Rathbones
Look forward

Rathbone Greenbank Multi-Asset Portfolios

Annual review 2023

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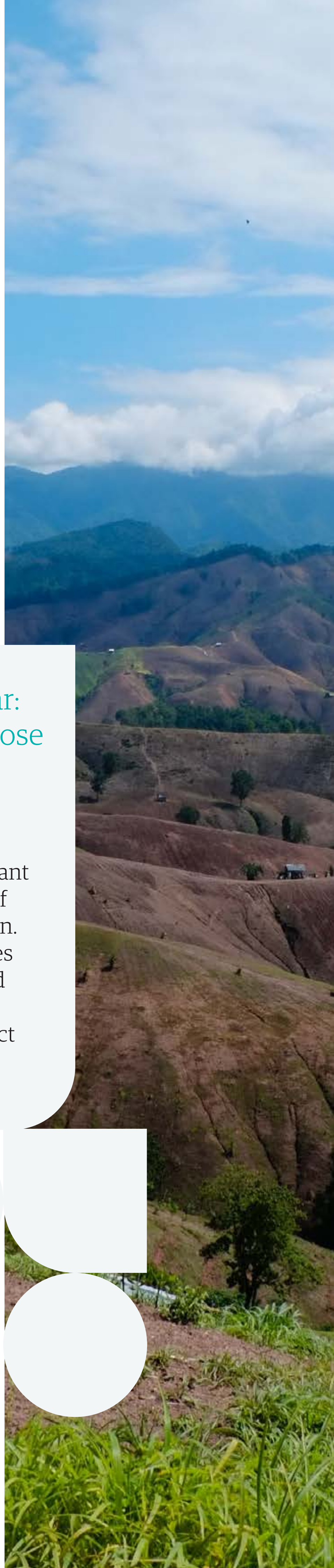


Our focus for these portfolios has always been clear: we want to be completely open about how we choose investments and be able to show you how your money is making a difference.

We want to give you a clear rationale for all our holdings. We also want to share the carbon footprint of our portfolios and highlight some of the voting and engagement work we do with the companies we own. We believe that providing this level of detail is critical when it comes to sustainable investing. We also believe that we are well positioned to provide this, given our integral relationship with the Rathbone Greenbank Investments (Greenbank) ethical, sustainable and impact research team.

Contents

Note from the fund managers

It's clear that the past year has been a challenging one for markets – making it crucial for us to stay disciplined with our investment approach without compromising on our sustainability criteria.

One word has been on most people's minds since we moved into 2022 – inflation. The majority of last year, investors have grappled with trying to figure out how sticky inflation is likely to be, and in turn, how global central banks respond. The speed at which we've seen interest rate hikes so far to tame high inflation has been unprecedented – in the US, interest rates have moved from close to zero in the first quarter of 2022 to over 5% at the time of writing. This has led to periods of significant weakness in both equities and bonds. Equities, particularly growthier stocks, struggled as rising inflation and interest rates caused investors to put a higher discount on their expected future earnings. Traditional value sectors for example oil and gas, defence and mining have fared better, partly following the war in Ukraine, but of course these areas remain excluded from our portfolios as they don't meet our sustainability criteria of alignment to the UN Sustainable Development Goals (SDGs). Instead, we have worked hard this year to find quality defensive names which have helped provide the portfolios with more balance. For example, Waste Management and American Tower are two great US companies we've bought in the last six months (see our case studies from page 31 for more detail on these). On the fixed income side, we started the past year with very little in duration and corporate bond exposure which has helped limit the damage from rising yields, and we've used this move to slowly build up our bonds as the risk/return profile has improved. Where we have bought corporate bonds, our focus has been on UK financials such as Nationwide and Co-operative bank which also have strong sustainability policies to improve financial inclusivity.

> We've utilised a number of tools at our disposal to enable better risk management and protect the portfolios during volatility including put options, structured products and currency hedging.

Will Mcintosh-Whyte
Fund manager

David Coombs
Fund manager
Head of multi-asset investments

Given this difficult macroeconomic and geopolitical backdrop and a renewed government focus on energy security following the war in Ukraine, many of the goals of UN Climate Change Conference (COP27), held in Sharm El-Sheikh, were on implementation rather than new target setting. It resulted in countries delivering a package of decisions that reaffirmed their commitment to limit global temperature rise to 1.5°C above pre-industrial levels. The most significant new agreement was establishing the dedicated fund for loss and damage, to provide funding for vulnerable countries hit hard by floods, droughts and other climate disasters. This is encouraging – although the details still need ironing out. Perhaps more historic was the landmark agreement reached last December at the UN biodiversity conference (COP15) which highlights the role of companies and investors in conserving nature and ecosystems. Nature is critical to meeting the SDGs and though the treaty – 15 years in the making – still needs to be ratified, all the UN's member countries have agreed on an unprecedented target to protect 30% of the planet's marine environments by 2030. A great victory.

The sustainability spotlight on pages 20-24 of this annual review goes into more detail on the importance of biodiversity and how the Rathbone Greenbank Multi-Asset Portfolios are making a difference through our engagement work and the companies we are investing in.

Alongside the developments on climate change and biodiversity, sustainability regulation has also made a big splash over the last year. Last time, we mentioned The Financial Conduct Authority's (FCA) discussion paper on Sustainability Disclosure Requirements indicating the introduction of new fund labels requirements for advisers to discuss sustainability options with clients. The draft proposal for this was published in October 2022 covering three new sustainable investment labels, more stringent disclosure standards and new rules on naming and marketing to crack down on greenwashing. We believe we are well prepared to implement new sustainability regulations once they are finalised, given our continued focus on clarity and transparency. This annual review, for example, sets out each portfolio's alignment with Greenbank's sustainable development categories which support the SDGs to help investors understand which companies we are investing in and how they're aligned to our sustainability criteria.

"We believe we are well prepared to implement new sustainability regulations once they are finalised, given our continued focus on clarity and transparency."

It has been a difficult year for performance, given the broad weakness equities and bonds have experienced, though our put options and structured products have helped to limit drawdowns.

“Going into the next year for the portfolios, we are hopeful that some clarity on inflation and interest rates should reduce market volatility and of course longer-term, we continue to believe that ultimately owning durable franchises with a clear commitment to sustainability should serve us well.”

Performance table — S-class shares to 31 March 2023

	6 months	1 year	2 years
Rathbone Greenbank Total Return	**2.85%**	**-5.35%**	**-4.49%**
Index: Bank of England Base Rate + 2%	2.65%	4.33%	6.62%
Rathbone Greenbank Defensive Growth	**3.20%**	**-6.74%**	**-4.98%**
Index: UK Consumer Price Index + 2%	4.92%	12.66%	21.98%
Rathbone Greenbank Strategic Growth	**4.88%**	**-7.16%**	**-4.46%**
Index: UK Consumer Price Index + 3%	5.43%	13.76%	24.39%
Rathbone Greenbank Dynamic Growth	**5.52%**	**-8.47%**	**-4.56%**
Index: UK Consumer Price Index + 4%	5.94%	14.87%	26.83%

Source: FE fundinfo. Data as at 31 March 2023. Launch date 29 March 2021.

Past performance should not be seen as an indication of future performance.

Meet the team

Investment team

Will McIntosh-Whyte is responsible for managing the Rathbone Greenbank Multi-Asset Portfolio funds and Rathbone Multi-Asset Portfolio funds. He joined the charities team at Rathbones in 2007, and was appointed as an investment manager in 2011, running institutional multi-asset mandates. He has been with the multi-asset team since 2015. Will graduated from the University of Manchester Institute of Science and Technology with a BSc Hons in Management, and is a CFA charterholder.

David Coombs is head of the team that is responsible for managing the Rathbone Multi-Asset Portfolio funds. He joined Rathbones in 2007 after spending 19 years with Baring Asset Management where he managed multi-asset funds and segregated mandates. He began his career with Hambros Bank in 1984.

Rahab Paracha is the sustainable multi-asset investment specialist for the Rathbone Greenbank Multi-Asset Portfolios. She joined Rathbones in 2021, having worked previously as a junior responsible investment specialist at HSBC Asset Management. Rahab graduated from the London School of Economics with a BSc in Economics, holds the Investment Management Certificate and is a CFA Charterholder.

Ethical, sustainable and impact research team

Kate Elliot is head of Rathbone Greenbank's ethical, sustainable and impact research team. She oversees the development and implementation of the team's sustainability assessment framework, analysing investments against a range of environmental, social and governance criteria. She also monitors emerging sustainability themes, sets priorities for Greenbank's stewardship and engagement activities and has developed the team's systems for the measurement and reporting of portfolio sustainability and impact performance. She joined Rathbones in 2007 after graduating from the University of Bristol with a masters in Philosophy and Mathematics.

Emma Williams joined Greenbank in September 2022 and is responsible for analysing investments against a range of environmental, social and governance criteria, as well as for conducting thematic research into key responsible investment issues. Emma has over 10 years' experience working in business valuation, sustainability and social investment, predominantly within professional services firms PwC and Grant Thornton. Emma holds a BSc (Hons) in Natural Sciences (Physics with Philosophy) from Durham University and is also a chartered accountant (ACA).

