



Rathbone Greenbank Investments

Our sustainable
investment framework

Setting the bar for sustainability

We provide tailored portfolio investment services for those who want to align their investments with the change they wish to see in the world.

We look beyond the financial to consider how investments impact on people and planet.

This document sets out our expectations on sustainability and the standards investments must meet in order to align with our values.





Our approach

Rathbone Greenbank Investments (Greenbank) specialises in bespoke ethical, sustainable and impact investment. As such we can tailor portfolios to meet the specific requirements of each client, not only in terms of their financial objectives, but also through the exclusions we apply and the areas of positive focus we prioritise.

In addition, our overall sustainable investment philosophy and research process ensures that certain minimum thresholds of environmental, social and governance (ESG) and sustainability performance are reached before a stock is considered for inclusion in our investment universe.

In short, we aim to avoid investment in organisations that we believe have an overall negative impact on people and planet (taking into account the entirety of their activities and ways of operating) and seek out those which are delivering social and environmental benefits.

In practice this rules out certain sectors where we feel no company meets our minimum requirements. For example, we would not invest in a tobacco stock even if a client's own preferences were to allow it. But ruling companies out based on their activities is the easy part of this equation. We think it's also critical to look at a company's behaviour and culture when we're considering whether it would qualify for inclusion in our investment universe and align with our investment philosophy.



Our minimum threshold

How we aim to avoid harm

Investments which have a serious and unmitigated negative impact on one or more of our sustainable development themes will not be eligible for inclusion in our universe. We explain this in more detail [here](#).

The only exception is investments where there is a clear and credible strategy in place to transition away from harmful activities, evidenced by past performance and management commitment. In such cases, we undertake active engagement to ensure progress and improvements remain on track.

How we look for investments delivering positive impact

Equities and corporate bonds are expected to have a positive impact on one or more sustainable development themes via their products and services or way of operating.

Collectives (e.g. Unit Trusts or Investment Trusts) must apply ethical screening criteria and/or a sustainability overlay, or be focused on a particular sustainability theme.

Sovereign debt is assessed against four measures of sustainability of the issuing nation covering civil and political freedoms, corruption, defence spending and climate change. Debt issued by countries that fail to meet our expectations across all four areas will not be eligible for investment.



How our framework is applied

Detailed sustainability analysis

Our Ethical, Sustainable and Impact (ESI) research team conducts detailed analysis of investments and reviews how sustainable development themes impact and are impacted by our investments. The team maintains sustainability profiles on all companies in our investment universe and conducts regular monitoring to ensure their ongoing suitability.

We endeavour to ensure alignment with our sustainability framework, but recognise that there may be times when we do not have access to complete information on a company's activities or behaviour. If we identify concerns, or the sustainability profile of an investment meaningfully changes, then we may engage to push for positive change or we may divest.

Bespoke sustainability considerations

For clients who wish to adopt an approach that differs from our core sustainability framework, we are able to use an ethical questionnaire to capture areas of concern and positive interest, or to follow existing responsible investment policies.

Transferring your existing portfolio

Our minimum threshold only applies to new purchases we make on behalf of our clients.

We are experienced at handling the transfer in of existing portfolios in specie (ie without the need to sell existing holdings) and at managing the reorganisation of investment portfolios over time to take account of market opportunities and operate within agreed tax constraints.

Positive sustainability alignment

At Greenbank, we work towards a series of high-level environmental and social changes through our engagement activity and the investments we make.

Within equities and corporate fixed income, companies are expected to demonstrate positive alignment with one or more of these sustainable development themes, either through their activities or the way they operate.

							
Habitats and ecosystems	Resource efficiency	Decent work	Inclusive economies	Energy and climate	Health and wellbeing	Innovation and infrastructure	Resilient institutions
Preserve and enhance natural systems by encouraging companies to have a net positive impact on biodiversity	Promote a circular economy that supports sustainable levels of consumption	Ensure proper emphasis on the quality of jobs being created and maintained alongside their quantity	Promote an equitable economy in which there is expanded opportunity for sharing prosperity	Support decarbonisation and aligned to the goals of the Paris Agreement on climate change	Ensure companies do not undermine the health of their beneficiaries and encourage improved health outcomes	Support infrastructure that is fit to achieve broader planetary and societal goals	Strengthen well-functioning institutions that protect the rule of law and fundamental rights



Exclusions

For each theme, we outline activities or behaviours that would automatically exclude a company from our investment universe (automatic exclusion).

We also set out conditions that would indicate an exclusion is advised (red flags).

