

An aerial photograph of a river valley. The river is a dark blue line winding through a light brown, textured landscape. The terrain appears to be a mix of soil and vegetation, with some areas showing more pronounced erosion or channeling. The lighting is warm, suggesting late afternoon or early morning, casting soft shadows that emphasize the topography.

Rathbone
Greenbank
Investments

Rathbone Greenbank
Engagement review
2022-23

Rathbones

Rathbone Greenbank

Engagement review

2022-23

Contents

1	Welcome	3
2	The changing face of engagement in 2022	4
3	Our approach to engagement	6
4	Our sustainable development themes: long-term goals	8
5	Our engagement priorities for 2023	9
6	Secondary engagements for 2023	14
7	A closer look: net zero	16
8	A closer look: the investor coalition on food policy	19
9	About our ESI research team	22
10	Magnifying our impact through partnerships	24
11	Contact us	26

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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.

Welcome

The latest evidence from the Intergovernmental Panel on Climate Change (IPCC) outlines that unless immediate and large-scale action is taken to reduce greenhouse gas emissions, the world will not be on-track to meet the Paris Agreement target of limiting global warming to 1.5°C above pre-industrial levels. This stark warning was reinforced by World Meteorological Organisation research released in May 2023, which showed that this temperature threshold may be breached within the next five years.

Social challenges are equally pressing. In January 2023, the World Economic Forum identified the cost of living crisis as the most severe global risk over the next two years, while inequality continues to fuel divisions and hamper progress on long-term sustainability challenges, both within individual countries and at a global scale.

Investors have an important role to play. As part owners of the companies and funds in which we invest we should be active in our stewardship, not just encouraging improvements in corporate behaviour but more boldly pushing for change.

The term 'engagement' captures all the approaches used by investors to influence the companies in which they invest, or to shape the wider policy environment. Engagement ranges from meetings with company management, through voting at shareholder meetings, to tabling resolutions at Annual General Meetings (AGMs) and lobbying policymakers – to encourage improvement.

For over 20 years Greenbank have utilised all of these approaches, adapting our focus as we endeavour to create maximum impact as investors.

On our clients' behalf we work to address company-specific and systemic risks, encourage best practice, and improve social and environmental wellbeing, whilst focussing investment in companies and funds that align with our eight sustainable development themes.

In this annual Engagement review, we provide a snapshot of our activities in 2022 and outline our focus areas as we continue our work in 2023. You can read our previous Engagement review and stay updated with our engagement activity on [our website](#).



John David

Head of Rathbone Greenbank Investments



Sophie Lawrence

Stewardship and Engagement Lead

The changing face of engagement in 2022

We continue to evolve our approach to engagement and stewardship as we aim to keep pace not only with changing regulation and client expectations, but also the social and environmental challenges facing the world today.

Sustainable finance regulation continued to gather pace in 2022, with a focus on disclosures and labelling, engagement, and further measures to protect against “greenwashing”.

Climate-related regulation continued to receive the most focus but 2022 also saw nature-related risks and social issues start to receive more attention, with the focus on nature being buoyed by the momentum around the global biodiversity conference COP15 in December. We expect the regulatory drivers of sustainable investment and enhanced disclosure requirements for investors and corporates to continue to strengthen over time.

Over the past year, we have placed a greater emphasis on ensuring we can measure and report on the change we are creating through our engagement activity. At the starting point of every engagement

project, we define objectives that will be used to track progress and then select the strategy to work towards these. We monitor progress on a quarterly basis and discuss within the team any milestones or challenges so we can adapt our approach or escalate the engagement if necessary.

We are pleased to report that, in 2022, Rathbones Group was once again assessed as meeting the requirements of the UK Stewardship Code, an industry benchmark in which our policies, practices and reporting on various aspects of responsible investment and engagement are reviewed by the Financial Reporting Council.

The code sets high standards for those investing money on behalf of UK investors and pensioners and comprises a set of 12 principles for asset managers and asset owners to follow.

We have also been thinking creatively about how we can evolve our engagement approach to tackle systemic social and environmental risks more effectively. This has meant getting more involved in policy advocacy work on issues such as health and nutrition, and biodiversity. It also means convening multi-stakeholder discussions where Non-Governmental Organisations (NGOs), companies and academics can come together with investors to explore solutions to sustainability challenges. You can read more about some of this work in the 'A closer look' sections.

We have an ambitious engagement plan for 2023, which includes beginning new projects and expanding existing ones (see 'Our engagement priorities for 2023'). We also update on our engagement activity via our website throughout the year.



Our approach to engagement

Taking an active approach to engagement is a core part of our service and complements our investment analysis, as we aim to create and preserve long-term value for our clients. It is a vital expression of our role as stewards of our clients' assets to advocate whenever possible for positive and lasting change within the companies that we invest in on their behalf.

We engage on issues that are important financially, but we will also act where we identify a moral imperative to address social or environmental concerns, or where we feel an issue presents long-term systemic risks.

An active approach

We engage at both a company-specific and thematic level and our activity is set in the context of long-term dialogue and ownership. We recognise the power of partnerships and, where appropriate, we collaborate with NGOs and other members of the responsible investment community to increase the reach and impact of our engagement activities. We also work closely with Rathbones Investment Management's stewardship and governance team to coordinate effective interventions on issues of shared concern.