Sophie Lawrence joined Rathbone Greenbank in January 2020 as a senior ethical, sustainable and impact researcher and has recently moved into a new role as Greenbank's Stewardship and Engagement Lead. She is responsible for the delivery of key engagement projects, building relationships with external partner organisations, and shaping Greenbank's engagement strategy, priorities and reporting. She holds an MSc from Imperial College London in Environmental Technology and a BSc in Geographical Sciences from the University of Bristol.

Kai Johns joined the ethical research team in March 2019 after graduating from the University of Cambridge with a BA in Law. He is responsible for assessing the social and environmental performance of companies.

Katherine Farr is an assistant researcher within the ethical, sustainable and impact research team. She joined Rathbone Greenbank as an intern in March 2020 after graduating from Durham University with a BSc (Hons) in Anthropology.

Charlie Young joined the ethical research team in January 2021 after graduating from the University of Warwick with a BASc (Bachelor of Arts and Sciences) in Economic Studies and Global Sustainable Development. He is responsible for assessing the social and environmental performance of companies.

Stewardship and corporate governance team

Matt Crossman is the stewardship director for the group. Overseeing the work of our Stewardship Committee, he ensures active voting at company AGMs (Annual General Meetings), whilst also being the group lead on the integration of environmental, social and governance factors into the investment process. Matt also leads thematic engagement with companies on ESG issues, especially those that are undertaken via the UN-backed Principles for Responsible Investment.

Archie Pearson joined Rathbones in 2018 as a voting and governance analyst. He supports Matt Crossman, on the stewardship team, ensuring informed proxy voting and corporate engagement activities as part of Rathbones' stewardship policies, and helping to promote the integration of ESG within the investment process. Prior to Rathbones, Archie worked for Oikocredit in their UK and Ireland office. Archie graduated in 2015 from the University of Edinburgh with a masters in Theology.

The UN SDGs and sustainable development categories

In September 2015, the United Nations launched the SDGs. These comprise of 17 goals, with 169 underlying targets that aim to 'end poverty, protect the planet and ensure prosperity for all' by 2030. The SDGs provide a comprehensive framework for international action on the many social and environmental challenges facing the world.

Greenbank has mapped the SDGs to a set of eight sustainable development categories and a number of underlying sub-categories. These categories ultimately align with the same ambitions as the SDGs but focus on the areas most relevant to companies and investors. We use these to determine how successful individual companies are at translating aspirations into tangible results. The fund managers seek to invest in alignment with these eight categories, in the process combining investment returns with positive social and environmental commitments.

Energy and climate

These investments include organisations that are helping in the fight for climate action and create a more sustainable energy network through their products and services. This category also covers organisations making great strides in reducing their environmental impact and energy use through better business practices.

Resource efficiency

This category includes organisations whose products and services help reduce and economise the use of Earth's resources, as well as companies that are working hard to improve resource efficiency in their own businesses.

Inclusive economies

These organisations are promoting access to basic services, like shelter, water and education, and supporting a more inclusive society through the products and services they provide.

Decent work

This category includes organisations that create quality jobs, promote an inclusive workplace and support entrepreneurship, in their own right and through their supply chains and charitable works.

Innovation and infrastructure

These investments include organisations that support environmental sustainability or human wellbeing. This may be direct, through their products and services, or by providing the environment or infrastructure for other organisations to operate more sustainably.

Health and wellbeing

Organisations in this category support physical and mental wellbeing, or help prevent injuries and deaths.

Resilient institutions

These investments include organisations and governments that promote peace, justice, human rights and the rule of law.

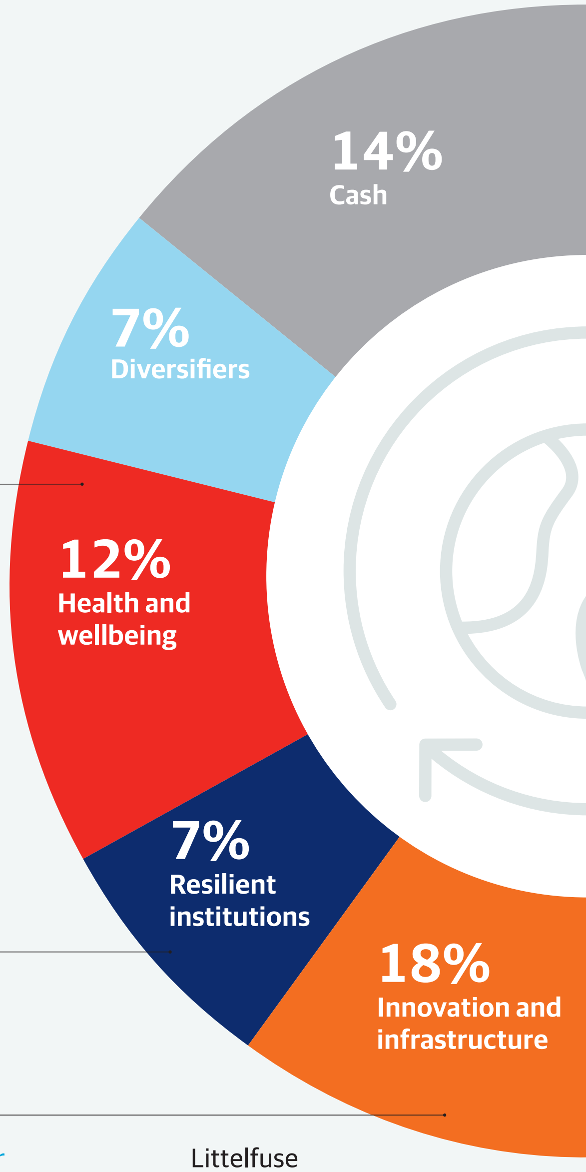
Habitats and ecosystems

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

Sustainable development category alignment

Rathbone Greenbank Multi-Asset Portfolios

Rathbone Greenbank Strategic Growth



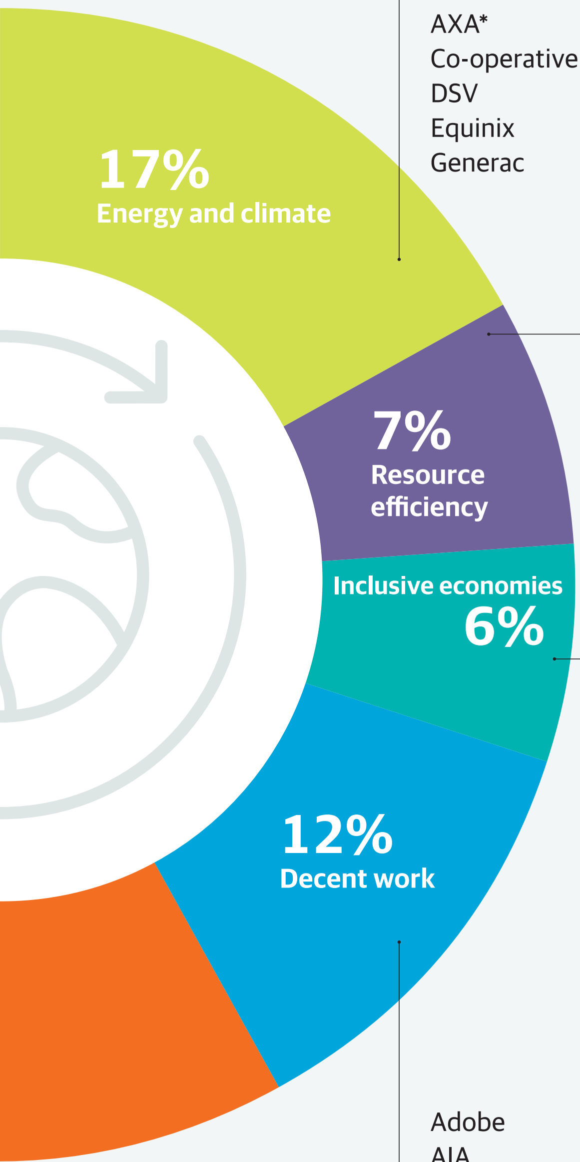
Abbott Laboratories
Assa Abloy
Bupa*
Dexcom
DSM
Edwards Lifesciences
Eurofins Scientific
GSK
Halma
Merck
Roche
Sartorius
Shimano
Smith & Nephew
Thermo Fisher Scientific

Japanese Government Bonds
UK Government Bonds

American Tower
Aptiv
Asian Development Bank*
ASML
Cadence Design Systems
European Investment Bank*
Hannon Armstrong
KfW*
Littelfuse
Microsoft
Orange*
TSMC
Trimble
Verizon
Vodafone
Zebra Technologies

* Corporate bonds ● New holdings (since 30 September 2022)

The percentages in the pie chart may not equal 100% due to rounding to the nearest whole number. Data as at 31 March 2023.



