteria. New companies that are considered suitable for investment are investigated as requested by the funds' managers and subject to Greenbank's screening process.

The Greenbank team analyses the specific merits of each company's activities in detail and how it addresses sustainability and responsible business issues.

In addition to the reporting outputs from companies themselves, the team uses a variety of sources, including reports and publications from industry groups, non-governmental organisations, sell-side analysts, external research bodies and specialist responsible investment publications, to arrive at a balanced view of companies' overall performance. Since June 2015, the team has subscribed to MSCI ESG Manager to reinforce this process. Greenbank also conducts research into wider topics such as climate change, clean energy, human rights and employee welfare.

# COMMODITIES

## INVESTORS HAVE INDIRECT EXPOSURE TO COMMODITIES THROUGH THE ACTIVITIES OF INVESTEE COMPANIES.

For example, battery manufacturers require lithium, many food producers have exposure to palm oil, and aluminium is used in everything from trains to power transmission networks to buildings. Such exposure is assessed as part of our analysis of an organisation's sustainability performance.

Investors can also take more direct exposure to commodities to help generate returns and provide diversification to portfolios. This is done typically through investment vehicles (usually ETFs/ETCs) that either employ derivatives or buy the underlying asset (physically backed) to gain the necessary exposure. This section outlines the funds' sustainability criteria with respect to this form of investment in commodities.

### The funds:

- Will not invest in fossil fuel commodities due to their impact on climate change.
- May invest in other commodities, subject to specified sustainability criteria.

### Direct exposure to non-fossil fuel commodities will only be permitted if the following conditions are met:

- Transparency around the commodity's supply chain, with third party audit or other form of verification.
- Strong processes to ensure high social and environmental standards across the supply chain.
- No evidence of significant issues regarding labour rights, human rights or environmental degradation across the supply chain.
- Evidence of positive alignment with sustainability, for example local co-operatives involved in production, thereby helping to create sustainable and equitable economic growth.
- In the case of soft commodities, there is no link to food price speculation.

In practice, these requirements may result in all direct commodity investments being excluded from the funds. However, we do believe that an investment that meets the requirements set out above could have a place in a sustainable portfolio and therefore we have not excluded the asset class outright.

# PROPERTY

Open ended funds are not eligible for these funds under UCITS rules. REITs are eligible and will be subject to the same sustainability criteria as equities and corporate bonds.



# COLLECTIVES

We will not compromise our sustainability criteria for any holding in the funds. When we invest in collectives, the underlying long credit or equity exposure must meet the same criteria as any other holding in our funds. Therefore, we will only access collectives if we can view all of the underlying holdings to ensure that they meet our sustainability criteria.

**In practice this means we are unlikely to have significant exposure to collectives.**

# STRUCTURED PRODUCTS

**The following criteria apply to the fund's use of structured products:**

- With regard to the underlying exposure of the products, any underlying long credit or equity exposure must meet the same criteria as any other equity in the funds.
- Exposure to rates, volatility and foreign exchange are deemed acceptable.
- Exposure to structured products that provide short exposure to equity and credit (used for hedging purposes) are deemed acceptable.

In addition, where a structured product involves the provision of financing to the counterparty, we also require the counterparty to meet the same criteria as any corporate bond in the fund.

The exception to this will be where, like ring-fenced green or social bonds, approval may be granted in the context of the specific use of proceeds rather than the issuer's principal activity. This would only be where proceeds are intended for a specific social or environmental purpose and where the following conditions are met:

- Identifiable use of proceeds.
- Third party validation.
- Ongoing monitoring.
- Full transparency through regular reporting.

