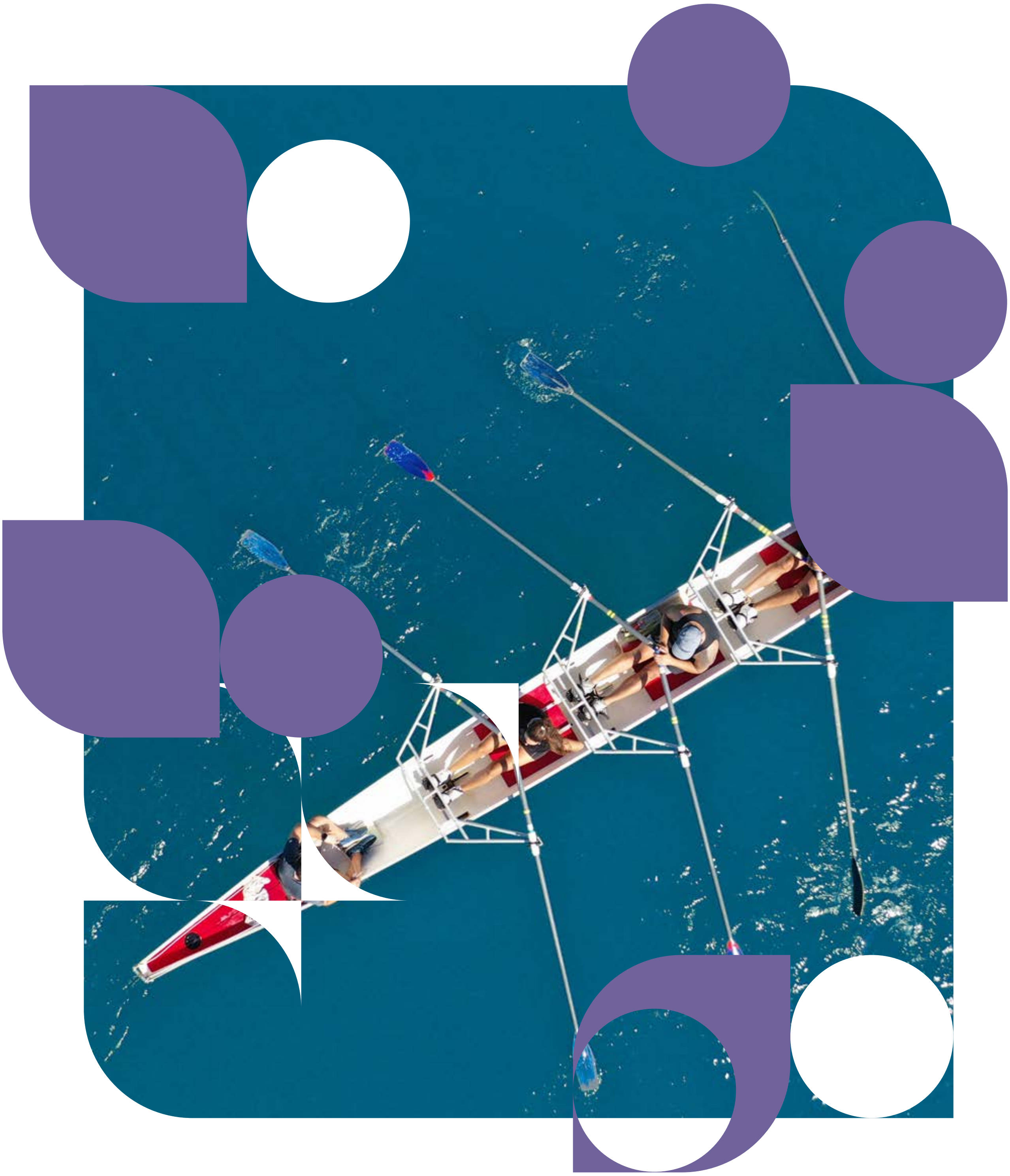

Rathbone Greenbank Global Sustainability Fund

Annual review 2022

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Lessons from our journey so far

Sustainable investing can be inordinately complicated, with endless jargon and arcane rating systems. But it can also be perfectly simple. We want to be proud of every stock in our portfolio – for the good that it does, in improving our world and generating the profits that help you hit your financial goals.

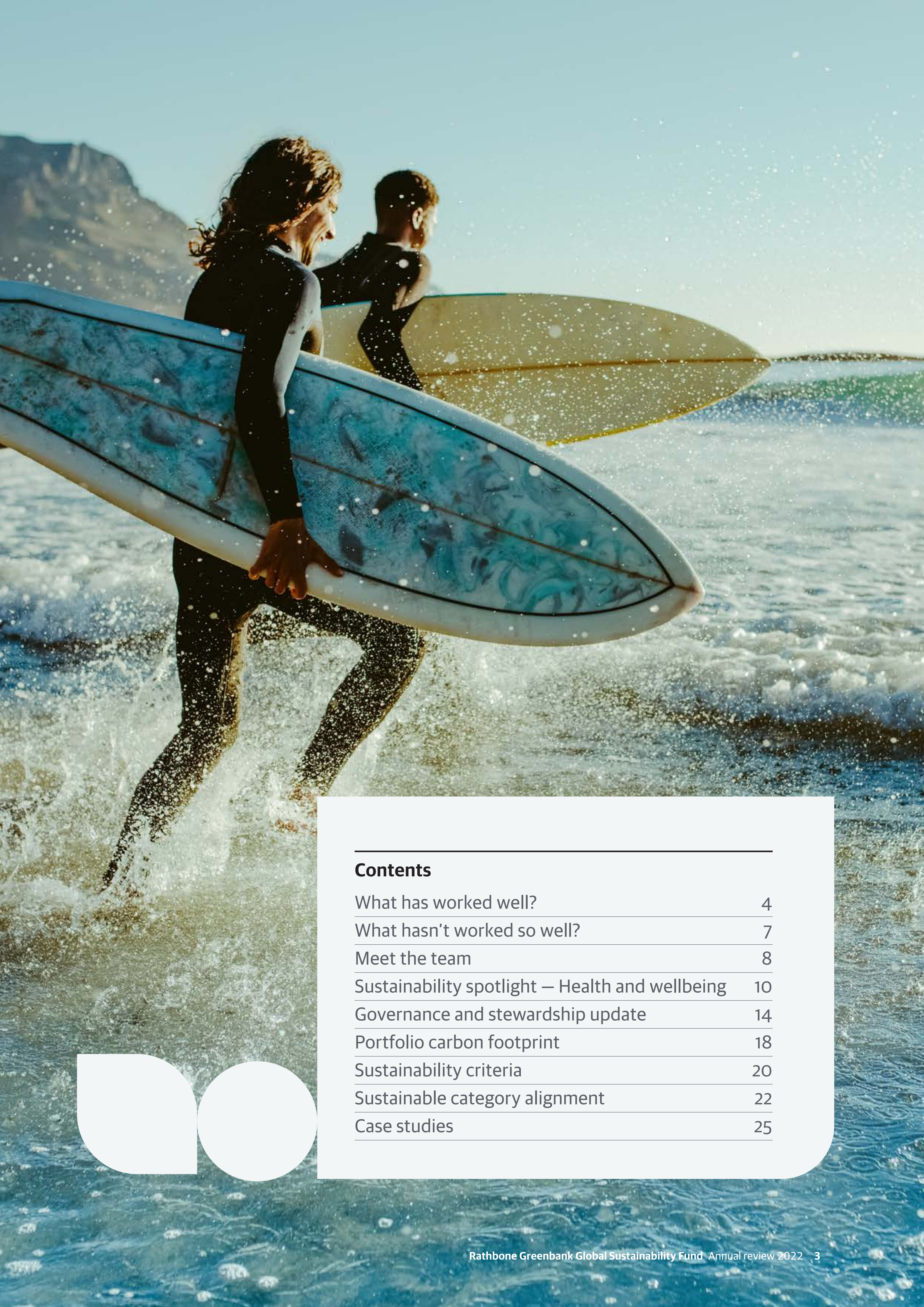
When we launched our fund back in July 2018, we had three clear goals for ourselves: invest in durable, quality businesses that were indisputably committed to sustainability; strive to improve those companies wherever possible; and be completely open and honest with you, our investors.