As part of our research and ongoing monitoring process we develop a detailed understanding of a company's business model and objectives, to gauge its capacity for positive change and long-term resilience.

New insights from our engagement activities are fed directly back into the investment process and are shared regularly with clients. Engagements often take place in complex operational, regulatory, or cultural environments, so each engagement requires a tailored strategy – a 'one size fits all' approach is rarely effective.

To create long-term value for our clients and promote sustainable development, we use our engagement activities to:

- signal to the market that ESI and sustainability issues are important to investors
- highlight and address direct concerns about a specific company issue or area of performance
- encourage best practice and accelerate momentum for positive change within companies
- overcome barriers to progress such as unreliable data, or a lack of consistent standards or frameworks
- raise awareness of sustainable development themes and how they might impact investments
- support the aims and objectives of the United Nations Sustainable Development Goals
- engage with governments, regulators, and supranational bodies to highlight sustainability failures in the wider market and work towards correcting them.

Project selection

We do not believe in engagement for its own sake. The projects we choose must present a clear strategy for achieving positive outcomes and are considered against factors such as:

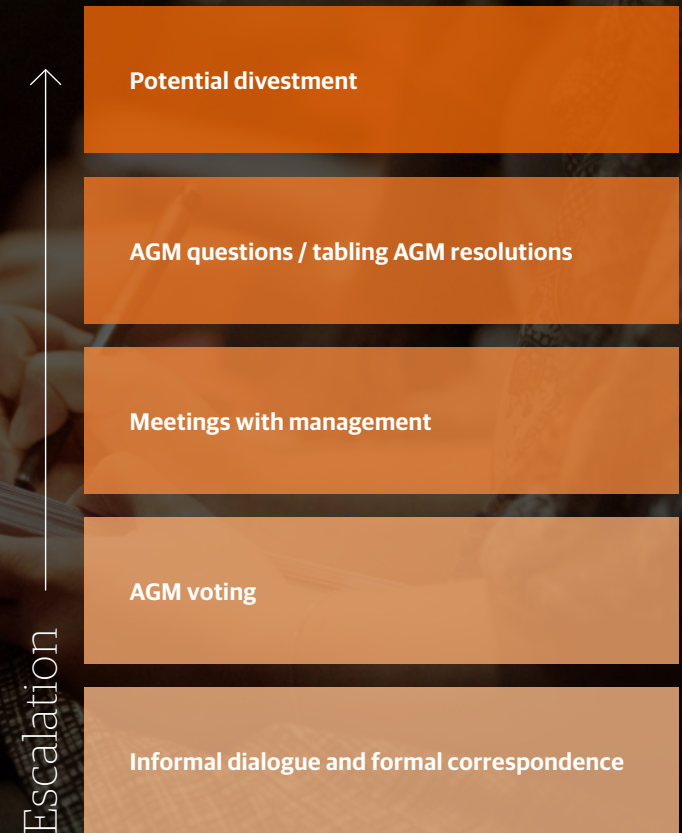
- alignment to our eight sustainable development themes and the long-term changes we aim for in each
- the level of exposure across Greenbank client portfolios and the extent to which individual issues are important to clients
- the prospect for deeper engagement on a more focused range of issues
- opportunities to ‘prime the market’ and act as a catalyst for further investor engagement by drawing attention to overlooked issues and building consensus on how to best address them.

Engagement methods

In each engagement project we aim for open and constructive dialogue, in a spirit of longer-term partnership and support – but we are never reticent in asking searching questions.

To create the conditions for lasting and meaningful change we choose the most effective engagement method from our escalation framework (see graphic on right).

We agree objectives and review progress each quarter. We can then opt to escalate our discussions and activities if necessary. While we aim to stay invested and make effective use of our shareholder voice and voting rights, divestment is always an option.



Our sustainable development themes: long-term goals

There are eight sustainable development themes that guide how we invest and engage at Greenbank.

We have defined long-term environmental and social goals for each of these themes. We know that our investments or engagement cannot solve these alone, but they are an important anchor in guiding our work.

Ambition for action

Ambition for action

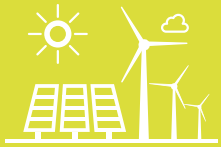
<p>Habitats and ecosystems</p>	<p>Resource efficiency</p>	<p>Decent work</p>	<p>Inclusive economies</p>	<p>Energy and climate</p>	<p>Health and wellbeing</p>	<p>Innovation and infrastructure</p>	<p>Resilient institutions</p>
<p>Preserve and enhance natural systems by encouraging companies to have a net 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>	<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>
<h2>SUSTAINABLE DEVELOPMENT GOALS</h2>							
<p>Learn more</p>							

Our engagement priorities for 2023

We have chosen the following engagement projects to focus on as a priority for 2023. With all priority projects, Greenbank play a leading role in shaping the direction and strategy of the project. In addition, we are involved with a set of secondary engagement projects which are outlined on page 14.

Our team also continues to engage on a tactical basis with the companies we invest in, where we identify specific risks and work in partnership with those companies to mitigate and act upon them.

