RATHBONES

RESPONSIBLE INVESTMENT POLICY

RATHBONES ASSET MANAGEMENT

OVERVIEW

We created this policy because we wanted to:

- give our clients a clear understanding of the extent to which responsible or sustainable criteria are factored into the investment process of each of our funds
- meet the current and likely future regulations around taxonomy and reporting requirements in the UK and other jurisdictions in which we operate
- clarify our alignment to, and application of, the commitments made by Rathbones Group, around responsible investment and in particular to the net zero initiative.

In essence, our funds can be divided into two categories:

- ESG integrated funds without a sustainable mandate, which:
  - integrate environmental, social and governance (ESG) risk factors into investment decision making
  - vote with purpose
  - engage with consequences
  - are committed to transparency
- Funds with sustainability characteristics[1], which do all of the above, and additionally:
  - follow "acting to avoid harm" exclusions
  - implement "positive" criteria
  - are supported by independent analysis and oversight

Reporting requirements are evolving rapidly, with Sustainable Finance Disclosure Regulation (SFDR), Task Force on Climate-related Financial Disclosures (TCFD) and other voluntary codes we have signed up to such as the Science Based Targets initiative (SBTi) disclosures either in effect or coming shortly. We are committed to providing transparency for clients and regulators. Our progress will be reported through feeding into group reporting as well as direct reporting for Rathbones Asset Management and individual funds.

1 See notes in the appendix.

POLICY SCOPE AND GOVERNANCE

This policy defines how responsible investment is governed and managed within our range of funds and mandates.

Policy scope

This policy is binding and applies to Rathbones Asset Management Ltd, a subsidiary of Rathbones Group Plc.

This policy covers both Rathbones Asset Management's UK and Luxembourg fund ranges.

This policy further covers investment mandates where Rathbones Asset Management is the investment manager.

Policy compliance

The policy is reviewed by the Rathbones Asset Management Responsible Investment Committee; Rathbones Asset Management Product Governance Committee; Rathbones Asset Management Executive Committee; Rathbones Group's Responsible Business Committee and is approved by the Rathbones Asset Management Board of Directors.

The policy will be reviewed annually or in response to a material event.

Breaches of this policy are considered a material event for the purpose of Product Governance and will be managed in line with the Rathbones Asset Management Product Governance Policy. Breaches will be reported to the Product Governance Committee and the Rathbones Asset Management Board of Directors.

The Rathbones Asset Management Responsible Investment Committee is responsible for maintaining this policy.

The Rathbones Asset Management Board of Directors is responsible for ensuring this policy is fit for purpose.

The policy is aligned with Rathbones Group Plc policies.

INTRODUCTION AND RATHBONES GROUP STRATEGY

Rathbones Asset Management is a UK asset manager. We actively manage a range of equity, bond and multi-asset investment strategies. We offer investment management for retail investors, intermediaries and segregated institutional accounts.

We are part of Rathbones Group, one of the longest established financial services firms in the United Kingdom. The group has long recognised the importance of responsible investing and, through our ethical, sustainable and impact specialists Greenbank Investments, started offering ethical and sustainable portfolios in 1997.

The overall group purpose statement is as follows:

"We see it as our responsibility to invest for everyone's tomorrow. That means doing the right thing for our clients and for others too. Keeping the future in mind when we make decisions today. Looking beyond the short term for the most sustainable outcome. This is how we build enduring value for our clients, make a wider contribution to society and create a lasting legacy. Thinking, acting and investing responsibly."

Rathbones Group Plc defines responsible investment as the purposeful integration of ESG considerations into our investment management processes and our ownership practices. The Group describe ESG in the following terms:

- Environmental: issues relating to the quality and functioning of the natural environment
- Social: issues relating to the rights, well-being and interests of people and communities
- Governance: issues relating to corporate governance and corporate behaviour

Rathbones Group has been a signatory to the United Nations supported Principles for Responsible Investment since 2009, reporting in line with its requirements annually.

Rathbones Group is a signatory to the Net Zero Asset Managers (NZAM) initiative. This supports our commitment to achieve net zero GHG emissions across our business and our investment holdings by 2050 or sooner. We are also committed to implementing a stewardship and engagement strategy on net zero, with a clear voting and escalation policy.