17% Energy and climate

Accenture
Alfen
Ansys
AO Smith
Aviva
Aviva*
AXA*
Co-operative Bank*
DSV
Equinix
Generac
Johnson Controls
Jungheinrich
KfW (Green Bond)*
National Grid
New South Wales (Sustainability Bond)*
Nidec
Otis Worldwide
Owens Corning
Rabobank*
SSE

7% Resource efficiency

Advanced Drainage Systems
Badger Meter
Ball Corp
Deere
Ecolab
Linde
SIG Combibloc
Tomra
Trex
Waste Management

6% Inclusive economies

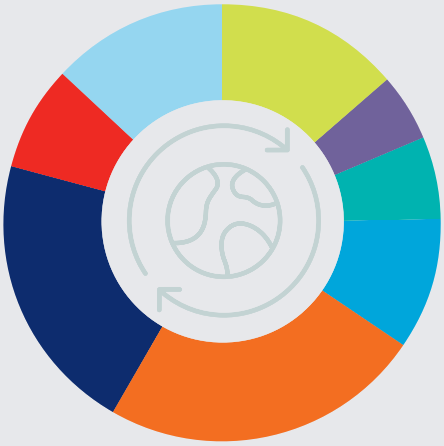
African Development Bank (Social Bond)*
Huntington Bancshares
London & Quadrant Housing*
Mastercard
NatWest*
RELX
Visa

12% Decent work

Adobe
AIA
Coventry Building Society*
DBS
First Republic Bank
Haleon
Jack Henry
Legal & General
Lloyds Bank*
London Stock Exchange
M&G*
Phoenix*
S&P Global
Sampo

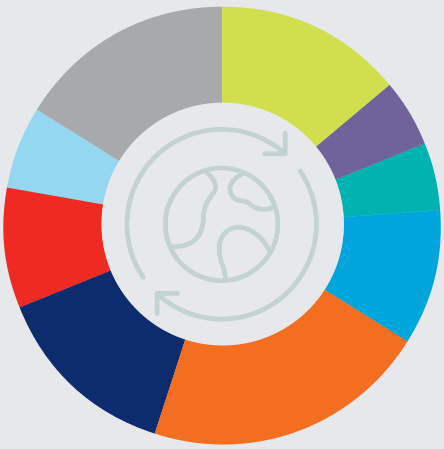
Sustainable development category alignment (continued)

Rathbone Greenbank Total Return



Energy and climate	14%
Resource efficiency	5%
Inclusive economies	6%
Decent work	10%
Innovation and infrastructure	24%
Resilient institutions	21%
Health and wellbeing	8%
Diversifiers	13%
Cash	0%

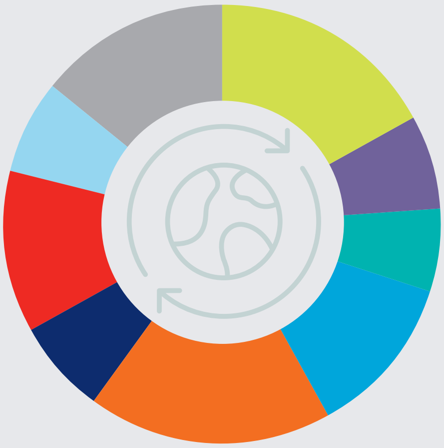
Rathbone Greenbank Defensive Growth



Energy and climate	15%
Resource efficiency	6%
Inclusive economies	5%
Decent work	10%
Innovation and infrastructure	20%
Resilient institutions	13%
Health and wellbeing	9%
Diversifiers	8%
Cash	15%

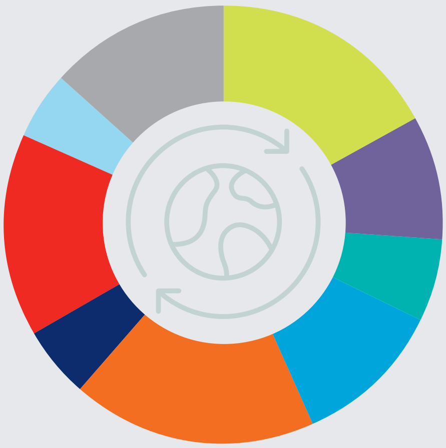
Data as at 31 March 2023. The percentages in the pie charts may not equal 100% due to rounding to the nearest whole number.

Rathbone Greenbank Strategic Growth



Energy and climate	17%
Resource efficiency	7%
Inclusive economies	6%
Decent work	12%
Innovation and infrastructure	18%
Resilient institutions	7%
Health and wellbeing	12%
Diversifiers	7%
Cash	14%

Rathbone Greenbank Dynamic Growth



Energy and climate	17%
Resource efficiency	9%
Inclusive economies	6%
Decent work	11%
Innovation and infrastructure	18%
Resilient institutions	5%
Health and wellbeing	15%
Diversifiers	5%
Cash	13%

Company achievements in 2022

Energy and climate

SSE

7.8GW

of installed renewable capacity connected to SSEN Transmission's network

Resource efficiency

ADS

600 million

pounds of plastic recycled, to become North America's largest plastic recycling company

Inclusive economies

NatWest

53,000

individuals and businesses supported through interventions to start, run or grow a business

Decent work

LLOYDS BANK

400,000

consumers provided with bespoke skills-building through and with partners Bank of Scotland, Lloyds Bank and the newly launched Scottish Widows Be Money Well website

Innovation and infrastructure

ASML

63%

growth in R&D spend since 2019

Health and wellbeing

Halma

1 million

Diagnostic products supplied for blood pressure monitoring, ophthalmology, and other vital signs monitoring

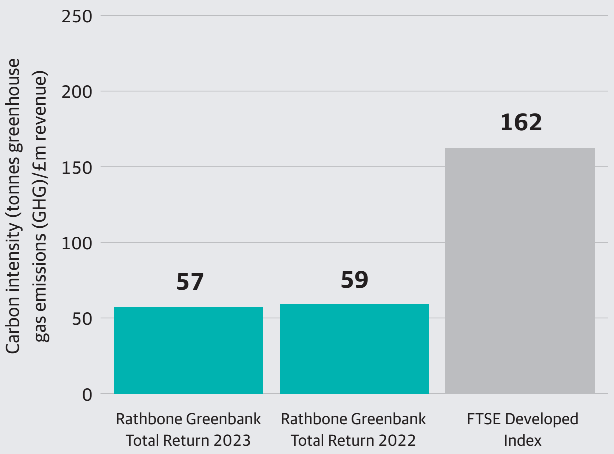
Carbon footprint

The Intergovernmental Panel on Climate Change (IPCC) has highlighted the need to limit the rise in global average temperatures to 1.5°C above pre-industrial levels in order to avoid significant environmental and economic costs; yet current global policies and targets are projected to result in almost 3°C of warming. This ambition gap needs to close.

One of the ways in which investors can demonstrate support for the low-carbon economy is by measuring, reporting and reducing the climate impact of their investments. We have conducted a carbon footprint assessment of the portfolios, showing the carbon intensity of an investment in one of the funds. The analysis looks at Scope 1 and Scope 2 emissions. This is due to widespread gaps in company reporting of Scope 3 emissions and our desire to compare like-for-like company data. The figures include all equities and corporate bonds, for which we have very high coverage (>97%) and exclude cash, structured products and government bonds. We have chosen to exclude government bonds at this stage due to the lack of a commonly accepted methodology for calculating financed emissions associated with this asset class. However, we will include them in our calculations once we can.

The graphs below show the carbon intensity of the equities and corporate bonds in our Rathbone Greenbank portfolios vs the global stock market as measured by the FTSE Developed Index:

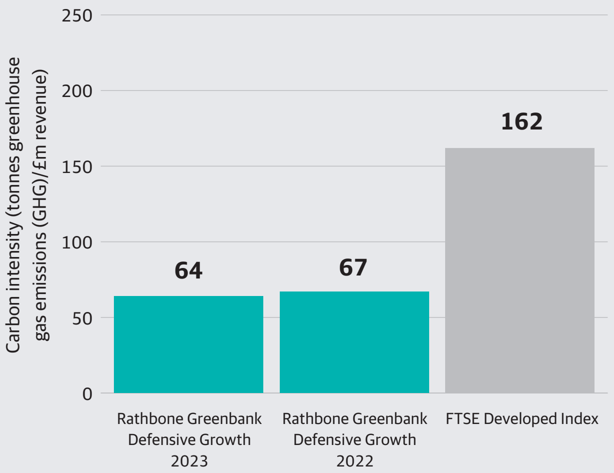
Rathbone Greenbank Total Return



The equities and corporate bonds in the Rathbone Greenbank Total Return Portfolio are

less carbon intensive than the FTSE Developed Index

Rathbone Greenbank Defensive Growth

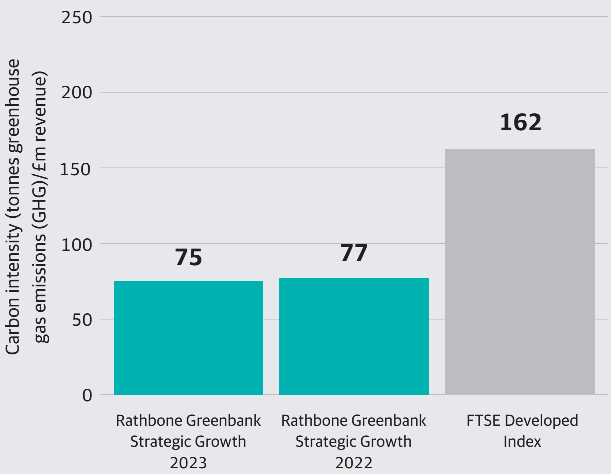


The equities and corporate bonds in the Rathbone Greenbank Defensive Growth Portfolio are

less carbon intensive than the FTSE Developed Index

The funds lower carbon intensity is partly driven by the fact that the fund excludes some of the highest emitting industries such as fossil fuels and mining. However, the positive sustainability focus of the funds also means that within the sectors where we do invest, we are looking for companies that can demonstrate leadership and an evidenced commitment to the low-carbon economy.