We're nowhere near perfect though. There're always lessons to be learnt, better ways to do things and improvements to be made. In that vein, and to stick to our policy of transparency, we thought we would jot down a few thoughts about the journey since 2018 . What went well and not so well, and how those experiences have adjusted our way of thinking and doing things.

David Harrison
Fund Manager

Rathbone Greenbank Global Sustainability Fund*

*Formerly known as the Rathbone Global Sustainability Fund.
The name was changed to Rathbone Greenbank Global Sustainability Fund on 14 June 2021.



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What has worked well?

All about the green
When looking at investments, cash flow is right at the top of our list. A business that receives a lot more cash than it has to pay out to staff, suppliers and creditors is in such a great position.

Firstly, by cash we mean money in the bank for services and goods sold, rather than promises to pay later. Without that organic cash flow, you'll have to start borrowing from a bank to tide you over. And doing that for a sustained period without fixing the pivotal cash flow problem only makes things worse. Profitable does not always mean sustainable.
One of the great benefits of cash-generative businesses is hinted about in the cash flow squeeze we described above. When a business's cash flow is tight, its managers will be spending a greater amount of time, energy and thought on making ends meet. Meanwhile, a business that churns out healthy amounts of cash can spend more time focusing on the future.

Finally, cash-strapped businesses living hand-to-mouth, trying to scrape by each month, tend to be businesses under strain. This is where mistakes are made, especially when it comes to sustainability. A business that is struggling to get cash in the door is more likely to pay its suppliers less or late, creating worse working conditions in its supply chain. They may be more likely to switch to inferior components or service partners to cut costs, which could damage the environment or introduce bad actors who make poor decisions that create scandals.

Put simply, strong cash flow gives companies options. If they come up with an exciting new project, they can tap their cash flow to fund it immediately. No need to organise a loan or go cap-in-hand to pitch it to their shareholders. No need to tip their hand to competitors.

We have been dogged in adhering to this cash flow mantra, and by sticking to our process we have found some great companies over the past three years that we expect to hold for years to come.

Searching away from the crowd
When we started out, we were adamant that we wanted our fund to be as free to invest in exciting, responsible companies as possible. We wanted to be able to search across all developed markets and buy smaller companies – hidden gems – that others missed.

Since launch, we have found quite a few of these smaller, lesser-known businesses and they have been a powerful driver of our performance.

When we say smaller, they have mostly been mid-cap companies – in global terms, mind, so we are still talking about companies worth billions of pounds. They have been spread across countries and industries, and they contribute to many different sustainability themes. They include a Norwegian recycling equipment manufacturer (Tomra), a Swiss sustainable packaging company (SIG Combibloc), a Dutch smart grid designer (Alfen), and an American company making faux wood decking out of recycled plastic (Trex).

The great thing about these smaller companies is that they tend to be less sprawling than their larger counterparts. They focus on doing one or two things well, which usually makes for better business strategy. It also helps focus our sustainability crosshairs. Some larger companies have one or two really great divisions that are doing all the right things and helping the world achieve the United Nations Sustainable Development Goals (UN SDGs). However, often the work of those businesses is more than offset by other, polluting, backward or downright bad divisions.

Another benefit of small to mid-cap companies is that they are less widely covered by industry analysts. Many people simply haven't heard of these smaller businesses, as they are captivated by the index giants. This lack of attention can mean companies' prospects are undervalued by the market. If you can find a business that is misunderstood like this and then hold it until people finally cotton on to its value, you could make a lot of money.

"...by sticking to our process we have found some great companies over the past three years that we expect to hold for years to come."