RATHBONES GROUP COMMITMENT TO NET ZERO

At Rathbones, we are taking several steps to increase our understanding of climate risks and opportunities to invest in solutions. Along with a robust management of our direct operational risks, we believe it is in our clients' best interests for the companies in which we invest to adopt best practice in managing environmental, social and governance risks.

We recognise not only that our business and those businesses in which we invest are impacted by climate change, but also that the choices we make as stewards and investors could either exacerbate, or alleviate, the climate crisis.

Alongside our interim results in July 2021, we announced a group-wide commitment to becoming net zero by 2050 or sooner. In October, we shared our interim targets for the reduction of our scope 1, 2 and 3 emissions. These have been set in alignment with the Science Based Targets initiative (SBTi) as part of our efforts to reduce greenhouse gas emissions and limit global warming to 1.5°C above pre-industrial levels.

To achieve net zero, we will reduce our operational emissions, alongside those linked to suppliers and investments. Using 2020 as a baseline year, we are working to achieve a 42% reduction in operational and supply chain emissions by 2030.

Meanwhile, we aim to have 57% of our underlying holdings committed to an SBTi aligned target – or committed to set one – by 2030. This is in line with group's objective of achieving 100% investment coverage by 2040.

Delivering on this would build on our 81% reduction in operational carbon intensity per full-time employee since 2013 (as at year-end 2021), as would completing the transition of our offices to fully renewable energy sources by the end of 2025. This will aid Rathbones in meeting the 2025 internal target of a 21% reduction across our scope 1 and 2, and operational scope 3 emissions. Progress towards these targets will be tracked through our group's annual public reporting.

You can find out more on how Rathbones Group applies these principles here.

Within Rathbones Asset Management, each fund takes account of climate risks and opportunities in the manner that is most appropriate for their mandate and the nature of the fund's underlying holdings, please see TCFD reporting for more detail on fund-specific considerations.

RATHBONES ASSET MANAGEMENT OVERVIEW

Core principles on responsible investment

We want to meet or exceed our clients' expectations:

- To help set those expectations we are committed to total transparency on our funds' financial objectives, risk tolerances and the extent to which non-financial factors such as ESG risk analysis and sustainability or impact goals are factored into decision-making.
- Risk is central to all our investment decision making. Understanding ESG factors is one aspect of our risk analysis, and fully integrated into the investment process.
- We believe in active management and accept that with this approach comes responsibility. We strive to be good long-term owners of the businesses we invest in. We consider and actively vote on resolutions put forward to shareholders. We will engage regularly, through direct contact, with management teams to press for change for the good of our investors.
- We take our role as good corporate citizens very seriously. We will lead or join other investors in driving broader change in the financial ecosystem through regulatory changes or thematic engagement projects. We will undertake these activities where we believe it will result in improved long-term returns for our clients.

RATHBONES ASSET MANAGEMENT'S APPROACH TO RESPONSIBLE INVESTMENT

We manage several investment funds and mandates, with a wide range of objectives and risk profiles. Each investment team creates their own bespoke investment process that gives the best opportunity to meet these objectives over the longer term. There is no prescriptive and over-riding in-house investment process that our managers must follow. Each team clearly articulates their investment process to prospective and existing clients, highlighting the degree to which responsible or sustainable criteria are factored into the decision-making process. This will vary, depending on the nature of the fund. However, there are four core principles relating to responsible investment applicable to all the investment funds we manage:

ESG integration

We consider environmental, social and governance (ESG) risk factors in the evaluation of investments.

Voting with purpose

We actively vote across our equity holdings in line with our responsible investment commitments. This can involve voting against management to help drive positive change.

Engagement with consequences

We prioritise engagement where we can make a material difference in addressing the world's systemic environmental and social challenges. We will reduce our holdings or divest from companies which continue to present an ESG risk over time.

Transparency

As a prominent investor, we are committed to being transparent about our approach to responsible investment. We will report on the progress of our responsible investment activities to our clients, shareholders, and other stakeholders.

TAXONOMY OF RESPONSIBLE INVESTMENT

The **United Nations Principles for Responsible Investment (PRI)** describes sustainable finance taxonomy as a tool to help investors understand whether an economic activity is environmentally sustainable, and to navigate the transition to a low-carbon economy. Setting a common language between investors, issuers, project promoters and policy makers helps investors to assess whether investments are meeting robust environmental standards and are consistent with high-level policy commitments such as the Paris Agreement on Climate Change.