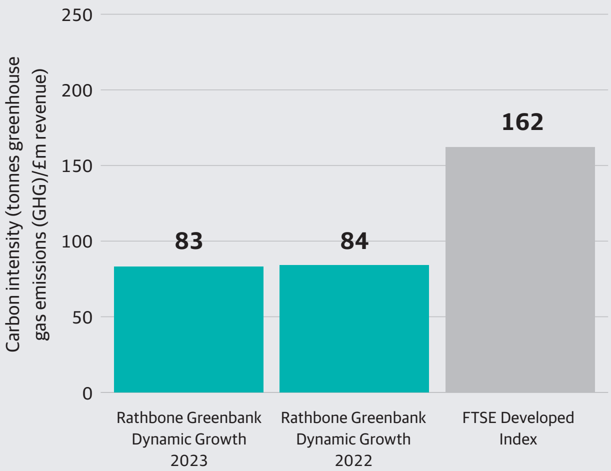
Rathbone Greenbank Strategic Growth



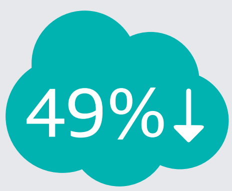
The equities and corporate bonds in the Rathbone Greenbank Strategic Growth Portfolio are

less carbon intensive than the FTSE Developed Index

Rathbone Greenbank Dynamic Growth



The equities and corporate bonds in the Rathbone Greenbank Dynamic Growth Portfolio are



less carbon intensive than the FTSE Developed Index

Explanatory notes

- The weighted average carbon intensity method measures a portfolio's exposure to carbon-intensive companies based on CO_2 emissions (Scope 1 and 2) per million pounds of sales, adjusted according to each holding's weighting within a portfolio.
- Carbon data for equities and bonds is sourced from: CDP, formerly the Carbon Disclosure Project; MSCI, a financial data provider; and companies' own disclosures. Estimates are based upon sector carbon intensity averages. Where there is insufficient sector data, the relevant company is not included in the calculations. Government bonds are also not included.
- Carbon data for managed funds is sourced from MSCI and Morningstar, another financial data provider. For estimates, the fund category average in Morningstar is used. Any gaps are filled using an average taken from all funds in MSCI's universe.
- The FTSE Developed Index is a market-capitalisation weighted index representing the performance of large and mid-cap companies in developed markets. The weighted average carbon intensity of the index has been calculated per the above. This covers 99.67% of the index.
- This methodology is currently a work in progress and is liable to change, particularly in relation to the estimate methodology for managed funds. Where possible, Greenbank will endeavour to update this baseline, if and when the methodology changes, to ensure like-for-like comparison.

It is reassuring to see that the carbon intensity of the portfolios is slightly lower this year versus the year before. Although this is quite a small change, it is important to recognise that reducing carbon emissions is a long-term challenge for companies. Annually, we need to make sure momentum remains positive and steps are continuously being taken in the right direction.

Beneath these headline numbers, some companies have recorded very significant carbon intensity reductions. The key source in these cases has primarily been within Scope 2 emissions, as companies have signed green power agreements and built out their own onsite renewable power generation.

There are also some non-carbon related effects at play which are important to highlight when making year-on-year comparisons, for both the portfolios and the index. The carbon intensity metric is greenhouse gas emissions per £m sales, and sales for many companies may have increased due to inflation. The measure is in sterling, so currency fluctuations have an effect when carbon and revenues are generated abroad.

Further coverage information

Rathbone Greenbank Total Return	
% of eligible holdings with carbon data	97
% of total portfolio value eligible and with carbon data	62

Rathbone Greenbank Defensive Growth	
% of eligible holdings with carbon data	98
% of total portfolio value eligible and with carbon data	62

Rathbone Greenbank Strategic Growth	
% of eligible holdings with carbon data	99
% of total portfolio value eligible and with carbon data	70

Rathbone Greenbank Dynamic Growth	
% of eligible holdings with carbon data	100
% of total portfolio value eligible and with carbon data	75

Data as at 31 March 2023.

Sustainability spotlight
Habitats and ecosystems

Biodiversity provides vital, interdependent ecosystem services sustaining life on land and below the water. All living organisms share a role in cleaning the air we breathe, producing the food we eat, generating the compounds and raw materials supporting our health and productivity, and providing defences against natural and climate-related threats.

Access to biodiversity-rich environments is increasingly recognised as a major factor in improving physical and mental wellbeing. Healthy societies and resilient economies rely on the support of natural systems, yet all are under threat from the scale of global biodiversity loss recorded over the last 50 years. Before 1970, the planet's capacity to regenerate natural resources was greater than humanity's ecological footprint. In the decades since, biodiversity has been eroded at a rapid pace due to five primary drivers: changing use of sea and land, direct exploitation of organisms, climate change, pollution, and invasive non-native species.

From an ecological perspective, this has left global biodiversity in a perilous state. We are currently using 1.6 times our total planetary resources and have transgressed significantly beyond our biodiversity boundary. However, the economic impacts are also stark. In 2020, the World Economic Forum estimated at least $44 trillion of economic value generation was moderately or highly dependent on natural services – more than half of global GDP. And in 2023, the World Economic Forum placed 'biodiversity loss and ecosystem collapse' as the fourth most significant risk facing the world over the next 10 years.

Without prompt action to reverse decades of catastrophic biodiversity loss, the world could rapidly reach a point of no return. It is therefore no surprise that biodiversity has rapidly been rising up the agenda of regulators and governments in recent years.

France was an early mover on linking biodiversity and climate-related risks for financial institutions when, in 2021, it introduced new disclosure requirements for financial institutions via Article 29 of its Energy and Climate law. This requires financial institutions to disclose how their financial activities depend on climate and biodiversity, in addition to the impacts of their activities on biodiversity. While this helped raise awareness of the issue, biodiversity measurement and reporting remains a relatively nascent concept.

The Taskforce on Nature-related Financial Disclosures (TNFD) is a market-led, science-based framework that enables organisations to report and act on evolving biodiversity risks. Currently undergoing pilot testing, the Taskforce is aiming to have a final framework published by September 2023. This, in addition to improved reporting standards from the Global Reporting Initiative, should provide corporations and financial institutions with more comprehensive data to understand their biodiversity-related risks and the methods they can adopt to measure and mitigate them.

The final landmark piece of policy action on biodiversity came in December 2022 at the COP15 biodiversity conference in Montreal. The '30x30' target, aiming to conserve 30% of the Earth's land, sea, inland water and coastal areas by 2030, had become a headline focus of COP15. Its adoption at the conference has been recognised as a significant milestone and marks the largest land and ocean conservation commitment in history. This target provides all parties with a clear roadmap to follow, and the next step is for countries to develop plans on how to achieve it. It is widely recognised that achieving the target will involve action at an exponentially faster rate than we have seen to date on climate measures, and the next few years will be crucial in turning the tide on biodiversity loss.

Biodiversity is currently a difficult theme to gain direct investment exposure to, but it is still an important element of the funds' sustainability criteria and engagement activities.

It is not yet commonly accepted that the world's natural resources should be paid for as an economic necessity, hampering the growth in so-called 'nature-positive' investments. It was welcoming to see COP15 explicitly recognise the need for private financial flows to be aligned with public finance to support the goals of the 30x30 target but it seems likely that we are some years away from biodiversity solutions moving out of philanthropic or impact-first investments into the mainstream.

Currently, the funds do not hold any investments whose primary sustainable development theme is habitats and ecosystems. However, they do have exposure to several companies that have an indirect link to biodiversity protection, for example:

Halma: Several companies in Halma's Environmental and Analysis division make products that help protect freshwater and marine environments. These include products to test and monitor water quality and identify contamination, in addition to UV technology for disinfecting water. For example, its Hanovia subsidiary provides ballast water treatment technology to the marine transportation sector, helping to reduce impacts on marine ecosystems.

Ecolab: Ecolab is focused on technology to support the clean and efficient use of water. It supports customers across a range of industries to monitor and reduce the volume of water they use, in addition to providing a range of water treatment products to improve the quality of wastewater returned to the environment. Reducing water stress relieves pressures on land and freshwater ecosystems.

Biodiversity is a priority engagement theme for Greenbank's ethical, sustainable and impact (ESI) research team.

Since 2021, Greenbank has worked as part of the Partnership for Biodiversity Accounting Financials (PBAF), collaborating on draft guidance for financial institutions on biodiversity measurement, examining the best data sources for differing business applications.

This allowed Greenbank to play a wider role in exchanging expertise among financial institutions and to contribute to a common approach for assessing and measuring the financial sector's biodiversity impacts and dependencies.