# THE EXCLUSIONS AND NEGATIVE SCREENS

**THE FUND USES A NEGATIVE SCREENING PROCESS TO HELP AVOID INVESTING IN COMPANIES THAT CREATE SIGNIFICANT NEGATIVE IMPACTS THAT ARE CONSIDERED TO BE INCOMPATIBLE WITH SUSTAINABLE DEVELOPMENT.**

Therefore, the fund will exclude companies that are in breach of one or more of the following criteria:

<b>Ethical issues</b>	<b>Criteria for exclusion</b>
<b>Alcohol</b>	<b>The fund shall exclude companies:</b> <ul style="list-style-type: none"><li>– Deriving over 10% of revenue from the manufacture of alcoholic beverages.</li><li>– Deriving over 25% of revenue from the retail of alcoholic beverages.</li><li>– Involved in serious or repeated breaches of guidelines to prevent irresponsible marketing of alcohol or harmful drinking.</li></ul>
<b>Animal welfare violations: animal testing</b>	<b>The fund shall exclude companies:</b> <ul style="list-style-type: none"><li>– Conducting animal testing without an appropriate animal welfare violations policy, referencing the '3Rs' principles of refinement, reduction and replacement.</li></ul>
<b>Animal welfare violations: fur</b>	<b>The fund shall exclude companies:</b> <ul style="list-style-type: none"><li>– Deriving any revenue from the production of fur or exotic animal skins.</li><li>– Deriving any revenue from the production or sale of products containing fur or exotic animal skins (either wild or farmed).</li></ul>
<b>Animal welfare violations: intensive livestock farming</b>	<b>The fund shall exclude companies:</b> <ul style="list-style-type: none"><li>– Rearing or processing animals for food and operating without evidence of policies, management and reporting on farm animal welfare violations.</li></ul>
<b>Armaments</b>	<b>The fund shall exclude companies:</b> <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>
<b>Gambling</b>	<b>The fund shall exclude companies:</b> <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>
<b>Pornography</b>	<b>The fund shall exclude companies:</b> <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>
<b>Tobacco</b>	<b>The fund shall exclude companies:</b> <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>

Environmental issues	Criteria for exclusion
<b>Climate change</b>	<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>
<b>Environment</b>	<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>
<b>Nuclear power</b>	<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>
Social issues	Criteria for exclusion
<b>Employment</b>	<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>
<b>Human rights</b>	<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>

# THE POSITIVE SUSTAINABILITY CRITERIA

## OUR AIM IS TO INVEST IN COMPANIES AND ENTITIES THAT DISPLAY STRONG ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES AND PRACTICES

We believe they are well-positioned to deliver long-term value creation for investors. In order to qualify for inclusion in the funds, companies and entities 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).

### Greenbank's eight sustainable development categories

				
	<p><b>Habitats and ecosystems</b></p>	<p><b>Resource efficiency</b></p>	<p><b>Decent work</b></p>	<p><b>Inclusive economies</b></p>
<p><b>Ambition for action</b></p>	<p>Preserve and enhance natural systems by encouraging companies to have a net positive impact on biodiversity.</p>	<p>Promote a circular economy that supports sustainable levels of consumption.</p>	<p>Ensure proper emphasis on the quality of jobs being created and maintained alongside their quantity.</p>	<p>Promote an equitable economy in which there is expanded opportunity for shared prosperity.</p>
				

\*to find out more visit: [sdgs.un.org/goals](https://sdgs.un.org/goals)



In September 2015, the United Nations launched the Sustainable Development Goals (SDGs). These comprise of 17 goals, with 169 underlying targets that aim to 'end poverty, protect the planet and ensure prosperity for all' by 2030. The SDGs provide a comprehensive framework for international action on the many social and environmental challenges facing the world. Greenbank has mapped the SDGs to a set of eight sustainable development categories and a number of underlying sub-categories.