The **European Union** has issued its taxonomy regulations under which all funds or financial products are classified, based on their approach to sustainable investing. This came into effect for all European-domiciled funds with effect from March 2021. All our Luxemburg domiciled funds have been classified as either Article 6 or Article 8 funds. The European Commission issued definitions under its Sustainable Finance Development Regulations as to how funds were to be classified. This continues to evolve but in summary:

- Article 6 fund: A financial product where sustainability risks are integrated into investment decisions.
- Article 8 fund: A financial product which promotes environment or social characteristics, or a combination of those characteristics.

In October 2021, the **UK government** released a report titled 'Greening Finance: Roadmap to Sustainable Investing' (the Roadmap), which encourages UK businesses and investors to have regard to climate and other environmental, social, and governance (ESG) considerations in their decision-making processes. The Roadmap follows the government's 2019 'Green Finance Strategy', which set out a suite of policies to assist in aligning UK financial flows with a low-carbon planet. Following on from this, the UK regulator has issued proposals for the classification and labelling of financial products. These are currently under discussion with the industry. We, as members of The Investment Association (IA), are contributing to these ongoing discussions.

Having reviewed the various proposals currently under review, we believe the following classification best meets the likely direction of final legislation but also provides greater clarity to investors as to the level of ESG integration and sustainability analysis incorporated into the investment approach.

As we believe that no one size fits all, we provide investors with a range of responsible investments. In line with The Investment Association's proposals, we have defined this range into three categories of funds: *ESG integrated funds; Funds with sustainability characteristics*, and *Impact investment funds*. A fourth category, *Traditionally invested funds*, refers to those funds which do not consider any ESG factors. Within this policy, we have categorised all our funds into one of the four categories. We have clearly defined the parameters of each of these categories to enable you, our investors, to align your personal values with your investment.

<table>
<tr><th rowspan="2">Sections</th><th></th><th colspan="3">Responsible investing</th></tr>
<tr><th>Does not integrate ESG (traditionally invested)</th><th>ESG integrated</th><th>Funds with sustainability characteristics</th><th>Impact</th></tr>
<tr><td>ESG risk management</td><td>May not include environmental, social and governance risk factors alongside financial factors in the investment decision-making process</td><td colspan="3">Includes material environmental, social and governance risk factors alongside financial factors in the investment decision-making process (ESG integration)

ESG Integration does not mean we eliminate ESG risks completely or only invest in companies with strong ESG opportunities</td></tr>
<tr><td>Stewardship activities</td><td>May not undertake stewardship activities on behalf of their investors</td><td colspan="3">Actively undertakes material stewardship activities such as voting and engagement on behalf of their investors

(voting with purpose and engagement with consequences)</td></tr>
<tr><td>Reporting</td><td>May not actively report on ESG risks and opportunities</td><td colspan="3">Actively reports in line with SFDR, TCFD and SBTi disclosures (transparency)

Bespoke detailed reporting on individual funds available on request</td></tr>
<tr><td>Exclusionary criteria</td><td>Does not include binding exclusionary clauses in the investment policy means the fund can invest in all sectors and businesses allowable within its mandate</td><td colspan="3">May include company or entity level exclusions which prevent the fund from investing in certain sectors or businesses due to posing an unacceptably high environmental, social or governance risk

May include additional binding exclusionary ‘acting to avoid harm’ clauses in the fund's investment policy which means the fund cannot invest in certain sectors or businesses which pose an environmental, social and governance risk</td></tr>
<tr><td>Inclusionary criteria</td><td colspan="2">Does not include binding ‘do good’ clauses in the investment policy which means the fund can invest in all sectors and businesses allowable within its mandate</td><td colspan="2">Includes binding ‘positive’ criteria within in the investment policy, ensuring that all assets meet specified standards of responsible and sustainable activities or practices.</td></tr>
<tr><td>Measurable outcomes</td><td colspan="3">Does not include measurable environmental, social or governance objectives within the investment objective of the fund</td><td>Includes measurable environmental, social or governance objectives within the investment objective of the fund for which the fund manager is held accountable for fulfilling</td></tr>
</table>