Climate change / net zero strategy



Energy and climate

Biodiversity



Habitats and ecosystems

Human rights due diligence in supply chains



Decent work

Investor Coalition on Food Policy



Health and wellbeing



Climate change / net zero strategy

Overview

Climate change presents an existential threat to society, the environment and the global economy. The Paris Agreement commits nation state signatories to a range of climate mitigation goals, including limiting the increase in global average temperature to 1.5°C above pre-industrial levels. To achieve net zero by 2050 and limit warming to 1.5°C, greenhouse gas (GHG) emissions must almost halve by 2030 (from 2019 levels), requiring rapid adoption of ambitious short term decarbonisation targets by companies.

Why this issue?

Our strategic engagement on this issue continues to align with and support Greenbank's net zero ambition: to become a net zero emissions business by 2040, including both our own direct impacts and those of our investments.

How we engage

We continue to expand the net zero engagement we carried out in 2022, engaging with 45 holdings. Our work includes a combination of:

- direct engagement with holdings to review the previous objectives we set for them and provide new ones for 2023
- joining the Institutional Investors Group on Climate Change (IIGCC) new collaborative net zero engagement programme, and collaborating closely with the Rathbones Investment Management stewardship team who are engaging with a further set of Greenbank holdings.

We also continue to engage with the funds we invest in and outline what we see as best practice, building on an initial round of engagement in December 2022. We continue to monitor the alignment of all Greenbank holdings against the IIGCC's Net Zero Investment Framework and are using this to guide our engagement objectives.

Relevant memberships / partners

Institutional Investors Group on Climate Change (IIGCC)
Climate Action 100+

Biodiversity

Overview

Biodiversity underpins the services that natural systems provide. All economic activities depend on the wellbeing of global ecosystems and biodiversity plays a key role in climate change mitigation and adaptation. These natural services are increasingly at risk due to unprecedented global biodiversity loss.

Businesses impact biodiversity or ecosystem services negatively when their operations or value chain contribute to one or more of the drivers of biodiversity loss: land use change; overexploitation; climate change; pollution of soil, water or air; and the spread of invasive species.

Why this issue?

We have an opportunity to highlight the importance of this issue among the companies in which we invest. We can also help to ensure that financial institutions have a seat at the table in supporting national target setting. At a policy level, Greenbank is focusing on the UK through our work with the Finance for Biodiversity community.

How we engage

We will directly engage with priority companies which have been identified as high risk due to having either a high dependency or a high impact on biodiversity. Engagement objectives will be set for each company which identify priority areas for improvement. For example, getting the companies to set targets to reduce pollution and waste discharges, or disclosing location data of operating sites to enable stakeholders to map overlaps with areas of high biodiversity importance.

To extend our signatory status to the Finance for Biodiversity pledge, we joined its Foundation and are participating in three working groups focused on target setting, policy advocacy and engagement. This partnership gives us access to collaborative engagement opportunities on biodiversity and enhances our ability to engage and influence the UK Government to effectively implement the Global Biodiversity Framework which was agreed at the COP15 biodiversity conference in December 2022.

Relevant memberships / partners

Finance for Biodiversity Foundation

Human rights due diligence in supply chains

Overview

Supply chains can be a blind spot for responsible businesses. The further away from the direct operations and control of a business, the harder it becomes to identify and manage associated risks linked to human rights, labour rights and resilience of supply.

In recent years, supply chains have seen significant disruption, human rights violations and increasing political tension regarding reliance on certain markets.

Why this issue?

There is a strong business case to build diverse, resilient supply chains and have thorough oversight of them. This enables companies to understand more clearly the human rights risks in their supply chain and act to ensure workers are treated with dignity and respect – core to our 'decent work' and 'resilient institutions' sustainable development themes.

We also consider that good supply chain oversight is reflective of sound business management in general, and reduces reputational and litigation risk in an environment where businesses will increasingly be held accountable for impacts outside of their direct operations.

How we engage

We intend to engage directly with priority companies using a risk-based approach, establishing a baseline understanding of their human rights risk management in supply chains. We also intend to communicate our investor expectations on this issue more broadly to other investee companies.

Relevant memberships / partners

Investor Alliance on Human Rights
Principles for Responsible Investment (PRI)



Investor Coalition on Food Policy

Overview

There are a multitude of risks facing the food system linked to issues such as nutrition, biodiversity loss and food waste. The Investor Coalition on Food Policy was set up by Greenbank in response to the National Food Strategy in 2021 and exists to harness the power of the investment community to engage with Government on food-related issues, starting with a focus on the UK. The coalition aims to shape and support regulation which promotes the creation of a healthy, sustainable and affordable food system.

Why this issue?

The publication of the National Food Strategy in 2021 highlighted the need for well-designed regulation to tackle some of the key risks facing the food sector and encourage improved disclosure on health and wider sustainability issues. Investors can play a powerful role in advocating for such regulation to raise standards and create a level playing field. There is a clear opportunity with the Investor Coalition to ensure that any new regulatory measures will enable investors and other stakeholders to assess more accurately whether companies are managing health-related risks appropriately and maximising opportunities.

How we engage

The coalition is now made up of over 20 investors representing over £6 trillion in assets under management. It is convened by the Food Foundation and overseen by an advisory group of core investors which consists of Greenbank, Legal and General Investment Management, and Guy's and St Thomas' Foundation.


We continue to engage with policymakers, calling for the introduction of mandatory reporting for food sector companies on health and sustainability issues. This includes our coalition members sitting on a government advisory working group. A second coalition working group will be focused on how to build awareness of the risks and opportunities which food sector companies face from an investor perspective.