A company displaying one or more red flags would be subject to further investigation and an assessment of the overall positive/negative impact of the organisation on sustainability.

Such assessments will take into account:

- the scale of the negative impact (breadth and depth),
- how systemic the issue is (repeated breaches/long-term exposure vs isolated incidents/planned wind-down of activities)
- countervailing positives, with greatest weight given to activities which directly offset the negative impacts
- policies, governance and management systems to minimise the risk of breaches occurring

For red flags, the default position is to exclude unless a strong case can be demonstrated that the harm is suitably mitigated and balanced by strong positive aspects in other areas of the business.

These exclusions and red flags apply only to new purchases we make on behalf of our clients. Holdings that clients transfer to us when opening an account or adding additional funds to their portfolio are not in scope.

Exclusions by theme

Theme	Automatic exclusions	Red flags
Health and wellbeing	<ul style="list-style-type: none"> Any revenue from the production of tobacco or tobacco products 	Involvement in serious or repeated breaches of guidelines to prevent the irresponsible marketing of alcohol or harmful drinking
		Significant exposure to production or sale of unhealthy food and beverage products without a credible nutrition strategy in place.
		Serious or repeated instances of suppression of adverse safety data or testing results in relation to products manufactured or sold.
		>5% revenue from the sale of tobacco products or the provision of specialist machinery or packaging to the tobacco industry.
Energy and climate	<ul style="list-style-type: none"> Operation of thermal coal mines Expansion of coal-fired energy generation or thermal coal mines 	Direct involvement in oil and gas production
		>10% revenue from strategic products and services supplied to the oil, gas or coal industries
		>10% revenue or >10% electricity output generated from thermal coal
		Companies operating in high-carbon industries without evidence of a credible strategy to align their activities with a net zero pathway
		Companies that, over time, fail to align with Greenbank's ambition to reach net zero emissions across our investment portfolios by 2040 or sooner
Habitats and ecosystems	<ul style="list-style-type: none"> Activities that directly threaten the special characteristics of natural World Heritage Sites 	Direct involvement in mining and mineral extraction
		>10% revenue from strategic products and services supplied to the mining industry
		Serious or repeated pollution incidents and/or demonstrating a material failure to manage their environmental impacts.
		Links to widespread habitat destruction or serious and unabated impacts on biodiversity.
		Extraction of renewable natural resources at rates significantly and consistently beyond nature's ability to regenerate them.
Resource efficiency		Significant involvement in activities that are reliant on linear and wasteful use of resources for non-essential purposes or where alternatives exist (eg fast fashion, non-recyclable packaging)

Exclusions by theme

Theme	Automatic exclusions	Red flags
Inclusive economies	<ul style="list-style-type: none"> Any revenue from predatory lending practices >1% revenue from production of sexually explicit material. >25% revenue from betting and gambling activities 	>10% revenue from betting and gambling activities
		Restricting access or affordability of basic necessities solely to generate higher profits.
Decent work	<ul style="list-style-type: none"> Serious or repeated breaches of the ILO core conventions on labour rights 	Serious or repeated failings related to health and safety, labour relations or diversity and equal opportunities.
		Widespread use of insecure employment arrangements (eg gig work, zero hours contracts)
Innovation and infrastructure	<ul style="list-style-type: none"> Construction or operation of airports 	Infrastructure projects with potential significant adverse environmental or social risks and/or impacts that are diverse, irreversible, or unprecedented.
Resilient institutions	<ul style="list-style-type: none"> Any revenue from the manufacture or sale of strategic weapons systems, munitions or combat platforms. Any revenue from the production of controversial weapons (cluster munitions, nuclear weapons, landmines). 	Serious or repeated breaches of international human rights standards, including direct use of child, forced or bonded labour
		Operations in high-risk locations without implementing appropriate controls for the management of potential human rights risks.
		Repeated and widespread use of artificial and aggressive tax optimisation/avoidance strategies.
		Serious or repeated bribery and corruption incidents
		Direct facilitation of the occupation of disputed territories, ethnic cleansing or genocide via: <ul style="list-style-type: none"> Sale of military or surveillance equipment to the occupying nation Involvement in the construction of infrastructure in occupied lands Operation of prisons or detention centres

Important information

The value of investments and the income from them may go down as well as up and you may not get back your original investment. Past performance should not be seen as an indication of future performance. Changes in rates of exchange between currencies may cause the value of investments to decrease or increase.

Information valid at date of presentation.

Tax regimes, bases and reliefs may change in the future.

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