Rathbones Asset Management open ended investment company (OEIC), unit trust and non-UCITS retail schemes (NURS) funds registered in the United Kingdom

Does not integrate ESG (traditionally invested)	ESG integrated	Funds with sustainability characteristics	Impact
Rathbones Asset Management does not run any traditionally invested funds	Rathbone Multi-Asset Total Return Portfolio	Rathbone Ethical Bond Fund[1]	Rathbones Asset Management does not run any thematic or impact investment funds
	Rathbone Multi-Asset Defensive Growth Portfolio	Rathbone Greenbank Global Sustainability Fund	
	Rathbone Multi-Asset Strategic Growth Portfolio	Rathbone Greenbank Global Sustainable Bond Fund	
	Rathbone Multi-Asset Strategic Income Portfolio	Rathbone Greenbank Total Return Portfolio	
	Rathbone Multi-Asset Dynamic Growth Portfolio	Rathbone Greenbank Defensive Growth Portfolio	
	Rathbone Multi-Asset Enhanced Growth Portfolio	Rathbone Greenbank Strategic Growth Portfolio	
	Rathbone Global Opportunities Fund	Rathbone Greenbank Dynamic Growth Portfolio	
	Rathbone UK Opportunities Fund		
	Rathbone Income Fund		
	Rathbone High Quality Bond Fund		
	Rathbone Strategic Bond Fund		
	Rathbone Core Investment Fund for Charities		
	Rathbone Active Income and Growth Fund		

1 See notes in the appendix.

Rathbone SICAV funds registered in Luxembourg

Does not integrate ESG (traditionally invested)	ESG integrated Article 6 fund	Funds with sustainability characteristics Article 8 fund	Impact Article 9 fund
Rathbones Asset Management does not run any traditionally invested funds	Rathbone SICAV Multi-Asset Total Return Portfolio	Rathbone SICAV Ethical Bond Fund	Rathbones Asset Management does not run any thematic or impact SICAV funds
	Rathbone SICAV Multi-Asset Strategic Growth Portfolio		
	Rathbone SICAV Multi-Asset Enhanced Growth Portfolio		
	Rathbone SICAV Global Opportunities Fund		

RESPONSIBLE INVESTMENT GUIDELINES

1. ESG integration

We understand that environmental, social and governance (ESG) factors can, like traditional financial factors, affect the financial performance of the companies and entities we choose to invest in. Therefore, we systematically and explicitly integrate material ESG factors into our investment process. This enables us to uncover any potential ESG risks or identify any potential ESG opportunities a company may have before deciding whether or not we believe those factors could be financially material to that particular company and therefore affect our investment decision. Crucially, we are not attempting to eliminate ESG risks completely or only invest in companies with strong ESG opportunities. Instead, we are trying to gain a more well-rounded and complete view of every company we look at in order to make more informed investment decisions and maximise risk-adjusted returns for our clients.

Rathbones Asset Management does not have a centralised investment process, meaning that investment decisions are not made by centralised committees. Each fund manager has their own specific investment process which is appropriate to the investment policy and objectives of their fund. We believe that by giving our fund managers autonomy over their investment processes, they can better provide positive outcomes for investors.

We give our fund managers the tools they need to interrogate and manage risks when making investment decisions. We balance our fund managers' autonomy with robust oversight, actively monitoring the risk they take within our funds and regularly challenging them on the investment decisions they make.

To manage ESG risk, we provide our fund managers with in-depth specialist quantitative and qualitative ESG data and research which they use when evaluating new investments and monitoring existing ones.

ESG risk is monitored by Rathbones Asset Management's Risk Committee and the Rathbones Asset Management Responsible Investment Committee. The investment risk team provides periodic reports to these committees, which detail the exposure of investment portfolios to negative ESG factors. ESG risk analysis is also a key element of the regular Investment Risk and Performance Challenge meetings held with each investment team. These formal meetings are an integral part of our investment oversight framework. In the event that a material risk is identified, the investment risk team will work with the fund manager to mitigate the risk through active measures such as stewardship and engagement. If the risk is deemed to be unacceptable, the investment risk director and fund manager will agree a plan to dispose of the asset.

Our management of ESG risk aligns to our approach of managing quantitative and liquidity risk.