Relevant memberships / partners

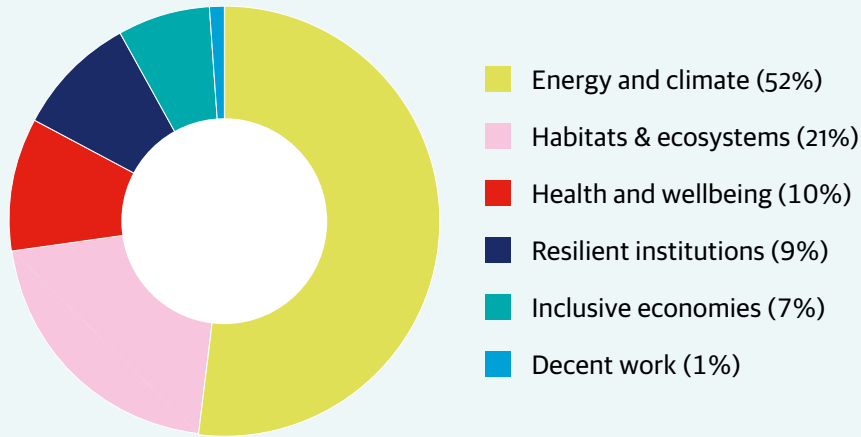
The Food Foundation

Secondary engagements for 2023

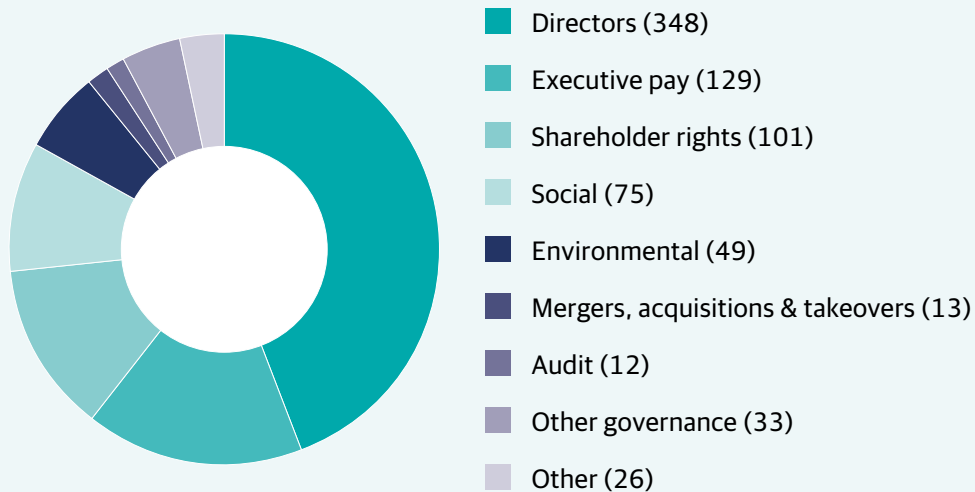
We continue to participate in the following collaborative engagement initiatives in 2023. These secondary engagements are longstanding initiatives where we continue to play an active role, but do not lead the project.

ESI issue	Partnerships	Focus	
Just transition	Financing a Just Transition Alliance	Ensuring the net zero transition does not leave workers and communities behind.	 Energy and climate
Access to medicine	Access to Medicine Index	Ensuring equitable access to medicine; health rights.	 Health and wellbeing
Healthy food	Access to Nutrition initiative; Long-term Investors in People's Health (ShareAction)	A focus on increasing access to healthy food for consumers.	
Workplace mental health	CCLA Corporate Mental Health Benchmark	Improving company performance and disclosure on workplace mental health.	 Decent work
Fair wages	Living Wage Foundation	Ensuring there is a focus on quality work opportunities.	
Digital rights	Investor Alliance on Human Rights; Ranking Digital Rights	A focus on improving digital human rights.	 Resilient institutions
Animal welfare	Business Benchmark for Farm Animal Welfare; FAIRR Initiative	Livestock food production; sustainable protein sources.	 Habitats and ecosystems
World Heritage Sites	UNESCO	To encourage greater uptake of no-go commitments for extractive industry activity in biodiversity-rich sites.	

253 engagements, by sustainable development theme (%)



Rathbones Investment Management: Votes against management by topic, 2022







Voting in 2022

Voting at shareholder meetings is an important means of exerting influence with companies on behalf of our clients. Together with the Rathbones Group we actively vote across over 95% of the value of our votable equity holdings in line with our responsible investment commitments. This involves voting against management to help drive positive change. In 2022 we voted on 11,029 resolutions and at 837 company meetings.

You can read the [Rathbones Group Voting Season Review 2022](#) on the Rathbones website and access the [voting disclosure tool](#), which shows voting for individual stocks, as well as an overview of voting as a whole, at the Rathbones Group level.

Examples of environmental and social issues we engaged on in 2022

		
Environmental Biodiversity Climate risk / net zero Water companies – environmental performance Protecting Natural World Heritage Sites Animal welfare	Social Access to medicine Access to nutrition Care standards Community engagement Cyber-security Defence exposure Digital human rights Employment practices Healthy food Human rights Just Transition Living wage Modern slavery Preventing child sexual exploitation online Social housing – safety and tenant wellbeing	Governance Executive pay Director/Chair independence Director (re)election Racial diversity Lobbying activities



“ Throughout 2022, we engaged with 19 priority companies and set them objectives.”