**These ultimately align with the same ambitions as the SDGs but focus on the areas most relevant to companies and investors.**

 <p><b>Energy and climate</b></p>	 <p><b>Health and wellbeing</b></p>	 <p><b>Innovation and infrastructure</b></p>	 <p><b>Resilient institutions</b></p>	
<p>Support decarbonisation aligned to the goals of the Paris Agreement on climate change.</p>	<p>Ensure companies do not undermine the health of their beneficiaries and encourage improved health outcomes.</p>	<p>Support infrastructure that is fit to achieve broader planetary and societal goals.</p>	<p>Strengthen well-functioning institutions that protect the rule of law and fundamental rights.</p>	<p><b>Ambition for action</b></p>
 	  	   	 	

# OPERATIONAL ALIGNMENT

**OUR FOCUS IS ON THREE PRINCIPAL AREAS OF OPERATIONS:  
EMPLOYMENT, ENVIRONMENT AND HUMAN RIGHTS.**

In order for a company to qualify as operationally aligned to sustainable development, we expect it to demonstrate leading or best practice across one or more of these areas.

For example, within environmental operational alignment, the following activities and commitments can signify a possible operational link:

- Net zero commitments and evidence of progress.
- 100% renewable energy sourcing (or high proportion of energy from renewable sources with clear pathway set out to increase this).
- Comprehensive and detailed disclosure.



## Operational alignment with sustainable development

Issue	Attributes of good practice	Sustainable development category
<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>	Decent work
<b>Environment</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> <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>	Resource efficiency Energy and climate
<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>	Resilient institutions



# ACTIVITY ALIGNMENT

## IN ORDER TO QUALIFY FOR ACTIVITY ALIGNMENT, WE EXPECT 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 categories, and if this practice is central to their business models.

This creates a clear overlap between Rathbones Asset Management' 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.

As sustainable investors, we are seeking companies and entities whose activities are aligned with the SDGs. We want to engage with, and invest in, companies that are making positive contributions in areas that fall within our eight sustainable development categories.

For example, companies that operate in the renewable energy sector would likely align with our energy and climate criteria, while firms that provide water and sanitation in developing countries would likely meet our innovation and infrastructure requirements.

Examples of activities aligned with sustainable development include:

Activity alignment with sustainable development	Sustainable development category
<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>	<p>Energy and climate Resource efficiency Innovation and infrastructure Habitats and ecosystems Health and wellbeing Inclusive economies</p>
<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>	<p>Decent work Inclusive economies Innovation and infrastructure Resilient institutions</p>