2. Voting with purpose

We actively vote across our votable equity holdings in line with our responsible investment commitments. This may involve voting against management to help drive positive change. The Rathbones Asset Management voting disclosures tool is available on our website, to enhance the public reporting of our voting activities, and features in summary form in Rathbones' annual report.

As proponents of responsible investment, we aim to lead by example, act with integrity and therefore credibly promote the desired culture within our investee companies. We believe it's in the best interests of our clients for the companies in which we invest to adopt best practice in corporate governance, and through our voting activities we endeavour to:

- be long-term stewards for a more sustainable world: mindful of our responsibilities to our clients, we seek to be good, long-term stewards of investments that we manage on their behalf, as expressed in our stewardship policy. Active, informed voting is a fundamental expression of investor stewardship.
- protect returns: our major responsibility is to make full use of shareholder votes and ownership rights to influence companies to adopt longer-term, sustainable practices. We aim to ensure that company boards provide appropriate and independent oversight of management strategy and company activities.
- ensure ESG integration across investments: we will also encourage companies to identify and manage ESG risks, to protect long-term asset values, and as a result, produce robust ESG disclosures.

For our investments, we use an external proxy voting consultant to provide ESG advice. We subscribe to their sustainability policy, which provides an ESG overlay for our voting. Decisions are usually made according to market benchmark policies.

3. Engagement with consequences

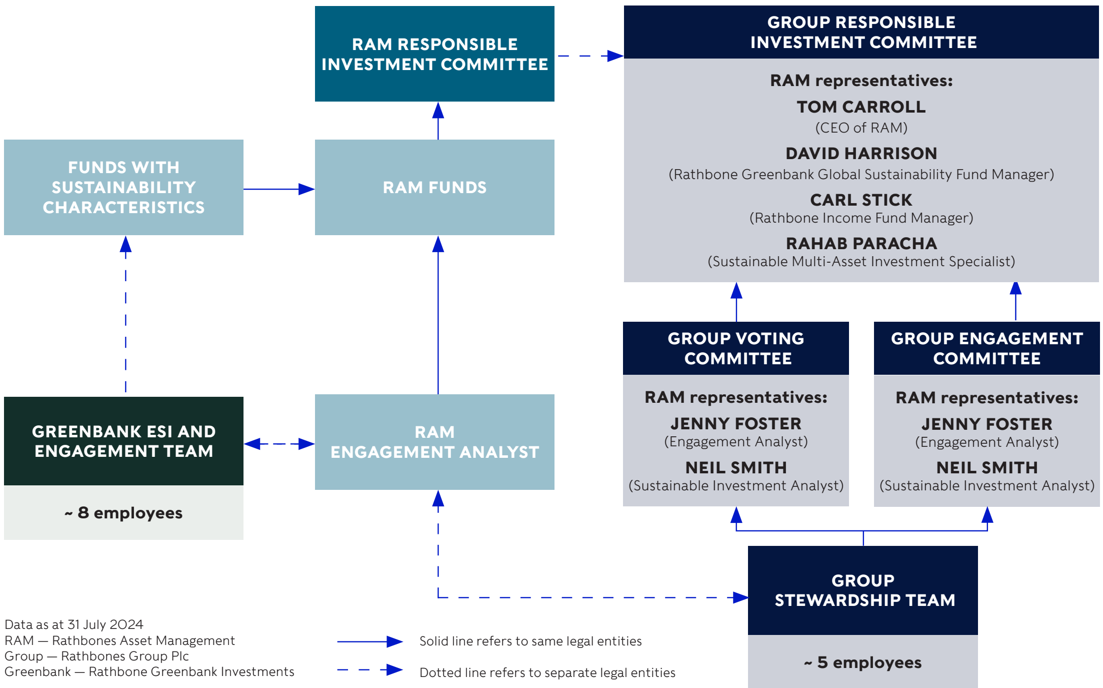
As an active fund management house, engagement is core to the way we manage money for our clients.

We recognise that we have a responsibility and a fiduciary duty to our clients to help address and minimise the environmental, social and governance (ESG) risks, which may affect the financial returns of our clients' assets. We are long-term, active holders of capital so, if necessary, we aim to have a long-term dialogue with companies in order to understand the ESG risks at hand and decide how those factor into our investment analyses and portfolio construction.