A closer look at... net zero

Why net zero matters

The latest IPCC findings outline that without immediate and large-scale action, the world will not be on track for the Paris Agreement target of limiting global warming to 1.5°C above pre-industrial levels.

To meet this goal, global carbon dioxide emissions need to be reduced from 2019 levels by 48% by 2030, and reach net-zero emissions by 2050. This will require rapid adoption of ambitious short, medium and long-term GHG targets by companies, backed up by a clear decarbonisation strategy and appropriate investment. To deliver this, investor stewardship with companies must also be swift and bold.

The risks

From an investment perspective climate change represents both risks and opportunities. Physical risks for companies include sea level changes and an increased incidence of extreme weather events which could damage assets directly or impact supply chains. Transition risks consider how climate-related regulations, and changes in technology and incentives, may shift as the transition to net zero takes place.

To enable us to fully understand how these risks and opportunities will impact our portfolios, we have developed a multi-dimensional approach to climate analysis. We explore a range of different factors including physical and transition risk, opportunities and the potential impact a company can have on the transition to a net zero economy. Through our engagement activities we can also monitor how companies are addressing climate risks and capitalising on opportunities.

Our work on this issue

Greenbank is committed to playing its part in the low-carbon transition and has set a target to reach net zero carbon emissions from its operations by 2030, and from its supply chain and the investments it manages by 2040. We are part of a large group of asset managers, together representing nearly \$59 trillion in assets under management, that have set some form of net zero target. To achieve these ambitions, investors will need to drive changes in the real economy by ensuring the companies they own establish and maintain progress against ambitious net zero transition plans.

Between November 2019 and January 2021, Greenbank worked alongside over 70 other investors, representing \$32 trillion in assets under management, as part of the Paris Aligned Investment Initiative (led by the Institutional Investors Group on Climate Change) to develop the Net Zero Investment Framework (NZIF). The NZIF is a strategic framework which asset owners and managers can use to maximise their contribution towards net zero emissions, and to ensure consistency in the way that investors measure and report progress on decarbonisation.



The Net Zero Investment Framework criteria

The following criteria are used to guide our assessment of company alignment to net zero and are used to set engagement objectives.

Ambition

A long-term emissions goal based on Scope 1, 2 and material Scope 3 emissions consistent with limiting the increase in global temperatures to 1.5°C with limited or no overshoot ('net zero').

Targets

Short- and medium-term emissions targets (for Scope 1, 2 and material Scope 3) should aim to be consistent with the trajectory implied by the long-term target and the science-based net zero pathway.

Emissions performance

Current emissions intensity performance on a metric consistent with targets should be disclosed and show a trajectory consistent with that needed to meet emissions targets.

Disclosure and verification

Scope 1, 2 and material Scope 3 emissions should be disclosed along with satisfactory review of the company's measurement and verification process.

Decarbonisation strategy

A quantified plan setting out the measures that will be deployed to deliver GHG targets, including proportions of revenues that are considered 'green' where relevant and the use of neutralising actions such as CCUS (Carbon Capture, Utilisation and Storage) and offsets are clearly disclosed.

Capital allocation alignment

Capital expenditure plans should be set out and consistent with the overall decarbonisation strategy.

The methodology for determining any claims of alignment with net zero should also be disclosed alongside any key assumptions. Key outcomes should be quantified, including the share of future capital expenditures aligned with a 1.5°C scenario, and the year in which capital expenditures in carbon intensive assets will peak.

Climate risk accounts

The company provides disclosures on risks associated with the transition through Task Force on Climate-Related Financial Disclosures (TCFD) reporting, and financial accounts state the climate scenario under which they were generated as well as any material, climate sensitive, assumptions (e.g. fossil fuel prices, carbon taxes) and outcomes (e.g. write-downs on coal assets, useful life impact on gas assets).

Climate governance

The company provides clear evidence of net zero transition planning (based on established targets, strategy and board oversight). Executive remuneration should ideally be linked to delivering targets and transition with links to increases in fossil fuel production/usage removed.

Climate policy engagement

The company has a Paris-aligned climate lobbying position and demonstrates alignment of its direct and indirect lobbying activities.

Just transition

The company considers the impacts from transitioning to a lower-carbon business model on its workers and communities.



In 2022, Greenbank implemented an enhanced net zero engagement strategy that we believe will help to meet the scale of the global challenge to reduce emissions.

The key steps were as follows:

1. Portfolio analysis to identify priority companies for engagement

To deliver on our commitments we are now engaging with a broad set of priority companies. The selection for these was based on an assessment of factors including a company's absolute emissions, the percentage of Greenbank's financed emissions which it represents and its existing climate-related performance. We also worked with the Rathbones Investment Management stewardship team to agree who should lead on which companies, if there was an overlap in holdings. There were 19 priority holdings for Greenbank, with engagement led by Greenbank's ESI research team and a further 16 Greenbank holdings where engagement was led by the Rathbones Investment Management stewardship team.

2. Establish net zero alignment criteria to inform objective setting

Greenbank has followed the Net Zero Investment Framework criteria for assessing alignment (see page 17). We used these criteria to develop alignment levels which set out what criteria a portfolio company needs to meet, and in what time frame, to be considered as 'not aligned', 'committed', 'aligning', or 'aligned to net zero'. This approach enabled us to develop appropriate annual objectives for each company.