To help prioritise direct company engagement on this issue Greenbank carried out desk-based research to understand which industries and sectors have the greatest impact and are most dependent on biodiversity. This found that where companies are disclosing biodiversity-related data, there is a lack of consistency in the methodologies used to understand and quantify impacts. In many high-risk sector cases where biodiversity considerations feature, they have only been integrated in sustainability strategies since 2019.

Priority companies for engagement were identified, with a common framework guiding Greenbank's dialogue:

- **Governance:** The board should establish strong governance and oversight for biodiversity risks, impacts and dependencies.
- **Measurement:** In the absence of standardised frameworks, the newly launched Taskforce on Nature-related Financial Disclosures (TNFD) provides a reporting model for companies to measure and publicise nature-related impacts.
- **Target:** Companies should have a net-positive impact on biodiversity through their operations and supply chains by 2030.
- **Strategy:** At a strategic level, companies should be integrating and evidencing material impacts, supply chain engagement, and nature-based solutions.
- **Disclosure:** Companies should report regularly in line with best practice frameworks like the TNFD.

Greenbank held meetings with higher risk companies throughout 2022. The goal of these initial meetings was to learn more about how each company is working to understand their unique biodiversity impacts and dependencies, and also to share our investor expectations on the topic.

Greenbank's stewardship and engagement lead also attended the COP15 biodiversity conference in Montreal as part of the Finance for Biodiversity delegation, helping to highlight the importance of private capital in addressing biodiversity loss.

Stewardship: voting and engagement update

An important aspect of sustainable investing for the Rathbone Greenbank Multi-Asset Portfolios, is our approach to corporate governance and stewardship. We are mindful of our responsibilities to clients and seek to be good, long-term stewards of the investments, which we manage on their behalf. The companies in which the portfolios invest must adopt best practice in corporate governance as we believe that doing so provides a framework in which each company can be managed for the long-term interests of its shareholders. Rathbones has developed a core set of guiding principles, which apply to our stewardship and governance-related activities:

Materiality: we recognise that governance and stewardship risks can be material to the performance and valuation of companies.

Active voting: we actively vote all shares held within the Rathbone Greenbank Multi-Asset Portfolios except where local regulations make voting impractical.

Engagement: active engagement with companies on governance issues, including writing to companies when voting against management, outlining our specific concerns.

Transparency: we will report annually on our stewardship activities. The latest responsible investment report covering 2022 stewardship activity is available on our website rathbonefunds.com

Proxy voting

The Rathbone Greenbank Multi-Asset Portfolios approach each company meeting on a case-by-case basis using a combination of established best practice for each market and knowledge of the particularities of each company to reach a decision. In addition to this, the funds benefit from a sustainability-themed voting overlay. This ensures that voting on fund holdings will be consistent with the values of the portfolios and their sustainability criteria. The default position is to vote in favour of social and environmental proposals that seek to promote better disclosure and good corporate citizenship, while also enhancing long-term shareholder and stakeholder value. We will now provide examples on voting and engagement work carried out on behalf of the portfolios during the year, including where we have voted against management.

Engagement forms a key part of the overall impact of the portfolios, helping to address issues of concern and encouraging best practice. We engage through a combination of voting activity and dialogue with companies, often over a number of years, to lock in long-term positive change.

Over the last year, we have engaged with: **55 companies** **held across the portfolios**

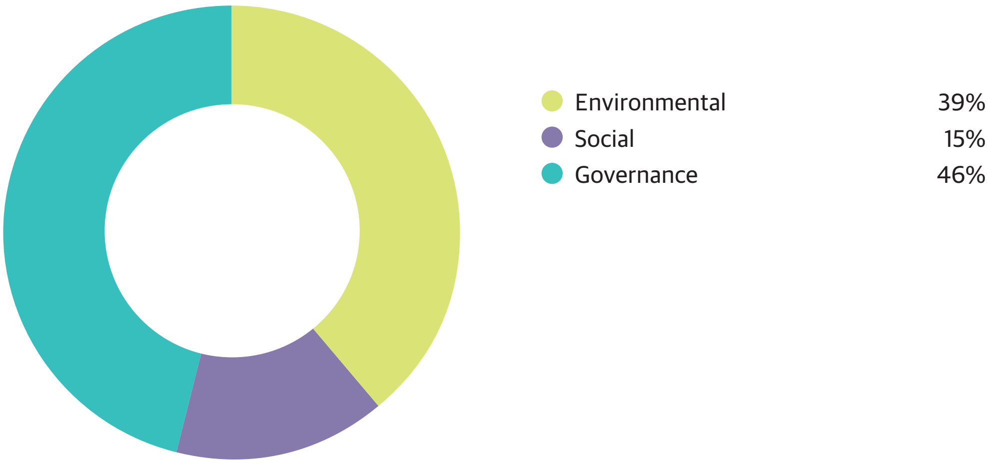
These engagements have included both letters and company meetings, by Rathbones and Greenbank individually, and as part of collaborative engagement initiatives such as Climate Action 100+ and the Workforce Disclosure Initiative, where we have taken lead roles. Our engagements span across all three parts of ESG and include the following issues:

Environmental: Net-zero, biodiversity and climate reporting.

Social: Cyber-security, digital human rights and living wage.

Governance: Executive remuneration and company governance structure.

Company engagement by E, S or G



We have a strong commitment to vote at all company meetings we can.

Over the last year, we voted at: **66 company** **meetings**

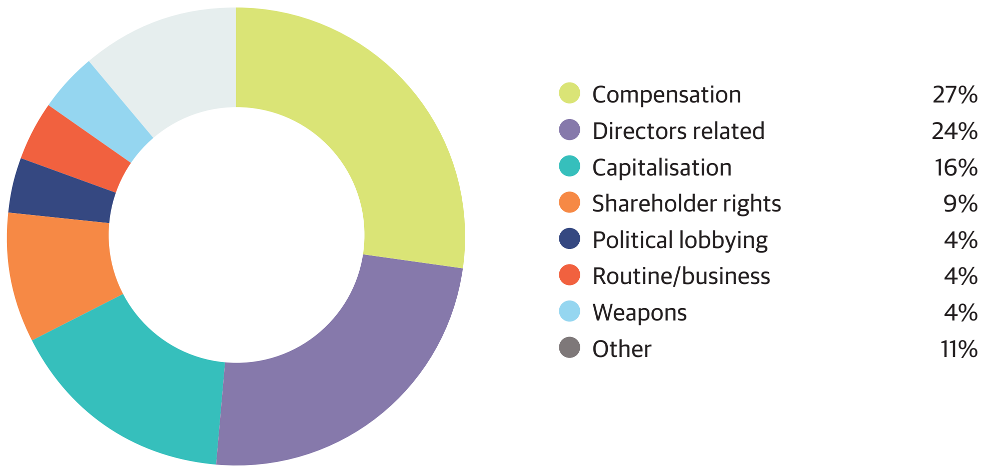
This was out of 69 that we were eligible to vote at. For the three meetings where we did not vote, we were unable due to Power of Attorney (POA) issues in the markets those companies operate in, whereby each beneficial owner would be required to give us permission to vote the shares in the company on their behalf, before we could. Due to the administration issues and costs involved in facilitating thousands of permission documents to do this, voting these meetings was not possible.

The percentages in the pie charts may not equal 100% due to rounding to the nearest whole number.

Within the 67 meetings, we voted on 918 items and chose to vote against management 5% of the time. This means we supported action (despite lack of board support) on sustainability issues such as climate change disclosure, data security and health and safety. We also opposed compensation schemes deemed to be excessive/not aligned to shareholder interests.

Items voted: with/against management

Votes against management by issue



For more information:

Compensation: items related to remuneration policies, incentive plans and stock options
Directors related: items related to electing and re-electing directors to maintain a sound and independent board
Capitalisation: items related to issuing share capital and equity
Shareholder rights: items to ensure shareholder rights to call special meetings remain strong
Political lobbying: items related to lobbying activities
Routine/business: items related to ratifying auditors and approving audit reports
Weapons: items related to selling products to the military
Other: includes items related to climate change, data security, health and safety, labour rights and tax

Engagement case studies

ShareAction»

LONDON STOCK EXCHANGE

PHOENIX GROUP

Greenbank supported letters to several companies on the Living Hours standard, through our membership of ShareAction's Good Work coalition. These letters encourage accredited Living Wage employers to also guarantee security of working hours through the Living Hours accreditation standard. This standard requires employers to provide workers with a 4-week notice period for shifts, the right to a contract that reflects actual hours worked and a guaranteed minimum of 16 hours work a week, unless the worker requests otherwise.

The letters were sent to several companies held across the portfolios, including London Stock Exchange, National Grid and Phoenix Group. The recipients of the letters have been invited to an initial discussion with ShareAction and the Living Wage Foundation to discuss the standard and how it could fit with the companies' strategic priorities.

During 2022, Rathbones led dialogue via the Climate Action 100+ (CA100+) engagement with two UK utility companies we hold in the portfolios, SSE and National Grid. CA100+ is an investor coalition that presses the biggest corporate greenhouse gas emitters on climate change.

In 2022 we met senior leaders at both companies several times, as part of a group of investors in charge of the CA100+ engagement with both businesses. In conjunction with other supporting investors, we prepared and submitted investor statements at their AGMs.