Rathbones Asset Management combines the best cultural aspects of an investment boutique with the strengths of a well-resourced and patient parent. Being part of Rathbones Group means we can have greater impact and this, combined with the close relationships our Rathbones Asset Management fund managers have with company management, gives us a bigger voice on issues.

We have a dedicated Rathbones Asset Management Engagement function, which works closely with the Rathbones Group Stewardship team and Greenbank's Ethical, Sustainable and Impact (ESI) team, to leverage our engagement capabilities. The Rathbones Asset Management Engagement function regularly communicates upcoming votes, engagements and engagement priorities for different areas of the business via the Rathbones Engagement Committee, or ad-hoc if and when required. The Rathbones Asset Management Engagement function also works closely with our investment teams to prioritise, lead, escalate, report and track engagements for each fund.

ESG risk factors are implicitly incorporated into our bespoke research process, which is specific to each strategy, and fund managers are aware of ESG risks. The independent risk oversight function monitors ESG risks in real-time using data from several external providers including MSCI and Sustainalytics. There is a feedback loop from the fund management teams to risk and senior management, where ESG risks must be explained and managed appropriately. The Rathbones Asset Management Responsible Investment Committee is attended by all functions of the business and provides a further feedback loop to identify and act on ESG risks.



4. Transparency

We will report annually on the progress of our responsible investment activities. Integrating ESG factors into our research, engagement and investment process is important to us, and we want to be transparent about our progress. It is important that we produce annual reporting for our clients and other stakeholders, while also contributing to the group's detailed submission to the annual PRI reporting cycle. We will evolve our reporting in this area in line with expected regulatory developments.

We are proud of the impact we have made through our proactive stewardship policies on voting and engagement. We also use our direct access to management teams to actively support the agenda of the engagement and voting committee as well as other ESG issues highlighted by the teams themselves. Our most recent stewardship reports can be found here. We are also active in working with the Group on thematic pieces of research and engagement, such as our recent report on modern slavery and supply chain transparency, available here.

At a corporate level, as a signatory of the PRI and their reporting framework, we provide details every year on our responsible investment activities, which is used to publish a responsible investment report available here. As a signatory to the Net Zero Asset Managers (NZAM) initiative, we report annually on our progress towards reaching our net zero targets, though our CDP and PRI submissions available here and here respectively.

The Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board following a mandate from the G20. Supported by prominent industry experts, the TCFD examined the physical, and transition risks associated with climate change, and requires effective financial disclosures across industries. It has subsequently issued recommendations that aim to help companies provide decision-useful information on the impact of climate on their business. Responding to the inclusion of TCFD as a UK listing rule in April 2022 for Group level and June 2024 for Entity and Product level disclosures, we have published a full suite of TCFD reports, including reports for each individual fund, available here.

RESPONSIBLE INVESTING GUIDELINES — OUR SFDR ARTICLE 6 FUNDS

The four pillars to our responsible investment approach:

- **ESG integration**
- **Voting with purpose**
- **Engagement with consequences**
- **Transparency**

As detailed previously, apply to all funds managed by Rathbones Asset Management, irrespective of their objectives. All our funds will be subject to any exclusion policies imposed by the Group or Rathbones Asset Management. Exclusionary criteria within an investment policy mean a fund can't invest in specific sectors, assets or businesses which are involved in certain activities. Details on these restrictions can be found below in the sections on company and entity level exclusions. In addition, there may be additional policies applied by individual teams to best meet the client and investment needs of the particular fund. A fund's investment policy tells you what a fund can and can't invest in. Specific criteria differ from fund to fund, so it's important to check the fund's investment policy to make sure the funds exclusions align with your values.

SUSTAINABLE INVESTMENT GUIDELINES

Sustainable investment is about long-term value creation for investors, society and the environment

We believe it is possible to achieve long-term growth by investing in entities that conduct their business, and thereby apply capital, in a responsible way. This is achieved by considering a range of social and environmental issues, along with how they might affect individuals and wider society. We therefore believe a fund with sustainability characteristics is one that includes all of the following approaches to responsible investment:

- Integrates ESG factors into risk management and stewardship activities
- Follows exclusionary criteria clauses within its investment policy
- Implements positive criteria clauses within its investment policy
- Employs independent oversight and veto on investment decisions.

Exclusionary criteria

Some ESG integrated funds and all funds with sustainability characteristics, impact investment funds and mandates will have exclusion criteria within their responsible investment policies. This can also be referred to as a 'negative screen'.