3. Engagement with priority companies

Throughout 2022, we had meetings with each of our 19 priority companies. We engaged with each priority company in a consistent manner to ensure that it was aware of our investor expectations of the necessary action on climate change, in line with Greenbank's net zero investment strategy and related targets. The initial meetings were also an opportunity to run through how we will be assessing net zero alignment, the initial annual objectives we set for each company and how we plan to escalate engagement over time if objectives are not met.

Outcomes

Throughout 2022, we engaged with 19 priority companies and set them annual objectives. We are monitoring progress against these in 2023 and holding follow-up meetings with companies. We also engaged on the topic of net zero with all 86 funds in which we invest. We sent all fund managers a letter outlining our investor expectations on net zero and requested further details on their approach to net zero, including any targets which they have set and how they monitor climate risk.



A closer look at... the investor coalition on food policy

Why the investor coalition on food policy matters

The food system faces many risks, including nutrition, biodiversity loss and food waste. How companies respond to these issues and to the changing regulatory, consumer and other stakeholder demands surrounding them will influence not only their social licence to operate but also the long-term resilience of their operating models and supply chains.

Via our long-running engagement with food sector companies, Greenbank identified structural challenges that we believe can only be effectively addressed through government action. We developed the Investor Coalition on Food Policy in response, with action catalysed by the publication of the National Food Strategy in 2021. The coalition now exists to harness the power of the investment community to engage with Government on food-related issues, starting with a focus on the UK. The scope of the coalition is the regulation required to support the creation of a healthy, sustainable and affordable food system.

The coalition is now made up of over 20 investors representing over £6 trillion in assets under management. It is convened and resourced by the Food Foundation

as the secretariat and overseen by an advisory group of core investors which consists of Greenbank, Legal and General Investment Management, and Guy's and St Thomas' Foundation.

The risks

We recognise the material ESG risks and opportunities associated with the food system. The food system is responsible for a third of global GHG emissions and is one of the principal drivers of biodiversity loss, with agriculture responsible for 80% of global deforestation. At the same time, between 700 and 830 million people were affected by hunger in 2021, while two billion people are living with obesity or overweight globally and one in five deaths are associated with poor diet.

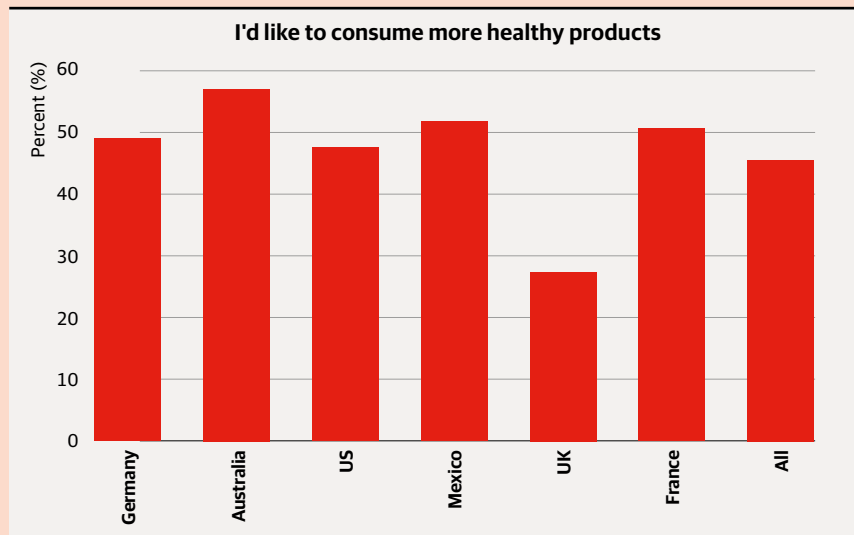
The World Health Organization has also declared anti-microbial resistance, driven in part by overuse of antibiotics in livestock production, to be one of the top 10 global public health threats facing humanity. If left unmanaged, these issues will result in direct and systemic risks for the economy, society and investors. For example, rising levels of obesity are impacting the workforce due to increased sick leave and time off for treatment of chronic disorders linked to obesity.

It is also important to consider transition risks, including potential policy interventions which aim to respond to some of the challenges the food system faces. These include taxes on sales of unhealthy food and drinks, regulation on deforestation and land use conversion and mandatory reporting on greenhouse gas emissions.

There are also opportunities for companies that are taking action to address these issues, with evidence of increasing consumer demand for healthier products. As the importance of sustainability issues becomes

more widely understood and with companies being subject to an increased amount of regulation, the demand for organisations to be more transparent about their performance and impacts has increased.

Research suggests that there is demand from consumers for manufacturers to take steps to promote healthier diets. The chart below shows the results of consumer polling by ShareAction and Censuswide in six key markets, and the percentage of people indicating they would like to consume more healthy products.