For SSE, we concentrated in 2022 on the company's capital expenditure alignment with the Paris Agreement, asking how the company ensured that spending plans matched lofty ambitions on climate change. We also examined the degree of climate expertise on the board, concluding that it was sufficient. Rathbones also asked about the possibility of more concrete commitments to reduce Scope 3 emissions – primarily those stemming from the activity of customers.

We met the National Grid chair and other senior management in 2022. Our statement submitted to the AGM praised progress made – particularly the alignment with the Paris Agreement's 1.5°C goal in the UK part of the business, and the absolute Scope 3 emissions reductions target for the group. However, we thought there weren't clear targets in place to demonstrate that the entire group was fully aligned with the 1.5°C goal on a 'real zero' basis.

SSE committed to re-issuing its 'Net-Zero Transition' plan and exploring more ways in which the formal accounting audit process could take account of climate risk.

National Grid issued its first-ever formal 'Say on Climate' plan – its plan for decarbonising the business, which shareholders could endorse or reject at the AGM. This was approved by shareholders, including Rathbones. It included a major step forward: a 'real zero' emissions plan for the US. At the AGM, the chair welcomed constructive engagement by CA100+ investors and gave encouraging answers to various questions, including aligning the whole group with 1.5°C and disclosing more about lobbying.

Rathbone Greenbank Multi-Asset Portfolios

Case studies

The case studies provide clarity on why we own the companies and entities in our portfolios including:

- what the investment case is
- how they meet our sustainability criteria
- the Greenbank sustainable development category to which they align

Energy and climate

7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

Energy and climate
Sub-category: Operational alignment (climate)

Case study

DSV

Investment case

- Danish transport and logistics company covering road, air, sea, rail freight and automated warehouse solutions
- Strong management team with an active focus on M&A, and a successful track record of integration
- Big focus on using technology to improve efficiencies in transport and logistics, including digital freight platforms, advanced analytics and robotic process automation

Sustainability criteria

- Decarbonising freight is a significant challenge and DSV was one of the first in its industry to set a Science Based Target, which includes reducing absolute Scope 3 emissions by 30% between 2019 and 2030
- To help reduce its Scope 3 emissions (97% of its environmental impact), DSV offers customers a range of Green Logistics services ranging from CO_2 reporting to strategic supply chain optimisation and sustainable fuel offerings
- Involved in partnerships with companies such as Danish renewable energy giant Orsted, that seek to scale up the production of green hydrogen, as well as looking to adopt this sustainable fuel across road, maritime and air transport

Energy and climate
Sub-category: Operational alignment (climate)

Case study

Equinix

Investment case

- Global REIT providing data centres and digital infrastructure to industry-leading organisations such as Microsoft and AT&T to support enterprise networks and cloud computing
- Many firms choose Equinix because its physical space is in premium locations, its connectivity is fast and easy, and it provides a neutral venue of exchange for lots of service providers (better for information security)
- Acceleration of the 'digital economy' in areas such as cloud, online content and apps are all growth drivers for the business, as these areas rely on data and therefore require data centres

Sustainability criteria

- First data centre company to commit to climate neutral operations, with 95% of its operations currently powered by renewable energy
- Implements innovative solutions to reduce the environmental impacts of its servers, such as hydrogen-ready fuel cells, waste heat recycling and liquid/energy-efficient cooling techniques
- Equinix strives to reduce overall water usage by using recycled water for cooling in its data centres – 90% of the water used in its London data centre is recovered and rainwater is also harvested

Case study

New South Wales (Sustainability Bond)

Energy and climate
Sub-category: Climate action

Investment case

- Central bond-issuing authority for the State of New South Wales, Australia
- The low-risk supranational bond protects the portfolios in weaker market conditions while also providing an attractive yield
- While denominated in Australian dollars, we have fixed our exchange rate ahead of time so we won't lose money if the Australian dollar weakens against the pound; however, we won't benefit from a stronger Australian dollar either

Sustainability criteria

- Bond proceeds are used to finance projects that improve the environment and society, in alignment with the SDGs and all International Capital Market Association principles
- Green bond eligible project categories include clean transportation, green buildings and energy efficiency, while social bond eligible project categories include affordable housing and sustainable food systems
- One key project financed by these bonds was the Sydney Metro Northwest project, an electrified underground rail project, that aims to encourage people to swap cars and diesel trains for cleaner public transport

Case study

SSE

Energy and climate
Sub-category: Climate action

Investment case

- Leading UK energy generator that develops, owns, and operates onshore and offshore windfarms, hydro power turbines and gas-powered plants, along with electricity transmission and distribution networks
- Ideally positioned to benefit from the UK's commitment to reach net-zero by 2050, as electricity will be a key area to decarbonise to deliver that vision
- Its Scottish & Southern Electricity Networks (SSEN) transmission business is a natural monopoly and provides the company with consistent, high-quality, stable cashflows

Sustainability criteria

- Operates one of the largest renewable electricity portfolios in the UK and Ireland, as well as a range of carbon capture and hydrogen projects
- Since COP26 in 2021, SSE has accelerated its net-zero investment plans, making them the biggest constructor of offshore wind in the world
- First company to produce a Just Transition Strategy, which outlines its principles and actions to support workers to transition from high to low-carbon careers

Resource efficiency

CLEAN WATER AND SANITATION
RESPONSIBLE CONSUMPTION AND PRODUCTION

Case study

Ecolab

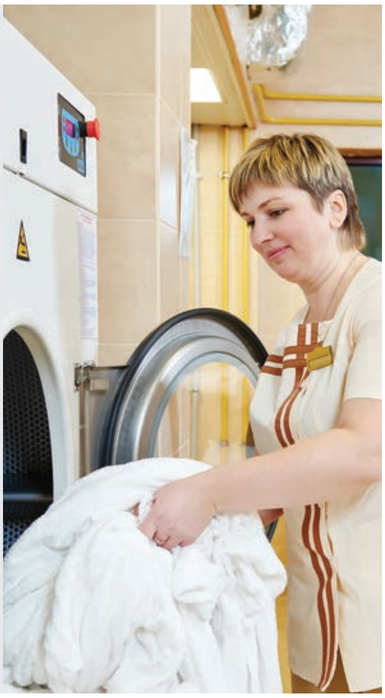
Resource efficiency
Sub-category: Water security

Investment case

- US company that specialises in water, hygiene, and infection prevention solutions to help make the world cleaner, safer and healthier
- Ecolab's strategy covers the four areas of water, food, health and climate, all of which are supported by long-term macroeconomic and consumer trends, with the health segment particularly catalysed by the COVID-19 pandemic
- By providing a high-quality service, scientific expertise and data-driven insights, it has created a huge competitive advantage leading to strong pricing power and recurring revenues from loyal customers

Sustainability criteria

- Assists companies to deliver clean water and safe food, as well as improve their energy efficiency
- Its technologies help customers to reuse and recycle water, saving over 800 billion litres of water last year
- By 2030, Ecolab is aiming for its products to help customers reduce their greenhouse gas emissions by 6 million metric tonnes a year



Case study

Linde

Resource efficiency
Sub-category: Sustainable consumption

Investment case

- Multinational business providing industrial gases and engineering services for customers in multiple sectors, including healthcare, food and beverage, and electronics
- Promising active role in the hydrogen market from generation and liquefaction right through to solutions for transport and storage
- Wide and durable moat around a highly cash-generative business

Sustainability criteria

- Products, services and technologies offer environmental benefits to a wide variety of industries: Linde's products helped its customers avoid 88 million tonnes of CO_2 equivalent in 2021
- Its hydrogen helps produce cleaner air by reducing sulphur emissions from trucks and cars
- Supplying oxygen to steelmakers helps them make their blast furnaces burn more efficiently, lowering energy consumption. It also serves medical patients who need respiratory assistance

Case study

Tomra

Resource efficiency

Sub-category: Sustainable consumption

Investment case

- Norwegian company that builds sensor-based recycling sorting machines, as well as 'reverse vending machines', which collect, sort and handle the return of used beverage containers for recycling or reuse
- Ambitious plastic recycling and re-use targets set by governments and corporations alike should help to drive sales growth and profits
- Superior technology and excellent brand in both sorting and collection has led to strong market share and durable return on capital

Sustainability criteria

- Food sorting products reduce wastage and increase food safety
- Convenient sorting options encourage greater uptake of recycling, reducing the waste sent to landfill
- Working with manufacturers to help produce 100% recyclable packaging and create a circular economy

Case study

Waste management

Resource efficiency

Sub-category: Circular economy

Investment case

- North American provider of comprehensive waste management environmental services for residential, commercial, industrial and municipal customers through collection, landfill, transfer and recycling
- The company has demonstrated an impressive ability to drive higher organic growth by passing through price increases
- Approximately 75% of its revenues are recurring due to contracts and because it provides customers and communities an essential service, so it should be relatively resilient in a recession

Sustainability criteria

- Waste Management's services are crucial in helping reduce waste and promote a more circular economy
- It was an early proponent of residential single-stream recycling, which allows customers to mix recyclable paper, plastic, and glass in one bin. Residential single-stream programmes have greatly increased recycling participation, resulting in increased volumes of recycled materials
- Waste Management estimates that it avoids over three times the volume of its operational emissions through its waste recovery services and is investing over $100m annually into new materials recovery technologies

new holding

Decent work

Case study

Haleon

Decent work
Sub-category: Operational alignment (employment)