A fund's investment policy tells you what a fund can and can't invest in. Exclusionary criteria within an investment policy mean a fund can't invest in specific sectors, assets or businesses which are involved in certain activities. Specific exclusionary criteria differ from fund to fund, so you should check the fund's responsible investment policy to make sure the funds exclusions align with your values.

In the event an investment no longer meets a fund's exclusionary criteria, the fund manager will dispose of the investment within six months. This is the maximum limit to dispose of an investment; however, in practice, we will aim to dispose of an asset in the shortest possible period, accounting for the best interests of the unitholders of our fund. Some very short dated (under 2 years) fixed interest securities may in exceptional circumstances be held to maturity if disposal would significantly impact financial returns.

Group-level exclusions

These exclusions align with our corporate responsible investment strategy and apply to all investments across the Rathbones Group. These exclusions are recommended by our Group responsible investment committee, which has a number of representatives from Rathbones Asset Management. These are then ratified by the Group Executive Committee and implemented across the Group. Such exclusions are quite a blunt tool, so are limited to companies operating in industries which are a clear and present an obvious contradiction to our values, such as cluster munitions.

Entity level exclusions

The Rathbones Asset Management Responsible Investment Committee meets monthly to review emerging trends and debate entity-level restrictions. We do not currently impose any entity-level restrictions on our investments but all investments are subject to group-level exclusions.

Fund level exclusions

Our funds with sustainability characteristics use a negative screening process to avoid investing in companies that create significant negative impacts that are incompatible with sustainable development. Therefore, our funds will exclude companies that are in breach of one or more of the bespoke criteria established for each of our funds with sustainability characteristics. Examples of exclusions used by some or all of our investment teams may include:

- Ethical issues: companies deriving a significant proportion of their revenues from alcohol, armaments, gambling, pornography, etc.
- Environmental issues: companies deriving a significant proportion of their revenues from oil and gas production, thermal coal, nuclear power, etc.
- Social issues: companies showing repeated or serious failings related to health and safety, diversity, etc. or International Human Rights Standards

Further details on the responsible investment policies and screening criteria for our funds with sustainability characteristics is available on our website: Rathbones Asset Management

Inclusionary criteria

All funds with sustainability characteristics will have inclusion criteria within their responsible investment policy. This can also be referred to as a 'positive screen'. Our aim is to invest in companies and entities that display strong environmental, social and governance policies and practices because we believe they are well-positioned to deliver long-term value creation for investors.

To qualify for inclusion in our funds with sustainability characteristics, 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).

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 Investments has mapped the SDGs to a set of eight sustainable development categories and 21 underlying sub-categories.

These categories ultimately align with the same ambitions as the SDGs but focus on areas most relevant to companies and investors. We use these to determine how successful individual companies are at translating aspirations into tangible results.

Habitats and ecosystems

Includes organisations that are helping to preserve land, water and marine habitats and biodiversity.

Resource efficiency

Includes organisations that are supporting the sustainable use of Earth's resources through the products and services they provide. It also includes organisations that are operationally aligned with the theme and support positive impacts via their policies, business strategies and management of their own resource use.

Decent work

Includes organisations that are supporting the quantity and quality of jobs through the products and services they provide.

Also includes organisations that are operationally aligned with the theme and support positive impacts via their policies, business strategies and management of their own employment practices.

Inclusive economies

Includes organisations that are promoting access to basic services and supporting a more inclusive society through the products and services they provide.

Energy and climate

Includes organisations that are supporting positive climate action and energy security through the products and services they provide.

Also includes organisations that are operationally aligned with the theme and support positive impacts via their policies, business strategies and management of their own environmental impacts.

Health and wellbeing

Includes organisations that are supporting physical and mental wellbeing, or helping to prevent injuries and deaths, through the products and services they provide.

Resilient institutions

Includes organisations that promote peace, justice and the rule of law through the products and services they provide. It also includes organisations that are operationally aligned with the theme and support positive impacts via their policies, business strategies and management of their own human rights impacts.

Innovation and infrastructure

Includes organisations that are supporting environmental sustainability or human wellbeing through the products and services they provide. Organisations in this theme can often play a facilitating role in creating the environment or infrastructure needed for other organisations to deliver positive impact.