Source: ShareAction, 2022

Reporting from supermarkets and major restaurant chains and caterers in the UK



<20% are reporting on sales of healthy, or healthier food (45% of supermarkets but no restaurant chains or caterers)



22% are reporting on sales of fruit or vegetables (18% of supermarkets and 25% of restaurant chains and caterers)



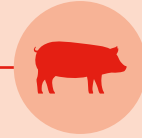
7% are reporting on sales of animal-protein vs plant-based proteins (18% of supermarkets but no restaurant chains or caterers)



70% report some data on certifications of sustainable fish and seafood (wild catch or farmed)



40% publicly report data on food waste, although not all consistently and not all to the standard recommended by WRAP's Food Waste Reduction Roadmap



26% are ranked in the top two tiers in the Business Benchmark on Farm Animal Welfare



>60% report some data on certified soy in animal feed in their supply chains or include soy in their deforestation-free commitments

Source: The Food Foundation, Plating Up Progress 2022

Our work on this issue

A current lack of consistent and comparable data makes it hard for investors to adequately evaluate a company's impact on the environment and people's health, and to measure the risk associated with these exposures. Voluntary approaches to data disclosure have only had limited success in increasing transparency in the food industry, despite growing investor engagement on the issue via initiatives led by the Food Foundation, ShareAction and the Access to Nutrition Initiative.

The diagram on the previous page shows reporting from businesses assessed as part of a study by The Food Foundation of supermarkets and major restaurant chains and caterers in the UK.

Greenbank identified an opportunity to improve data disclosure on the health and sustainability issues facing the food system following the release of the Government's National Food Strategy in July 2021.

One of the strategy's recommendations called for the introduction of mandatory reporting of a key set of health and sustainability metrics by food sector companies above a certain size.

Greenbank initially organised an investor briefing with the National Food Strategy team and coordinated an investor statement in support of ambitious action on food system sustainability.

This was sent to the Prime Minister and the ministers for the Department for Environment, Food and Rural Affairs (DEFRA) and the Department for Health and Social Care (DHSC). Greenbank has since been engaging with the UK Government in support of improved health-related disclosures by food sector companies, and this ultimately led to the creation of the Investor Coalition on Food Policy in early 2022.

Well-designed regulation creates an essential enabling environment for businesses seeking to address this systemic risk and build long-term economic sustainability into their business models. By making such reporting mandatory, investors would be better equipped to analyse companies' performance, manage risks, and ultimately help reduce companies' negative impacts on health and the environment and increase their positive impacts. Mandatory disclosures also create a level playing field for companies, incentivising them to shift their product portfolios to healthier and more sustainable options – something which is difficult for companies to address in isolation.

Outcomes

The coalition has been successful in keeping mandatory reporting on the policy agenda, with the Government's response to the National Food Strategy in 2022 including a commitment to create the Food Data Transparency Partnership (FDTP) and explore mandatory reporting. This followed an extensive programme of engagement with officials and a meeting with a DEFRA Minister to share the investor case for mandatory reporting.

The FDTP will be a partnership between government, industry and NGOs which aims to create a positive shift in the food system towards the production and sale of healthier food and drink, produced to higher animal welfare and environmental standards. This will involve developing consistent metrics and data reporting requirements for food sector companies. Representatives from the Investor Coalition on Food Policy will be taking part in FDTP throughout 2023.

About our ESI Research Team

Our ethical, sustainable and impact (ESI) research team is one of Greenbank's core strengths. 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.

The team works closely with Greenbank's investment specialists to seek investments that we believe will deliver benefits for people and planet and be resilient in the long term. Our research experience over 20+ years gives us authenticity in the complex and confusing world of ESI investment.

The ongoing growth of Greenbank has led to the expansion of our research team over recent years. Reflecting our commitment to engagement, we created the new role of 'stewardship and engagement lead' in 2022 to oversee key engagement projects and continue to expand our network of partnerships. We also hired Emma Williams as a 'senior ethical, sustainable and impact researcher' in October 2022 to further bolster our ESI research and engagement capability.



Kate Elliot

Head of Ethical, Sustainable and Impact Research

Role: I develop and implement Greenbank's framework for analysing companies against a range of sustainable and ethical considerations and set the overall strategic direction of the ESI research team.

Thematic interests: I love to explore the links and interdependencies between sustainable development themes, whether that be how the low carbon transition may impact on inequalities in our society or how gender impacts health and employment outcomes.

2022 engagement highlight: I was excited to see the launch of our first Engagement review, which we are committed to produce each year to keep you up to date with our work.

With a combined experience of over 50 years of research, our ESI team members bring a wealth of thematic knowledge to our framework of eight sustainable development themes. A combination of academic excellence and strong personal and professional ties to global sustainability issues makes for a unique research team – people with the passion and expertise for making finance a force for good.



Sophie Lawrence

Stewardship and Engagement Lead

Role: I am responsible for the delivery of key engagement projects, building relationships with external partner organisations, and shaping our engagement strategy, priorities and reporting.

Thematic interests: I am particularly interested in how we can use engagement as a tool to better understand and influence the macro and systemic risks and opportunities that are facing multiple sectors. These include issues such as health and nutrition, biodiversity and climate change.

2022 engagement highlight: I am proud of the investor coalition on food policy securing a seat at the table as part of the UK Government's Food Data Transparency Partnership.



Emma Williams

Senior Ethical, Sustainable and Impact Researcher

Role: I analyse investments against a range of ESI criteria and lead some of our engagement projects, including our work on social issues such as human rights and decent work.

Thematic interests: I have a particular interest in assessing company approaches to human rights due diligence and understanding how companies are providing decent and equitable work opportunities for workers.

2022 engagement highlight: Writing to our managed funds in 2022 about net zero and collating valuable information from them for the first time.