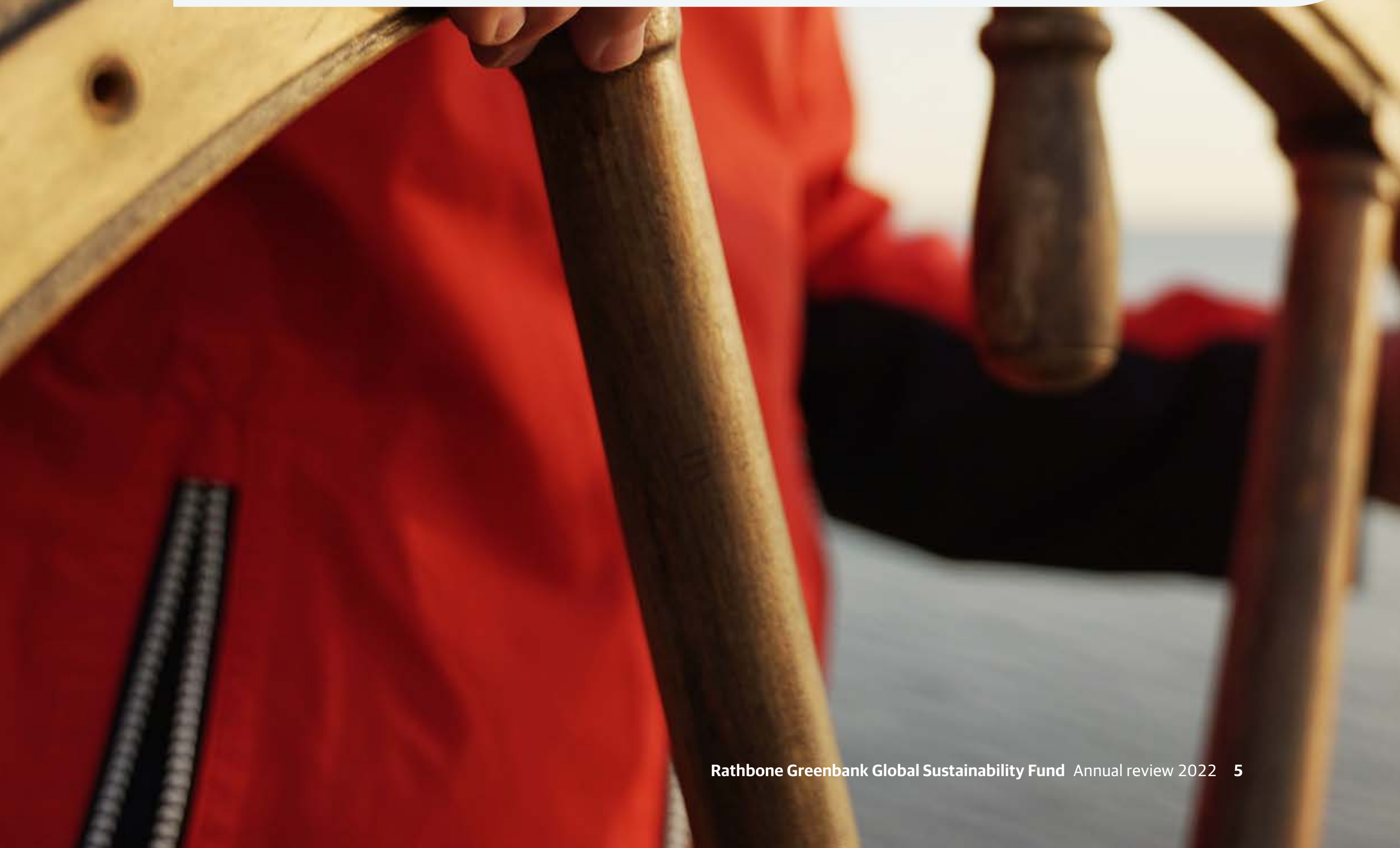
Focus

Let's be frank, this is a sustainable fund, so we have a very high bar for potential companies. These include how businesses make their money, how they treat their staff, how they affect the environment and how they are governed. When we find a business that ticks our boxes, we want to buy it. There is a cost to this, however. Because of our values, there are some businesses and industries that we simply cannot buy. This affects our diversification: there are parts of the market that we can't own, so our return is more likely to differ to that of the wider market.

We've tried to keep a reasonable mix of companies across sectors, to ensure we aren't introducing too much extra risk to the portfolio. Our largest sector weighting by a long way is industrials, at roughly 30%. This is a pretty big catch-all sector as well, covering everything from manufacturers of sustainable building materials to companies making clean-powered forklifts and consulting on more efficient logistics.

So there's a lot to keep an eye on, from how businesses are faring to ensuring they are operating fairly with their customers, suppliers and the environment. With the help of our dedicated sustainable research team, Rathbone Greenbank Investments (Greenbank), we spend a lot of time talking with company managers about potential improvements and voting on resolutions. This means it makes sense to focus closely on fewer companies, so we have aimed to keep the number of stocks in the portfolio low, typically under 50. As of the end of April, we held 44.

We also keep a tight focus on the companies themselves, rather than where they happen to be listed. At the end of August, we had just under 60% of the portfolio in American-listed companies, close to 30% in Continental Europe and the rest in Asia Pacific and the UK. That is quite different to our FTSE World Index benchmark, which has 65% in North America, only 19% in Europe including the UK, and 15% in Asia. This increases the risk of currency fluctuations and country-specific index movements leading us to underperform (or overperform) our benchmark in the short term.



Understanding the ecosystem

Every business is part of a chain that flows from the producer to the customer. There are the suppliers of raw materials, like steel or skilled workers. Then there are the businesses that make the tools that go in the factory or the software that runs an office. There are the factories and offices themselves that make the goods and services. And finally the retailers – the companies that actually sell the final goods and services to customers. Meanwhile, buzzing around all these links are services like distributers that help get the product or service from A to B (both physically and digitally) and consulting partners that help with marketing and strategy.

When investing in any business, we like to get right into the weeds and understand how the whole jungle works, if you will. Risks and opportunities often lurk just up or downstream of a business.

Perhaps there's only one supplier of a crucial component who can raise their prices and erode our business's profit. Or maybe most of the value in this particular product food chain is closer to the customer – so our business might be able to make a smart acquisition and increase its share of the profits. Sometimes, this industry investigation can uncover an even more exciting investment than the one we were originally considering. Take the water industry. We had started looking at bigger players like Xylem, which supplies and treats water for companies, suburbs and isolated homes. However, as our understanding of the industry grew, we uncovered Badger Meter. This business is much smaller and covered by fewer brokers.

This knowledge of the whole ecosystem of a business is also vital when investing sustainably. This is how you spot red flags, such as poor supply chains, weird service partners that create governance or legal trouble, and waste – particularly in production and at the end of a product's life.

We use this idea of ecosystems to analyse technological and behavioural trends as well. There are several big phenomena that are changing how we live, shop and work in ways that make our societies more sustainable. We delve deep to find the strongest businesses that are perched in the most profitable parts of these ecosystems. Much of the time, they aren't the flashiest companies, or even brands that you would recognise.

What hasn't worked so well?

Sustainable, but not profitable
By far the most common theme running through our mistakes, however, is that very strong sustainability stories led us to invest in businesses that were weaker than we thought. Some of these companies had worse cash flow than we had anticipated. Others struggled to make headway with proposed targets for large, complex businesses. A few were in a sector that we completely misjudged in terms of how protected they were from new rivals entering the market. And one business's management went completely off the rails, making bizarre business decisions that were counter to their original strategy. We'll detail a few choice examples below.

Xylem is an American water infrastructure and equipment company which was growing quickly due to high demand for upgrades to ageing pipes and networks the world over. Xylem creates sensor-driven smart water systems, which help reduce water waste by spotting leaks, improves efficiency, reduces risk of sewerage overflow in floods, and even make water heating less energy intensive. This is exciting work and will only become more important as water resources come under greater pressure from population growth.

However, we didn't realise quite how lumpy Xylem's cash flows can be. The business is very dependent on signing new contracts and hitting project milestones to get cash in the door, this means the company can get a bit more cash-strapped than we are comfortable with. Because of this, we slowly sold our holding taking advantage of others' optimism that had pushed the valuation to high levels. We still think the smart water business is an attractive market to be in; however, we were concerned that this specific business had a greater risk of coming a cropper than we are comfortable with. We have our eye on other smart water companies that have better cash flow.

Unilever, meanwhile, is an example of a large company that makes admirable progress on sustainability, but that struggled to hit its profitability and growth goals. We sold the UK consumer brands conglomerate because we got frustrated with the performance of its management. Unilever has spread itself across an extraordinary range of products and markets, which makes us wonder whether it has reached the limit of benefits that a large consumer brands business can garner from scale before it falls victim to simply unwieldy complexity and size.