Investment case

- British multinational consumer healthcare giant spun out from GSK in July 2022
- Given its portfolio of consumer staples, it is a relatively defensive company that should be able to perform better than others in a challenging economic environment
- Strong breadth of portfolio, with a number of top 10 brands in oral and over-the-counter health, including Sensodyne, Panadol and Advil

Sustainability criteria

- Brands such as Otrivine (nasal spray) and Theraflu (cold and flu medicine) aim to provide people with accessible ways to improve their everyday health
- Key focus on improving the health of marginalised groups – Haleon plans to reach 50 million people a year by 2025 and has partnered with Economist Impact to create the world's first Health Inclusivity Index
- The group is committed to paying fair wages, offers its workforce a range of employee wellbeing services, and provides parental leave that goes beyond the legal minimum in the countries where it operates

Case study

Jack Henry

Decent work
Sub-category: Operational alignment (employment)

Investment case

- American banking software and payment processing service developer, primarily working with community and regional US institutional banks
- Great economic moat around its business – its superior technology and high research and development investment has helped it to maintain competitive advantage and take market share
- It has highly recurring revenues from customers with most contracts at around seven years and a nightmare to change to a different supplier

Sustainability criteria

- Launched a supplier diversity programme designed to proactively identify, build mutually beneficial relationships with, and purchase goods and services from small businesses owned by people from all backgrounds
- It has an established partnership with the American Bankers Association (ABA) to create 'Bank On-certified accounts' which serve those who are unbanked and underbanked with modern banking services such as debit or prepaid cards and bill payments – all at a low cost and without overdraft fees
- Regularly honoured on Forbes magazine's American's Best Large Employers list and American Banker's Best Places to Work in FinTech list

Case study

Sampo

Decent work

Sub-category: Operational alignment (employment)

Investment case

– Pan-Nordic insurance and banking holding company made up of insurance subsidiaries If, Topdanmark, Hastings and Mandatum

– High market share in Scandinavia, given that it's hard for new companies to enter its market due to language and the small size of each country; also the company retains solid customer loyalty

– Quality business with strong and sustainable cashflows and high profit margins, that also has defensive characteristics which are useful in a weaker economic environment

Sustainability criteria

– Sampo demonstrates strong performance on gender diversity, with women making up half of its workforce and over 44% of its leaders (women are increasingly present in highest management levels)

– The company displays impressive reporting across metrics such as diversity of gender, age and nationality, and conducts annual equal pay analysis to identify and resolve any unwarranted pay differences between genders

– It was the first Nordic insurance company to integrate sustainability directly into underwriting standards and the customer due diligence process, consistent with the UN Global Compact

Case study

Shopify

Decent work

Sub-category: Small business support and job creation

Investment case

– Provides an online ecosystem for brands and retailers including payment processing, website building and shipping, with a focus on small and medium-sized businesses

– E-commerce is growing meaningfully, catalysed by the pandemic, and Shopify is a one-stop shop for businesses aiming to move online

– Strategic partnerships with companies such as Facebook increase repeat sales via subscription services

Sustainability criteria

– Shopify helps people start, run and grow their business with specific support for underserved communities

– It offers computing education programmes that help draw a greater mix of backgrounds into the coding profession

– Since decommissioning its data centres and moving to the fully renewably powered Google Cloud in 2018, Shopify has been completely carbon neutral

Health and wellbeing

Case study

IDEXX Laboratories

Health and wellbeing
Sub-category: Healthcare access

Investment case

- Develops diagnostics products and services primarily for veterinary, livestock, dairy and poultry animals, as well as having a water segment that provides products to measure the microbiological content of water
- Well positioned in a healthy veterinary backdrop and its dominant market position in the veterinary care ecosystem should lead to a strong growth trajectory
- The company has sticky, recurring revenues and should have fairly strong defensibility during uncertain economic times

Sustainability criteria

- Its innovations deliver insights and solutions that support longer, fuller lives for pets, herd and flock animals – 1 million suspected cancer case submissions are reviewed by IDEXX global pathologists annually
- By 2025, the company aims to expand access to care for over 500,000 animals in underserved communities
- Its water segment helps make access to clean water a reality for millions of people globally through early detection of diseases, such as COVID-19, in wastewater

new holding

This company is held in the Rathbone Greenbank Dynamic Growth Fund only.

Case study

GSK

Health and wellbeing
Sub-category: Healthcare access

Investment case

- British multinational pharmaceutical and biotechnology firm, focused on vaccines and speciality medicines to prevent and treat disease
- Vaccines are its clear growth driver, for example its shingles vaccine has a clear monopoly, as well as its Respiratory Syncytial Virus (RSV) and meningitis vaccines which are standout highlights in the pipeline
- Promising opportunity in HIV, a large and growing market, where it is leading the potential creation of an injectable treatment (rather than oral) which would be a huge improvement for the lives of patients

Sustainability criteria

- Has ranked first overall in the Access to Medicine Index since its inception in 2008, as well as being ranked first for research and development and second for governance of access and product delivery in 2022
- GSK has 25 late-stage R&D projects targeting priority diseases, such as malaria, tuberculosis and HIV/AIDS, which is the largest R&D pipeline for priority diseases of its peers
- In 2022, GSK announced an investment of £1 billion over 10 years to accelerate R&D into infectious diseases that disproportionately impact lower-income countries

Case study

Abbott Laboratories

Health and wellbeing
Sub-category: Healthcare access

Investment case

- A global healthcare company focused on medical devices, diagnostics, nutrition, and generic pharmaceuticals
- Diversified portfolio of products including cardiovascular (heart) medical technologies, diabetes monitoring systems, diagnostics for viruses such as COVID-19, blood tests for diseases and nutritional supplements
- Overall global demographics and the increasing need to manage medical conditions for lengthier periods as people live longer, leaves Abbott and its innovative product suite well supported in the long-term

Sustainability criteria

- Abbott's Freestyle Libre 2 is a wearable device that is designed to monitor blood glucose levels for diabetes patients and removes the need for finger stick testing – the ability to track blood glucose in real time can help patients and their doctors better monitor and manage their condition
- More than 100,000 people have benefited from its mitral valve repair device called MitraClip which is the world's first transcatheter mitral valve repair therapy that delivers a minimally invasive treatment option for select patients who have had heart failure and therefore would otherwise go untreated
- Its i-STAT TBI plasma test is the first rapid handheld traumatic brain injury (TBI) blood test, which will help clinicians assess people with suspected mild TBIs, including concussions

Case study

Shimano

Health and wellbeing
Sub-category: Sports and leisure

Investment case

- Japanese manufacturer of sporting and athletic goods, with a particular focus on bicycle components
- Growth supported by the increased adoption of cycling as a recreational activity and a sustainable means of transport
- Reputation for innovative and superior products leading to a loyal customer base and repeat buying

Sustainability criteria

- Its sporting gear encourages healthy lifestyles and promotes conservation of the environment
- Despite an increase in sales, it has reduced its absolute operational emissions over the past 5 years, which is largely due to increased renewable energy procurement
- It is working to further reduce single-use plastic in its containers and packaging materials for products

Innovation and infrastructure

3 GOOD HEALTH AND WELL-BEING
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
11 SUSTAINABLE CITIES AND COMMUNITIES

Case study

American Tower

AMERICAN TOWER®

Innovation and infrastructure
Sub-category: Supporting human wellbeing

Investment case

- The largest (over 220,000 towers globally) and most diverse telecommunications tower owner and operator in the world, leasing tower space and land near towers for communication equipment
- Its clients are generally the large global network operators (i.e. T-Mobile, Verizon, AT&T) and customer churn is very low, as it operates long-term lease agreements to provide a high degree of earnings visibility
- The business should benefit from the long-term tailwind of increasing demand for wireless infrastructure – they are only about mid-way through the proper 5G rollout, so more infrastructure is needed, and 6G will come around 2030

Sustainability criteria

- Its shared infrastructure business model minimises environmental impacts as fewer communications sites need to be built
- Over 60% of its towers are located in rural and suburban areas and 85% of these towers are 150ft or taller, making them ideal for rural network expansion projects
- American Tower has a digital communities accessibility programme – there are currently over 300 digital communities serving Chile, Colombia, Ghana, India, Mexico, Nigeria, Perú and Uganda – that provide training source certifications which help graduates find employment after upskilling

new holding

Case study

Aptiv

APTIV

Innovation and infrastructure
Sub-category: Supporting environmental sustainability

Investment case

- Aptiv supplies carmakers with the hardware and systems for the electrification of vehicles, which include sensors and cameras, infotainment and monitoring systems; this demand should be boosted by automated driving and increased focus on safety
- The proportion of spending on technology in hybrid and electric cars is up to eight times higher than traditional cars, which provides a strong tailwind for Aptiv
- Long and broad presence in China should provide additional growth as people in emerging markets use more cars as the economies develop

Sustainability criteria

- Aptiv's high-voltage solutions contribute to the development and adoption of greater vehicle electrification, which reduces CO_2 emissions and increases fuel economy
- Active safety features reduce vehicle accidents and fatalities
- Its long-term targets for reducing waste, water and emissions are consistent with the SDGs