Perry Rudd

Ethical, Sustainable and Impact Adviser

Role: I help oversee the team's company analysis, advise on sustainability trends and lead a number of strategic projects.

Thematic interests: Decent work and aspects such as work-life balance are of particular interest to me, in addition to sustainability and indirect impacts within the financial services industry.

2022 engagement highlight: It was exciting to see continued improvements in disclosure of health and nutrition data from the retailers and manufacturers we have been engaging with via ShareAction and the Access to Nutrition Initiative.



Kai Johns

Ethical, Sustainable and Impact Researcher

Role: I conduct ESI analysis of new ideas and companies in our investment universe, with a focus on assessing a range of data sources and integrating them into our research process.

Thematic interests: My focus is on climate risk assessment across Greenbank's portfolio and themes linked to climate solutions, net zero and smart cities.

2022 engagement highlight: Developing a new approach to the analysis of climate risk and applying it in practice through our engagement meetings with companies.



Charlie Young

Assistant Ethical, Sustainable and Impact Researcher

Role: I support the wider ESI team on sustainable and thematic research and engagement, in addition to updating companies' sustainability profiles and monitoring daily news.

Thematic interests: My main interests are biodiversity and the possibility of a 'sixth mass extinction', as well as health and nutrition, which has been an issue that has historically lacked sufficient investor attention.

2022 engagement highlight: Our direct company engagement with high-risk holdings on the issue of biodiversity, sharing our investor expectations for the first time and understanding more about their approach.



Katherine Farr

Assistant Ethical, Sustainable and Impact Researcher

Role: I review the ESI performance of companies in the Greenbank universe in addition to supporting the team's engagement activities and thematic research.

Thematic interests: Sustainable food systems and innovation in agriculture are areas of real interest as are some of the more overlooked aspects of human rights and company due diligence.

2022 engagement highlight: Putting our net zero engagement strategy into action and hearing about the innovative ways in which companies are working to achieve net zero.

Magnifying our impact through partnerships



Independent organisation working to change food policy and business practice to ensure food access and healthy diet for all (collaborating since 2019).



ShareAction initiative seeking to improve quantity and quality of corporate disclosures on employment and supply chains (signatory since 2017).



A UK charity that is building a movement for responsible investment among savers and investors and shaping public policy around the issue (collaborating since 2010).



Provides annual analysis of how 20 of the largest global pharmaceutical companies are addressing access to medicine in low to middle income countries (collaborating since 2018).



Encourages disclosure of meaningful and consistent environmental information; focused on measurement of risks and opportunities associated with climate change but expanded to include water security and deforestation (signatory since 2002; investor member since 2015).



Investor engagement initiative ensuring world's largest corporate GHG emitters take action on climate change; engagement streams focus on climate scenarios, lobbying, disclosure and executive pay (member since 2017; joined 'Aiming for A' precursor in 2012).



UK campaigning organisation aiming to persuade employers to pay a 'real' living wage; also engaging with portfolio companies to encourage wider adoption (accredited employer since 2012).

“Greenbank have played a key role in bringing investors together as part of the Investor Coalition on Food Policy. They have led the way in galvanising investors to join the dots when it comes to the risks and opportunities posed by food system issues, and were instrumental in advocating for the Government to commit to implementing mandatory reporting for UK food businesses.”

Rebecca Tobi
Senior Business and Investor Engagement Manager, The Food Foundation

“ Greenbank have been an early signatory of the Finance for Biodiversity Pledge. At COP15 in Montréal, they were part of our financial sector delegation and supported the adoption of the Kunming-Montréal Agreement. By joining the Finance for Biodiversity Foundation as a member and being active in three working groups on public policy advocacy, engagement with companies, and target setting, the team at Greenbank are showcasing leadership toward collaborative actions on halting and reversing biodiversity loss by 2030.”

Anita de Horde

Co-founder and Executive Director, Finance for Biodiversity Foundation



Leading global measure of farm animal welfare management, policy commitment, performance and disclosure in food companies (supporter since 2011).



The UK Stewardship Code 2020 sets high stewardship standards for those investing money on behalf of UK savers and pensioners, and those that support them. (Rathbone Group has been a signatory since 2021).



Global network of investors which promotes the incorporation of ESG factors into investment decisions. It also has a collaboration platform which facilitates large-scale engagement projects (signatory since 2009).



Faith-based investor coalition involved in advocacy and raising awareness on issues of business, human rights and environmental stewardship (member since 1998).



Global network of investors addressing ESG issues in protein supply chains; engagement work has covered issues such as antibiotic use and sustainable protein supply chains (member since 2018).



Membership organisation for those in the UK finance industry committed to growing sustainable and responsible finance (member since 1998).



Collaborative platform for investors to encourage public policies, investment practice and corporate behaviour addressing long-term risks and opportunities associated with climate change (member since 2015).



Dedicated to assessing and improving contributions of the private sector to global nutrition challenges; conducts independent ranking of companies' nutrition-related commitments, practices and performance (signatory since 2017).



A group of financial institutions committed to assessing the impact of their investments on biodiversity and to collaborating and sharing knowledge with other institutions (signatory since 2020).

Contact us

For further information on the services we provide, or to arrange a meeting, please contact us.

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For international investment services, Rathbones has an office in Jersey.*

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