In the early days of the fund, we built up quite a few positions in renewable energy companies: Danish windfarm developer and owner business Orsted, turbine manufacturer Vestas Wind Systems and Iberian renewables developer and generator EDP Renováveis. We added Canadian fuel cell manufacturer Ballard Power Systems to our portfolio as well. We were confident in wind power's increasing share of the global energy mix and had faith in the quality of these companies. They were the leaders in this burgeoning field, especially in the huge solar and wind farms that are becoming more prevalent. These companies did extremely well in 2020, however, in early 2021 they came back to earth in painful fashion. It turned out that we had misjudged the barriers to entry in this industry. Their first-mover advantage is diminishing quickly. Oil and gas giants have started bidding aggressively on new renewable projects, and we started to see signs of irrational pricing in some cases. While most of these companies should be able to win their fair share of contracts going forward, the economic return from these could be much lower than anticipated, which would hurt impact the intrinsic value of their businesses. We have since sold Orsted and cut back our positions in the rest.

Performance table — S-class to 30 April 2022

	6 months	1 year	2 years	3 years	Since launch
Rathbone Greenbank Global Sustainability Fund	-16.66%	-9.50%	24.30%	33.32%	36.84%
Quartile	4	4	4	3	3
IA Global sector	-5.98%	0.62%	34.35%	33.28%	38.24%
FTSE World Index	-2.59%	6.09%	42.02%	40.60%	48.17%

Source: FE fundinfo. Data as at 30 April 2021. Launch date 16 July 2018. The fund was renamed from the Rathbone Global Sustainability Fund on 14 June 2021.

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

Meet the team

Investment team

David Harrison is the lead fund manager of the Rathbone Greenbank Global Sustainability Fund, supported by Siyuan Lin and Neil Smith. He joined Rathbones in 2014 and has 20 years' experience in equity analysis and fund management, including positions at Hermes and Goldman Sachs. David holds the Investment Management Certificate and a BSc (Hons) in Economics and Politics from the University of Southampton. He is a (Chartered Financial Analyst) charterholder.

Siyuan Lin is a global equity analyst who researches sustainable investment ideas for the fund. She joined Rathbones in April 2013, having worked as a research analyst for three years in Martin Currie's emerging market team. She holds the Investment Management Certificate and is a CFA (Chartered Financial Analyst) charterholder.

Neil Smith is a research assistant, he works closely with David and the team to provide in-depth investment analysis with a focus on sustainable investment. He graduated from Plymouth University with a BSc in Law and Politics. Neil has over eight years' experience working for Rathbone Unit Trust Management. He holds the Investment Management Certificate.

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.

Perry Rudd joined Rathbones in 1999 after a career in the IT industry. He acts as adviser to Rathbone Greenbank's ethical, sustainable and impact research team, which he headed until 2021. He was responsible for establishing the team's proprietary research database and continues to be involved in its development. He also conducts thematic research into key responsible investment issues as well as monitoring corporate performance on environmental, social and governance matters. Perry was a founder member of Rathbone Greenbank in 2004.

Sophie is Rathbone Greenbank's stewardship and engagement lead. She is responsible for the delivery of key engagement projects, building relationships with external partners, and shaping Greenbank's engagement strategy, priorities and reporting. She joined the team in January 2020 as a senior ethical, sustainable and impact researcher. Previous to this has worked at KKS Advisors, where she led a team specialising in sustainable and impact investment, and Barclays Bank where she began her career in 2013. 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, sustainable and impact 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, sustainable and impact 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.

Sustainability spotlight
Health and wellbeing

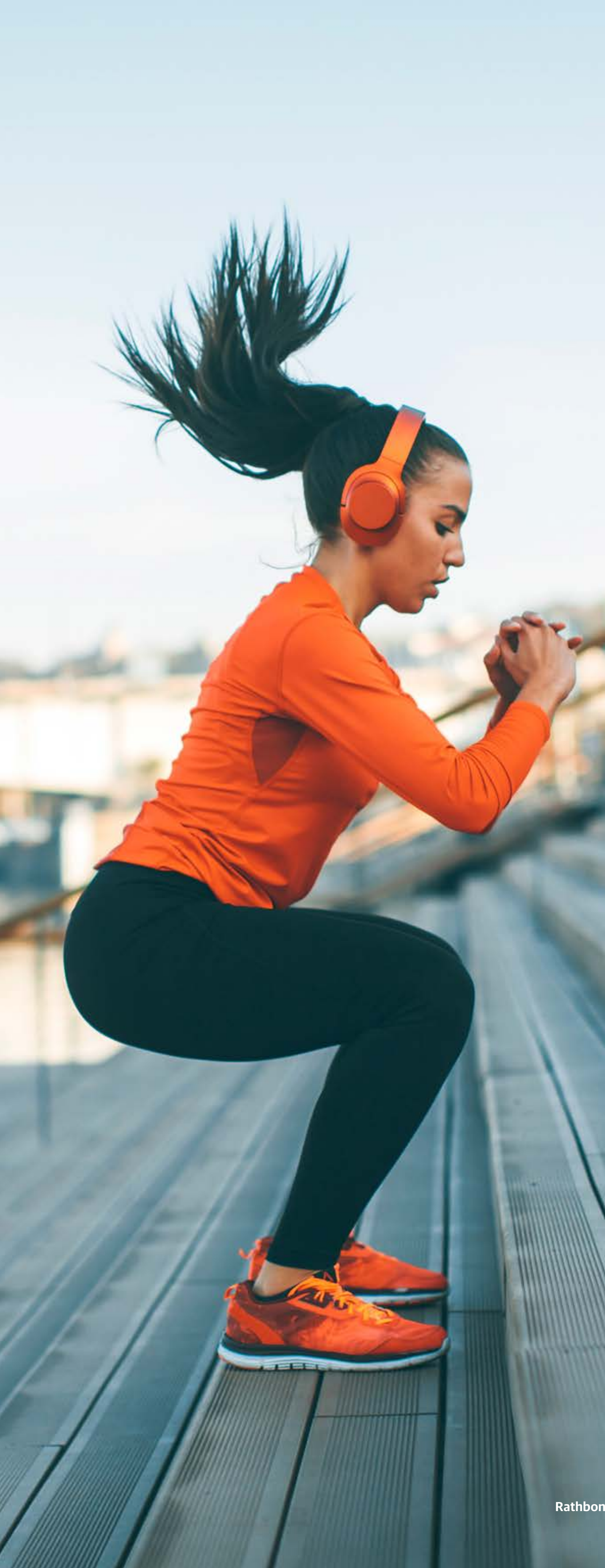
If we've learned anything from over 20 years researching and analysing environmental, social and governance issues, it's that sustainability issues often look simple at first glance but quickly become a lot more complicated once you scratch the surface.

Health and wellbeing is no different. At first you might think that this theme is all about pharmaceuticals, healthcare providers and medical equipment – all important aspects and areas that we have exposure to within the portfolios (see examples on page 13).

On deeper investigation, this theme also encompasses a much broader set of issues including nutrition and food security, safety and protection, and sports and leisure that all impact our physical and mental health.

Health is a fundamental human right and a key indicator of sustainable development. Poor health outcomes and unsafe working or living environments obviously have a direct negative impact on individuals. But a failure to support health and wellbeing also threatens the rights of children to education, limits economic opportunities for men and women and increases poverty within communities and countries around the world. In addition to being a cause of poverty, health is impacted by poverty and is strongly connected to other aspects of sustainable development, including water and sanitation, gender equality, climate change and peace and stability.