Case study

Hannon Armstrong

Innovation and infrastructure
Sub-category: Supporting environmental sustainability

Investment case

- American financing company for renewable energy and infrastructure projects that reduce carbon emissions
- Long-standing relationships with industry-leading partners gives it unique access to lots of business opportunities
- It has a strong pipeline of projects in the ever growing energy efficiency sector, partnering with both private and public sector customers

Sustainability criteria

- It was the first American public company solely dedicated to investments in climate change solutions, financing renewable energy generation, sustainable infrastructure and energy and water efficiency projects for residential and commercial buildings
- Hannon estimates that almost 16 million cubic metres of water are saved each year from the investments it has made over the years, which is enough to provide for a town of roughly 40,000 homes
- Has minimised Scope 1 & Scope 2 emissions by purchasing 100% of its electricity from renewable energy sources and negative Scope 3

Case study

Zebra Technologies

Innovation and infrastructure
Sub-category: Supporting human wellbeing

Investment case

- US company that designs, manufactures and sells automatic identification and data capture products such as barcodes, labels and RFID tags for a range of industries, such as distribution and warehousing, hospitality and healthcare
- It enables supply chain digitisation – supporting the automation of workflows and helping businesses gain more accurate and up-to-date information on their inventory – which is a high focus (and high spend) area for many firms
- It also supports an array of automation solutions such as robotics and machine vision, along with having exposure to healthcare, as it allows both products and patients to be tagged with important patient and health information

Sustainability criteria

- Zebra's rugged tablets last much longer than consumer devices, saving costs and resources, and preventing unnecessary landfill
- Its technologies can be used in the food and beverage industry to reduce or eliminate the threat of food spoilage, improving safety, enabling traceability and automating process control as well as employee monitoring and accountability
- A concerning number of people in the US die every year in hospital after being given the wrong medication – Zebra's products help to improve patient outcomes in healthcare by using technology to reduce errors in patient identification in admissions, discharge and surgery

new holding

Inclusive economies

Case study

NatWest (Corporate bond)

Inclusive economies
Sub-category: Inclusive economies

Investment case

– Major UK retail and commercial bank offering mortgages, loans and savings
– Business continues to reduce its risk and restructure itself, increasing its capital (ability to withstand large losses) and liquidity (ability to pay its bills as they come due)
– 'Subordinated' debt in particular provides attractive yields given the improving capital position; subordinated debts are junior to other debts that must be paid back first (similar to what credit card debts are to a mortgage)

Sustainability criteria

– It offers a free financial education programme, MoneySense, that helps young people learn skills such as saving, budgeting and being scam-aware
– Users of its digital bank for small business customers have increased fivefold since the start of 2021
– Significant provider of basic bank accounts for personal banking customers and has supported over 1 million customers starting to save since January 2020

Case study

Visa

Inclusive economies
Sub-category: Inclusive economies

Investment case

– Global leader in payment processing, operating in a duopoly with Mastercard
– Beneficiary of the multi-year shift towards a cashless environment
– Strong sales growth supported by excellent and durable returns on capital

Sustainability criteria

– Visa's global network of innovation centres are sandboxes where its engineers work side-by-side with start-up businesses and developers to co-create new ways to pay
– For more than 20 years, it has offered free financial literacy programmes in over 40 different countries
– Visa uses 100% renewable energy across its global operations and is now working to encourage more renewable generation by signing up to long-term power supply agreements

Resilient institutions

Case study

Japanese Government bonds

Investment case

- Solid investment grade government bond issuer
- We invest in bonds that mature within a few years to protect our portfolios from rising yields reducing the value of our bonds
- The Japanese yen tends to increase in value when investors seek ‘safe assets’, so it often offers protection when stock markets fall

Sustainability criteria

- Multi-party parliamentary democracy where political rights and civil liberties are generally well respected
- Bribery and vote-buying rates are very low as reported by the Corruption Perception Index, as is the use of personal connections to access public services
- Japan’s defence spending is well below the global average relative to its GDP
- It plans to be net carbon zero by 2050 – its greenhouse gas emissions have fallen 17% since 2013, while renewable electricity generation has grown steadily

Resilient institutions

Case study

UK Government bonds

Investment case

- Sold investment grade government bond issuer
- Gilts are safe-haven assets that should provide protection when stock markets fall
- Higher bond yields now provide a more attractive risk/return profile

Sustainability criteria

- Stable democracy that regularly holds free elections and is home to a vibrant media sector
- Low risk of corruption in the judicial system and public services
- The UK’s defence spending is below the global average relative to its GDP
- A leader in combating climate change, ranking 11th in the Climate Change Performance Index, and the first major economy to write into law the goal to reach net-zero by 2050, as well as an interim target to reduce emissions by 68% below 1990 levels by 2030

Appendix

Summary of sustainable category alignment

In the table below, we have shown every company or entity we are invested in or have exposure to and its alignment with the Greenbank sustainable categories. The primary category is shown as a larger tick in the relevant box and the additional alignment(s), where relevant, are shown as smaller black ticks.

Company or entity	Operational or activity alignment (primary category)	Energy and climate	Resource efficiency	Inclusive economies	Decent work	Innovation and infrastructure	Health and wellbeing	Resilient institutions	Habitats and ecosystems
A2 Dominion	Activity			**✓**					
Abbott Laboratories	Activity				✓		**✓**		
Accenture	Operational				**✓**				
Adobe	Operational				**✓**			✓	
Advanced Drainage Systems	Activity		**✓**						
African Development Bank	Activity			**✓**	✓		✓		
AIA	Operational				**✓**				
Alfen	Activity	**✓**							
American Tower	Activity					**✓**			
Ansys	Activity					**✓**			
AO Smith	Activity	**✓**	✓						
Aptiv	Activity	✓				**✓**	✓		
ASML	Activity					**✓**			
Assa Abloy	Activity				✓	**✓**			
Aviva	Operational	**✓**							
Badger Meter	Activity		**✓**						
Ball Corp	Activity	✓	**✓**						
BT	Activity	✓				**✓**			
Bupa	Activity						**✓**		
Cadence Design Systems	Activity				✓	**✓**			
Coventry Building Society	Operational			✓	**✓**				
DBS	Operational				**✓**				
Deere	Activity		**✓**						
Dexcom	Activity						**✓**		
DSM	Activity						**✓**		
DSV	Operational	**✓**							
Ecolab	Activity		**✓**						
Edwards Lifesciences	Activity						**✓**		
Equinix	Operational	**✓**							
Eurofins Scientific	Activity						**✓**		✓
European Investment Bank	Activity	✓			✓	**✓**			
Experian	Activity			**✓**					
First Republic Bank	Operational				**✓**				
Generac	Activity	**✓**							
GSK	Activity						**✓**		
Halma	Activity						**✓**		✓
Hannon Armstrong	Activity		✓			**✓**			
Home REIT	Activity			**✓**					
Huntington Bancshares	Activity			**✓**					
IDEXX Laboratories	Activity						**✓**		✓

Company or entity	Operational or activity alignment (primary category)	Energy and climate	Resource efficiency	Inclusive economies	Decent work	Innovation and infrastructure	Health and wellbeing	Resilient institutions	Habitats and ecosystems
Jack Henry	Operational				✔				
Japanese Government bonds	N/A							✔	
Johnson Controls	Activity	✔							
Jungheinrich	Operational	✔							
KfW (Green bond)	Activity	✔							
kfW	Activity	✓			✓	✔			
LBBW (Green bond)	Activity	✔							
Legal & General	Operational				✔				
Linde	Activity	✓	✔				✓		✓
Littelfuse	Activity					✔			
Lloyds Bank	Operational				✔				
London & Quadrant Housing	Activity			✔					
LSE	Operational	✔							
M&G	Operational				✔				
Mastercard	Activity					✔			
Merck	Activity						✔		
Microsoft	Operational	✓		✓	✔				
National Grid	Activity	✔							
Nationwide	Activity	✓		✔					
New South Wales	Activity	✔	✓	✓		✓			
Nidec	Operational	✔							
Orange	Activity	✔							
Otis Worldwide	Operational	✔							
Owens Corning	Activity	✔							
Phoenix	Operational				✔				
Places for People	Activity						✔		
Rabobank	Activity			✔					
RELX	Activity			✔					
Roche	Activity						✔		
S&P Global	Operational				✔				
Sampo	Operational				✔				
Sartorius	Activity						✔		
Scottish Widows	Operational				✔				
Shimano	Activity	✓				✓	✔		
Shopify	Activity				✔				
SIG Combibloc	Activity		✔						
Smith & Nephew	Activity			✓			✔		
SSE	Activity	✔							
TSMC	Activity					✔			
Thermo Fisher Scientific	Activity						✔		
Tomra	Activity		✔				✓		
Trex	Activity	✓	✔						
Trimble	Activity					✔			
UK Government bonds	N/A							✔	
Verizon Communications	Activity					✔			
Vestas	Activity	✔							
Visa	Activity					✔			
Vodafone	Activity					✔			
Waste Management	Activity		✔						
Zebra Technologies	Activity					✔			

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Rathbones
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