# STEWARDSHIP AND ENGAGEMENT

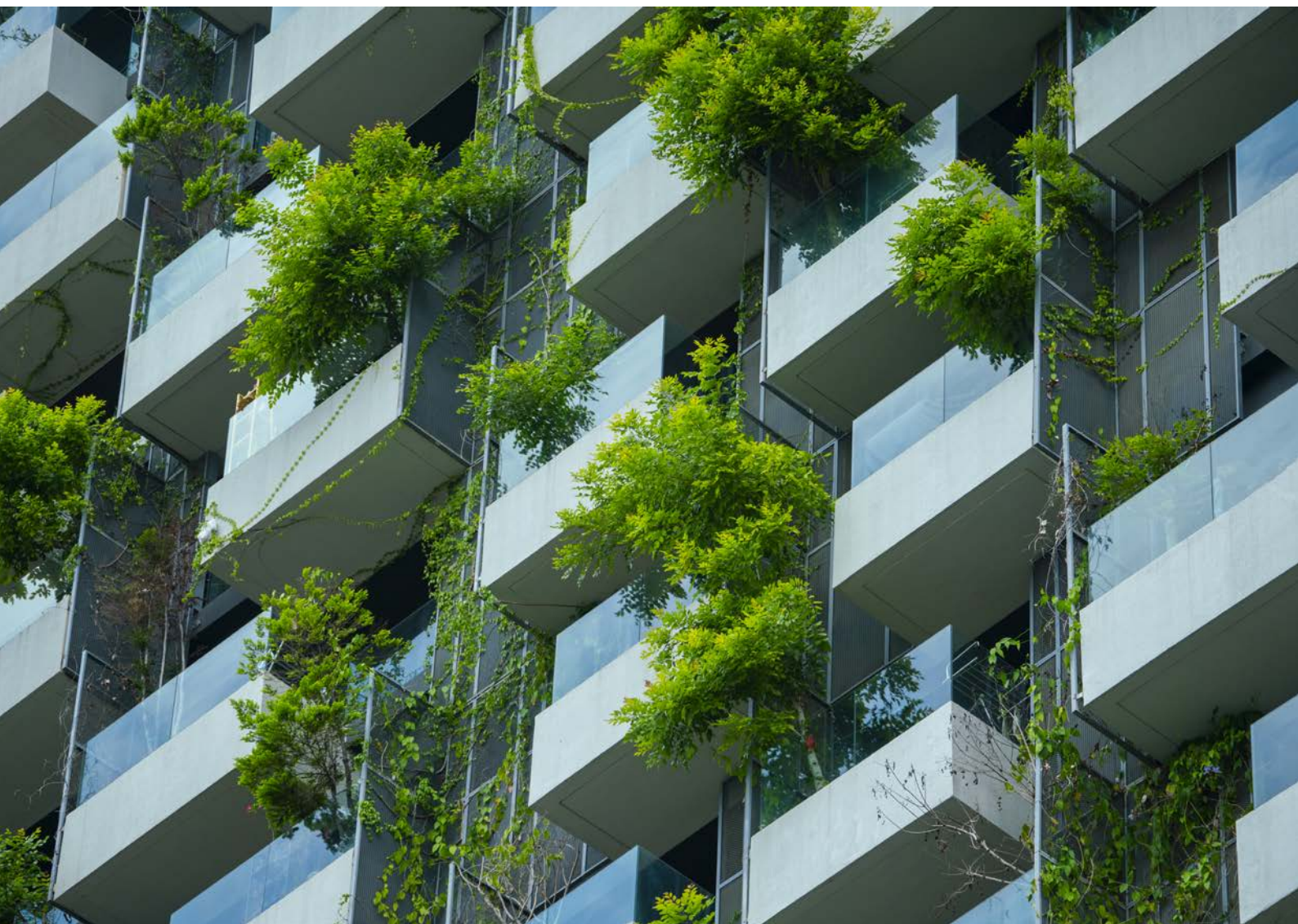
**MINDFUL OF OUR RESPONSIBILITIES TO OUR CLIENTS,  
WE SEEK TO BE GOOD, LONG-TERM STEWARDS OF THE  
INVESTMENTS WHICH WE MANAGE ON THEIR BEHALF.**

We believe it is in the best interests of our investors for the companies in which we invest to adopt best practice in their environmental, social and governance (ESG) policies.

## **Our responsible investment principles**

We have developed four core principles that guide our responsible investment activities:

- ESG integration: When we evaluate investments, we consider material ESG factors to help identify opportunities and risks.
- Voting with purpose: We actively vote across all votable equity holdings in line with our responsible investment commitments. This involves voting against management to help drive positive change. Bondholders have limited voting rights, but we do have direct lines of access to bond issuers as their capital providers. We view our engagement with issuers as a crucial part of our responsible investment approach and process.
- Engagement with consequences: We prioritise engagement where we can make a real difference in addressing the world's systemic environmental and social challenges.
- Transparency: As a prominent participant in the financial markets, we are committed to being transparent about our approach to responsible investment. We will actively report on the progress of our activities to our clients, shareholders and other stakeholders.