This is why we not only link our health and wellbeing theme back to Sustainable Development Goal 3 on 'good health and wellbeing', but also Goals 2 and 12 on 'zero hunger' and 'responsible consumption and production'. It also intersects with additional Goals tackling poverty, gender inequality, sustainable cities and resilient institutions – though arguably it's an important factor across all 17 Sustainable Development Goals.



Thematic case study: Food and nutrition

The National Food Strategy published in July 2021 was the first independent review of the UK's food system in 75 years covering the entire food system – from farm to fork. One of the Strategy's key recommendations to government was the introduction of mandatory reporting for large companies in the food sector. This would require them to consistently report against a set of metrics including sales of food and drink high in fat, sugar or salt (HFSS), sales of fruit and vegetables, sales of protein by type, and food waste.

Currently investors and other stakeholders lack consistent, high-quality and meaningful information on the nutritional and environmental performance of companies within the food sector. This limits the ability of investors to assess nutrition-related risks and opportunities within investee companies. Mandatory reporting would help close this information gap, leading to greater pressure on food sector organisations to improve the nutritional profile of the product portfolios.

To address these issues, Greenbank recently led an investor letter to the UK Government in support of the National Food Strategy's recommendation to introduce mandatory reporting for food sector companies. There are currently 23 signatories to the letter, representing £6 trillion in assets under management or under advice. Greenbank has worked closely with The Food Foundation, and the Guy's and St Thomas' Foundation to build momentum behind the coalition.

The investor coalition is using this opportunity to engage directly with the relevant government ministers and officials, stating why investors support mandatory reporting and building the case for investors to be seen as an important collaborative partner to the Government on this, as well as other food sector issues. The UK Government is expected to publish a White Paper in response to the National Food Strategy later in 2022.

> "No matter how we gain exposure to health and wellbeing within the portfolio, our overarching aim is to identify organisations that are supporting sustainable development and improved health outcomes for people around the world."

Thinking about exposure to this theme, and some of the political, technological and societal drivers of it, we could turn first to the idea of access to nutrition. This is not just about ensuring that people have enough food, but also that they have access to the right foods to enable them to have a healthy and sustainable diet. Many areas in the world are suffering under a twin burden of over and undernutrition, with rising levels of obesity paired with food poverty and deficiencies in key micronutrients. We look for organisations that are capitalising on trends such as precision farming and more efficient processing to sustainably increase yields and reduce food waste through the value chain. This also includes organisations which are fortifying foods with micronutrients or reformulating food and drinks products to be healthier – either in response to consumer trends or increased regulation on the advertising and promotion of foods that are high in fat, salt and sugar.

Another important area within this theme is healthcare, where we look for organisations that are innovating to solve major health challenges. Pandemic preparedness remains a key issue for the healthcare sector. COVID-19 has shone a light on the strengths and weaknesses in global capacity to respond to pandemics, highlighting the importance of research and development into vaccines and treatments in addition to bolstering testing and diagnostic capabilities. Digitisation of healthcare is another trend that we have sought exposure to within the portfolios. For example, technology that allows patients to monitor chronic conditions more accurately at home supports early identification of potential issues – resulting in better health outcomes for individuals while reducing the burden on critical care services.

While there are many more aspects of health and wellbeing that we seek to reflect within the portfolios, the final one we want to highlight is hazard detection and prevention. Here we look for organisations that are helping to prevent avoidable deaths and injuries, for example through products such as sensors to detect the presence of hazardous gases to testing services that ensure the quality and safety of food, consumer goods or medicines.
No matter how we gain exposure to health and wellbeing within the portfolio, our overarching aim is to identify organisations that are supporting sustainable development and improved health outcomes for people around the world.

Examples of holdings aligned to health and wellbeing:

Dexcom: Dexcom supports improved health and wellbeing through the provision of continuous glucose monitoring devices for diabetes patients. These monitoring devices offer two significant improvements over traditional methods for people with diabetes. First, the technology is less invasive as patients are not required to 'prick' themselves multiple times a day. Additionally, there are significant long-term health benefits to staying to a greater degree within the healthy range of glucose. Its flagship product, Dexcom G6, enables users to view their glucose levels in real time via a mobile app, while its Dexcom CLARITY service analyses the data recorded and enables alerts to be sent instantly to the patient when they are in danger of leaving a healthy range of glucose, whereas previous technology could only report at the point in time when the measurement was taken.

DSM: DSM's nutritional products deliver social benefits through the use of micronutrients to fortify foods and combat malnutrition, while its enzymes can be used to create sweetness without the use of sugar. The World Health Organization (WHO) has identified antimicrobial resistance as one of the top 10 public health threats facing humanity, with widespread antibiotic use in livestock production being a key driver of this risk. DSM's range of livestock feed additives (such as prebiotics, probiotics, essential oils and organic acids) help reduce the environmental footprint of animal farming and support the accelerated replacement of antibiotics in animal feed.

Edwards Lifesciences: Edwards Lifesciences specialises in structural heart disease and critical care monitoring and is a key player in treating cardiovascular diseases, estimated by the WHO to be the number one cause of death globally. Its key products, such as the Edwards SAPIEN valve, are designed to replace heart valves without requiring high-risk open surgery. Its critical care monitoring platforms measure heart function and fluid status while the patient is in intensive care or surgery, enabling earlier detection of potential issues and improving patient outcomes.

Halma: Halma's subsidiary companies deliver numerous social benefits, particularly in the areas of process safety, where its technologies protect people at work; infrastructure safety, where its products include fire detection and suppression systems; and its medical unit, which is a world leader in precision optical products for diagnosing and treating eye conditions. It operates as a group of almost 50 companies worldwide, with examples including OsecoElfab, which designs and manufactures pressure control systems for industrial equipment to reduce the risk of explosions, and Medicel, which provides equipment for use in cataract surgeries.

Governance and stewardship update

An important aspect of sustainable investing for the Rathbone Greenbank Global Sustainability Fund is our approach to corporate governance and stewardship. As a signatory to the UK Stewardship Code, 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 fund invests 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 Global Sustainability Fund 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 report (Responsible investment report 2022) covering 2021 voting and our stewardship policy is available on our website rathbonefunds.com

Proxy voting

The Rathbone Greenbank Global Sustainability Fund approaches 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 fund benefits from a sustainability-themed voting overlay. This ensures that voting on fund holdings will be consistent with the values of the fund and its 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 discuss some examples of issues identified during the year where the fund has voted against management.

"Over the past year we've had several corporate governance issues where we have voted against management where we feel that improvements could be made. The most common issue was around executive pay and covered both salary increases and bonus payments."