EXPERT AND INDEPENDENT INPUT FROM GREENBANK INVESTMENTS

Greenbank Investments (Greenbank) is a team of ethical and sustainable investment specialists within Rathbones Group. The team has been at the forefront of developments in the sustainable investment industry for over twenty years, launching one of the UK's first bespoke ethical portfolio services. Since 1997, the team has offered a dedicated ethical and sustainable investment service, applying social, environmental and ethical principles in the management and screening of client portfolios. The team is passionate about sustainability issues and placing the principles of its clients and partners at the forefront of everything it does. A leader in sustainable investment, it has been pushing for improvements in corporate sustainability through active engagement with companies on issues ranging from modern slavery to climate risk since its foundation.

Greenbank's ethical, sustainable and impact team provides Rathbones Asset Management's funds with sustainability characteristics with independent analysis into the sustainability credentials of the companies and entities in which they invest. Greenbank's proprietary database comprises ESG risk and sustainability profiles on companies, governments and other entities.

Greenbank is the final arbiter on whether an investment is eligible for inclusion within our funds with sustainability characteristics, using both positive and negative screens. It also monitors fund holdings' ongoing suitability in the event of changes in their core activities due to mergers, acquisitions and disposals, or as they develop new ESG policies and practices. Greenbank can veto any investment which they believe does not meet our inclusionary or exclusionary criteria. This ensures all criteria are applied without bias or influence from our fund managers.

APPENDIX

Definitions

Environmental, social and governance	Environmental, social and governance, or ESG for short, refers to the three central factors used to assess the sustainability and societal impact of an investment in a company or business. Environmental — Issues relating to the quality and functioning of the natural environment. Social — Issues relating to the rights, well-being and interests of people and communities. Governance — Issues relating to corporate governance and corporate behaviour. When referring to an investment or group of investments,ESG' is often used synonymously with responsible investment, sustainable investing, socially responsible investing, mission-related investing, or screening and refers to following investment principles, either defined in the investment policy or investment objective, to 'act to avoid harm' or 'to do good', or a mixture of both. When referring to risk management, 'ESG' characteristics of an investment are scrutinised by the fund manager in the investment decision making process.
Stewardship	Stewardship is engaging with publicly owned companies and voting on behalf of our investors, ensuring the companies we invest in do the right thing. Stewardship undertaken on behalf of Rathbones Asset Management includes monitoring and engaging with companies on matters such as strategy, performance, risk (including ESG risk), capital structure, and corporate governance (including culture and remuneration). Engagement is a part of stewardship and defines the purposeful dialogue with companies on these matters.

Responsible investment	Responsible investment is the integration of ESG considerations into investment management processes and ownership practices in the belief that these factors can have an impact on financial performance. At Rathbones, we aim to invest responsibly throughout all products and services we offer.
Traditional fund	We define a 'traditional fund' as one which does not formally consider ESG risks or carry out stewardship activities on behalf of its investors. We do not consider traditional funds to be investing responsibly.
ESG integrated fund	We define an "ESG integrated fund" as one which takes consideration of ESG risk factors alongside financial factors in the investment decision-making process and actively undertakes stewardship activities on behalf of its investors. We consider ESG integrated funds to be investing responsibly.
Exclusionary fund	We define an 'exclusionary fund' as one which undertakes ESG risk management and stewardship activities. Additionally, these funds have exclusionary clauses within their investment policies. These clauses mean the fund cannot invest in sectors or businesses outlined in the fund's prospectus. We consider exclusionary funds to be investing responsibly.
Funds with sustainability characteristics	We define a 'fund with sustainability characteristics' as one which undertakes ESG risk management and stewardship activities and has exclusionary 'acting to avoid harm' clauses within its investment policy. Additionally, these funds have 'positive' clauses within their investment policies. These clauses mean the fund can only invest in businesses which contribute to UN Sustainable Development Goals.s We consider funds with sustainability characteristics as investing responsibly.
Impact or thematic investment fund	We define an 'impact' or 'thematic' investment fund as one which undertakes ESG risk management and stewardship activities. These funds may have exclusionary 'acting to avoid harm' clauses and 'do good' clauses. Additionally, these funds have measurable ESG goals within their investment objective. We consider impact or thematic funds as investing responsibly.

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