# RATHBONES' VOTING COMMITTEE

**WE APPROACH EACH COMPANY MEETING ON A CASE-BY-CASE BASIS, USING A COMBINATION OF ESTABLISHED BEST PRACTICE FOR EACH MARKET AND KNOWLEDGE OF THE PARTICULARITIES OF EACH COMPANY TO REACH A DECISION.**

## **Proxy voting policy**

Primary governance goals as expressed in our policy are to encourage boards to:

- Adopt clear values and standards in business dealings throughout the organisation.
- Develop a culture of transparency and accountability.
- Focus on strategic issues and the long-term quality of the business rather than simply short-term performance.
- Develop appropriate checks and balances to deal with conflicts of interests.
- Maintain effective systems of internal control and risk management.
- Create fair remuneration structures that reward the achievement of business objectives at all levels.
- Recognise and responsibly manage impacts on all stakeholders.

In order for boards to deliver on these goals, we believe they should demonstrate the following key features:

- Be led by an independent chairman.
- The chairman and the CEO roles should be separate and not exercised by the same individual.
- The board and its committees should retain the requisite balance of skills, experience, knowledge and independence. This includes adequate attempts to address the level of gender diversity.
- Develop clear and fair remuneration arrangements which incentivise shared value creation.
- For larger companies, at least half of the board should be composed of non-executive directors considered to be independent.

While the core principles of corporate governance are relatively well established, we observe emerging trends in the area. Standards naturally vary by market and, while recognising this, we will also encourage the adoption of global best practice. In order to ensure that our policy remains fit for purpose, we make sure that it is reviewed against benchmark standards and principles and updated accordingly on an annual basis.

# SUSTAINABILITY FOCUSED VOTING

## THE FUNDS ALSO FOLLOW A SUSTAINABILITY VOTING POLICY WHEN MAKING PROXY VOTES ON THE HOLDINGS WITHIN THEM.

In addition to the policy and process outlined above, the Rathbone Greenbank Multi-Asset Portfolios (RGMAPs) also follow a sustainability voting policy when making proxy votes on the holdings in the funds. The funds subscribe to the ISS Sustainability Voting Policy as standard for all holdings. These guidelines are “consistent with the objectives of sustainability-minded investors and fiduciaries”.

The ISS Sustainability Voting Policy takes as its frame of reference internationally recognised sustainability-related initiatives and provides an additional layer of accountability in relation to the sustainability impact of the RGMAP. It helps to align voting on fund holdings with the values of the funds.

Under the policy the funds will, as a default position, vote in favour of social and environmental proposals that seek to promote good corporate citizenship, while enhancing long-term shareholder and stakeholder value.

# ENGAGEMENT

## THE FUNDS WILL BENEFIT FROM GREENBANK’S EXPERIENCE AND EXPERTISE IN ENGAGING WITH ORGANISATIONS ON A BROAD RANGE OF SUSTAINABILITY ISSUES.

The fund will use engagement to:

- Signal to the market that ESG risks and sustainability issues are of importance to investors.
- Address direct concerns about a specific company issue or area of performance.
- Encourage best practice, giving internal momentum for positive change within companies.
- Raise awareness of sustainable development themes and how they may impact investments.

In engagement activities, we seek open and constructive dialogue in the spirit of longer-term partnership and believe that engaging

in depth on a narrower range of issues is the best way of maximising the positive impact of our activities.

Engagement methods range from informal dialogue and meetings to more formal methods such as tabling Annual General Meeting resolutions. We aim to be supportive but stretching in our dialogue with organisations and will escalate activity if we feel that agreed objectives are not being met within a reasonable timeframe.

In addition to engagement with specific fund holdings as required, the fund managers and Greenbank may collaborate on broader thematic engagement activity covering issues such as food system sustainability, biodiversity and climate change.





# ADDITIONAL INFORMATION

**ANY VIEWS AND OPINIONS ARE THOSE OF THE INVESTMENT MANAGERS, AND COVERAGE OF ANY ASSETS HELD MUST BE TAKEN IN CONTEXT OF THE CONSTITUTION OF THE FUND AND IN NO WAY REFLECT AN INVESTMENT RECOMMENDATION.**

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Unless otherwise stated, the information in this document was valid as at November 2023.

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