Issues we have actively voted against

Remuneration policies
One of the most important ways to keep a company's management aligned with shareholders is by having a fair and transparent remuneration package. If the salary is too generous it can lead to complacency and on the flip side if the salary is not enough it can lead to lower motivation and the risk of losing a highly skilled executive to a competitor. Therefore, we use comparative analysis to ensure that the salary is within a suitable range of the competition, if the salary falls outside of this range then we will vote against it at the AGM. The other important part to scrutinise is the bonus payments where the amount being awarded can vary significantly dependent on the targets and the company's performance. Too much weighting towards short-term targets can cause management to make rash decisions instead of thinking about the long-term picture. Long-term targets can be a good way of keeping management's focus on longer term growth, but these targets need to be realistic so that management does not take undue risk in a bid to achieve them. Disclosure around what is in these targets is the easiest way to analyse them and ensure management's focus is aligned with shareholders over the long term. Therefore, we voted against remuneration policies that we deem to be either excessive or lack the relevant disclosures to justify them.

During the year we voted against
8 remuneration policies

In the past year we have voted against eight remuneration policies and sent letters to the company explaining how they need to improve either disclosure or the amounts awarded going forward.

Board independence is another important issue that has required our attention this year.

Board independence
An example of this is the independence of company boards and especially around the positions of the Chief Executive Officer (CEO) and Chairman. We believe that it is most beneficial that a company has these positions separated and are not done by the same person. We are therefore consistent in our approach and vote against the re-election of individuals who perform both these roles. We also vote against directors who have several board positions across multiple companies as they can become over-burdened with these responsibilities and not be able to dedicate sufficient time to each position. We also encourage board director elections to be unbundled so that each appointment is voted on separately. This allows shareholders more power to vote against individual board members they believe to be unsuitable as opposed to having to either vote for or against the entire board.

During the year we voted against
6 instances of board independence issues

Across the year we had six instances of board independence issues where we needed to vote against management. Again, we sent letters to the company explaining how they need to improve in this area for us to vote in favour in the future.

Shareholder rights
There have also been resolutions raised by investors that we have supported over the past year to better protect shareholders rights. Firstly, we supported a resolution that proposed for directors to elected on an annual basis. The current system at the company was for directors to be elected on a three-year term which we felt was too long as if shareholders wish to remove a director, they shouldn't have to wait more than a year to do this. The other resolutions were around the percentage of shareholders required to call a special meeting. The resolutions wanted to reduce this level from fifteen percent to ten percent which we were supportive of. This is because we feel the current fifth teen percent threshold is too large a barrier to many shareholders to call a special meeting. We believe that ten percent is a large enough portion of the shareholder base without this power being abused and multiple unnecessary meetings being called.

Net-zero strategy

In 2021, we announced our plan to become a net-zero emissions business by 2050 or sooner. This commitment covers emissions associated with our operations, supply chain and the investments we manage. In the near-term, we will be prioritising engagement as the primary mechanism to drive alignment to net-zero.

In assessing company alignment to net-zero during our engagements, we are following the alignment staircase set out in International Investors Group on Climate Change's Net-Zero Investment Framework (NZIF) — a portfolio alignment tool that Greenbank co-created during the Paris Aligned Investment Initiative. This provides a clear framework for investors and companies to move toward decarbonisation and limiting global warming to 1.5°C above pre-industrial levels.

In early 2022, we began an enhanced and expanded programme of net-zero stewardship activity. We have written to a set of high priority companies — including Aptiv, GSK, Halma, Linde, Microsoft, National Grid, SSE and Tomra — to set out our net-zero strategy, the climate-related expectations we have for companies in our portfolios and how we will be assessing net-zero alignment going forward. We are also looking to hold meetings with companies to discuss these issues in more detail and agree timebound targets for company action on climate change.


Net
Zero

Portfolio carbon footprint

Rathbone Greenbank Global Sustainability Fund

Estimated carbon footprint for portfolio equity holdings

Valuation date	30 Apr 2022	
Portfolio value	£95,505,575	
Equity value (% total value)	£92,712,967	97%
Value covered by carbon data (% total value)	£92,712,967	97%
Number of holdings not reporting carbon data	0	
% eligible holdings with data (by value)	100%	
Number of holdings excluded due to lack of data/estimates	0	

	Tonnes	Tonnes per £1m invested	
Portfolio carbon footprint	2,484.35	26.80	
FTSE 350 carbon footprint	14,121.55	152.31	-82.4%
MSCI World Index carbon footprint	8,091.15	87.27	-69.3%

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 over 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 and reporting on the climate impact of their investments. We have conducted a carbon footprint assessment of the portfolio, showing the carbon 'owned' via an investment in the fund. 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.

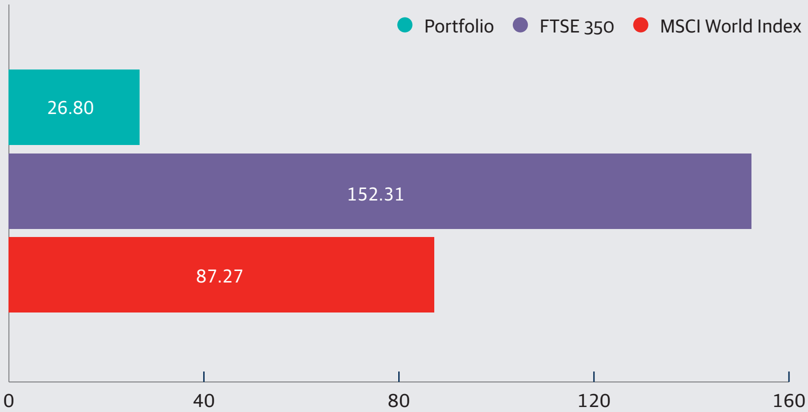
This shows that every £1 million invested the fund owns 26.80 tonnes of Greenhouse Gas (GHG) emissions. If the same amount were invested passively in the MSCI World Index it would own 87.27 tonnes of GHG. That means the fund is estimated to be 69% less carbon intensive than the index.

This 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 fund 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.

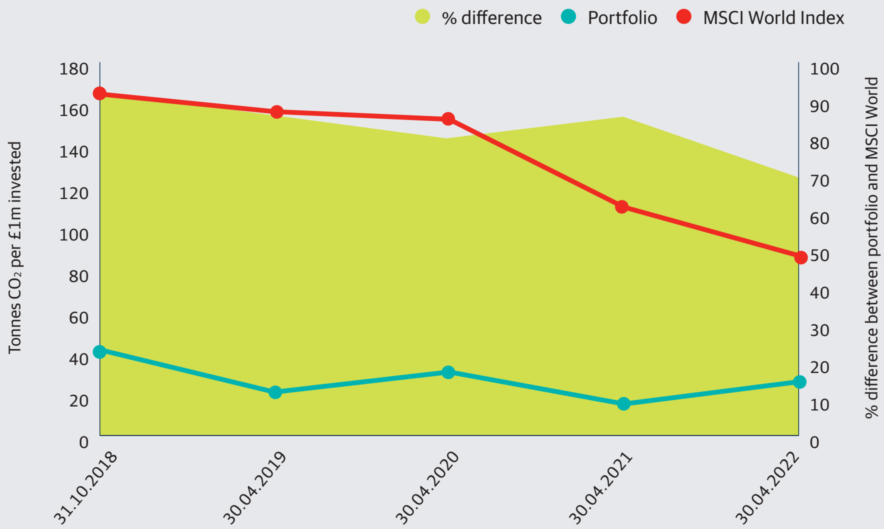
Explanatory notes

- The FTSE 350 carbon footprint figure is based on the current market cap weightings of the constituents of the FTSE 350 Index (excluding Investment Trusts) as at 31 December 2021.
- In constructing the FTSE 350 carbon footprint and MSCI World Index carbon footprint data, sector averages have been estimated for those companies that do not report GHG emissions data.
- The portfolio footprint is derived by calculating the percentage of a company's shares in issue held within the portfolio. This percentage is then multiplied by the company's total GHG emissions to derive the amount of carbon which can be ascribed to the portfolio holding.
- Only the portion of the portfolio invested in equities and covered by carbon data (indicated overleaf) is used in the FTSE 350 and MSCI World carbon footprints. This is to ensure a fair comparison.
- This value is allocated across the index constituents according to their respective market cap weightings. A similar process is used to calculate the share of each company's carbon footprint 'owned' by the benchmark.
- The fund was renamed from the Rathbone Global Sustainability Fund on 14 June 2021.

Tonnes per £1m invested



Historical analysis



Sustainability criteria

Guided by a clear and robust Sustainability framework

Having a clearly defined Sustainability framework is extremely important. This framework was developed more than 20 years ago by Rathbone Greenbank Investments (Greenbank), the dedicated ethical, sustainable and impact research team of Rathbones, and is a central part of the fund's investment process. Using this framework allows investors to have a clear understanding of where we will invest and where we will not.

We are transparent on how we judge a company's sustainability credentials. To qualify for inclusion in the fund, companies that pass the negative screen must also display leading or well-developed business practices and policies (operational alignment), and/or allocate capital towards the provision of products or services aligned with sustainable development (activity alignment).

The UN SDGs and sustainable development categories

We have mapped the UN (United Nations) Sustainable Development Goals (UN SDGs) onto our own database and use them as a tool to ask management teams about sustainability and how it influences their business. The UN launched the SDGs in September 2015. These 17 goals, with 169 underlying targets that aim to 'end poverty, protect the planet and ensure prosperity for all' by 2030. The UN SDGs provide a comprehensive framework for international action on the many social and environmental challenges facing the world. These goals are an important addition to the sustainability process and a useful global roadmap for us all. Greenbank has mapped the UN SDGs to its own 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.

Decent work

Includes organisations that are supporting the quantity and quality of jobs through the products and services they provide. Also includes organisations that are operationally aligned with the theme and support positive impacts via their policies, business strategies and management of their own employment practices.

Resource efficiency

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

Habitats and ecosystems

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

Inclusive economies

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

Energy and climate

Includes organisations that are supporting positive climate action and energy security through the products and services they provide. Also includes organisations that are operationally aligned with the theme and support positive impacts via their policies, business strategies and management of their own environmental impacts.

Health and wellbeing

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

Resilient institutions

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

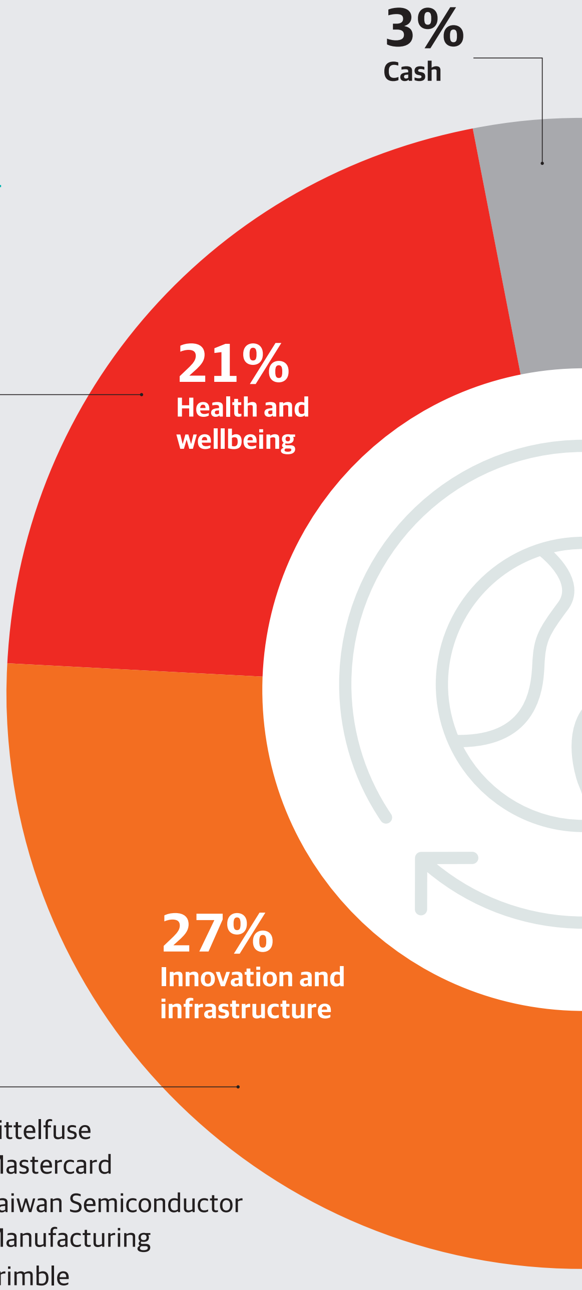
Innovation and infrastructure

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.

Sustainable category alignment

Rathbone Greenbank Global Sustainability Fund

Bio-Techne
Dexcom
DSM
Edwards Lifesciences
Eurofins Scientific
Halma
Sartorius
Thermo Fisher Scientific



Ansys
Aptiv
ASML
Assa Abloy
Cadence Design Systems
Hannon Armstrong
Kone
Littelfuse
Mastercard
Taiwan Semiconductor Manufacturing
Trimble
Visa

Source: Rathbones as at 30 April 2022

14% Energy and climate

Adyen
Alfen
Ballard Power Systems
DSV Panalpina
EDP Renewables
Generac
Jungheinrich
Nidec
Owens Corning

16% Resource efficiency

Advanced Drainage Systems
Badger Meter
Evoqua Water
Linde
Ranpak
SIG Combibloc
Tomra
Trex

3% Inclusive economies

RELX

16% Decent work

Adobe
AIA
First Republic Bank
Legal & General
Microsoft
Shopify

Rathbone Greenbank Global Sustainability Fund

Case studies

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

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

Case study

Adobe

Decent work:
Operational alignment (employment)

Investment case

- leading US software company with a focus on creating digital media and publication tools
- highly embedded with customers and a key beneficiary of the structural shift to digital
- subscription-based model with excellent levels of cashflow and attractive returns on capital

Sustainability criteria

- achieved gender pay parity globally and switched focus to closing opportunity gap
- digital academy provides apprenticeships and the goal of placing participants with full-time employment at Adobe or another technology company
- commitment to 100% renewable energy for all operating sites and digital delivery of products by 2035

Case study

Advanced Drainage Systems

Resource efficiency: Water security

Investment case

- manufactures stormwater management solutions from recycled plastics
- significant growth opportunities to convert legacy concrete piping to less carbon intense plastic alternative
- management continue to deploy capital to add new capabilities, expanding the company's addressable market

Sustainability criteria

- incorporates recycled material into its products and is one of the largest plastic recyclers in North America
- water quality products remove debris and pollutants ensuring only clean water is discharged back to communities
- lighter-weight alternative to concrete piping offers safety benefits in transportation and installation

Case study

Adyen

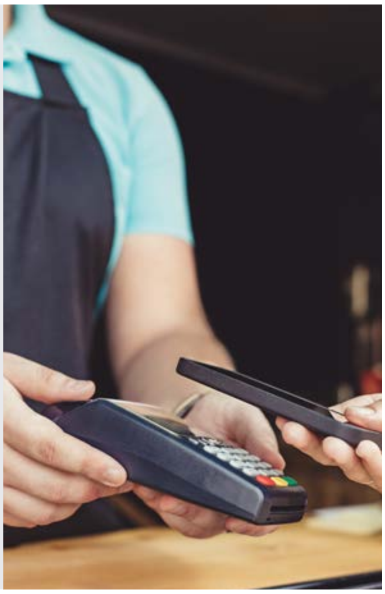
Energy and climate:
Operational alignment (climate)

Investment case

- creates online payment, information and fraud solutions giving customers a simplified and scalable product
- seen as a critical partner to help navigate a complex and changing environment as more companies move online
- top line growth should remain robust in the medium term, which drives a rising return on capital

Sustainability criteria

- helps businesses of all sizes grow by removing friction from payment process
- achieved carbon neutrality, compensating for its environmental footprint by purchasing carbon credits for all its historic emissions going back to 2006
- Adyen giving lets merchants accept charitable donations in the checkout process



Case study

AIA

Decent work:
Operational alignment (employment)

Investment case

- leading Pan-Asian insurance products business
- focus on savings and protection products, benefiting from rising middle class
- double digit revenue growth supported by excellent and durable returns on capital

Sustainability criteria

- significant investment in infrastructure-related sectors such as electricity, transportation and telecommunications
- focus on recruiting, developing and retaining capable, engaged and high-performing employees
- launched first-in-market mental health insurance in Malaysia increasing coverage of mental health conditions

Case study

Alfen

Energy and climate: Energy security

Investment case

- leading Dutch player in the energy equipment space and perfectly positioned to benefit from the energy transition and the EU Green Deal
- only active independent player across smart grid, energy storage and electric vehicle charging solutions
- strong relationships with a wide range of component suppliers so can pick the best technology for each product

Sustainability criteria

All divisions contribute to the clean energy transition:

- smart grid technology allows renewable energy to form a larger part of the power grid mix
- produces a range of smart and connected electric vehicle chargers
- manufactures modular energy storage systems

Case study

Ansys

Innovation and infrastructure: Supporting environmental sustainability

Investment case

- American technology company focused on simulation software; used by customers to optimise products as they are designed
- simulation is becoming more important across the whole lifecycle of a product; will be a key beneficiary of this
- strong barriers to entry and grows its top line in excess of GDP

Sustainability criteria

- software helps innovators test and improve solutions in clean technology and renewable energy systems
- technology is used for research and/or teaching in engineering schools around the globe
- developing solutions catering to emerging technologies for autonomous vehicles, energy storage and battery management systems

Case study

Aptiv

Innovation and infrastructure:
Supporting environmental sustainability

Investment case

- US automotive supply business with a focus on the 'digital nerve centre' of vehicles
- no exposure to internal combustion engine should make returns on capital more predictable
- significant growth opportunities from focus on vehicle autonomy and safety

Sustainability criteria

- portfolio of technology and software supports electric vehicles and autonomous driving
- active safety features help to reduce vehicle accidents and fatalities
- long-term targets for reducing waste, water and green house gas emissions

Case study

ASML

Innovation and infrastructure:
Supporting environmental sustainability

Investment case

- global leader in semiconductor manufacturing equipment
- enjoys well over 50% market share in next generation technology
- structural rise in microchip usage leads to significant long-term growth opportunities

Sustainability criteria

- enables microchips to be smaller, cheaper and more energy-efficient
- systems are modular in design, enabling upgrades and refurbishments and promoting a circular economy
- reached 100% renewable electricity across its operations in 2020

Case study

Assa Abloy

Innovation and infrastructure: Supporting human wellbeing

Investment case

- global leader in entry systems, an industry with attractive growth
- structural shift to digital locks is a multi-year driver
- returns on capital are attractive and durable

Sustainability criteria

- provides security and safety to customers with locks, doors and gates
- embeds sustainable design into product innovation process
- mobile access allows keyless entry to hotel rooms, reducing need for plastic cards

Case study

Badger Meter

Resource efficiency: Water security

Investment case

- US industrial company focused on municipal water meters
- enjoys a high and stable market share and new entrants have significant barriers to entry
- should be a key beneficiary of the shift to a more interconnected and digital infrastructure

Sustainability criteria

- helps save water and other natural resources through highly accurate metering and analytics solutions
- bronze metering products contain recycled material made from scrap brass
- leadership training programme aimed at driving consistent management techniques and skills

Case study

Ballard Power

Energy and climate: Climate action

Investment case

- hydrogen fuel cell technology could see strong adoption across the global transport fleet
- has long-standing relationships with multiple equipment makers and excellent positioning in Asia
- hydrogen technology is rapidly becoming cost competitive with other fuel sources

Sustainability criteria

- zero emission technology plays an important role in the decarbonisation of the global economy
- supporter of the circular economy by designing out waste and pollution by keeping products and materials in use
- focused on improving gender diversity in an industry where women are under-represented

Case study

Bio-Techne

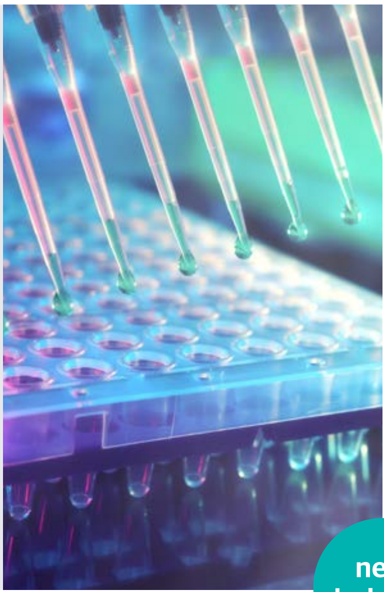
Health and wellbeing: Healthcare access

Investment case

- leader in protein reagents and diagnostic kits used across the healthcare sector
- products are often mission critical and highly specialised with durable barriers to entry
- significant opportunity to grow across multiple niche sub-sectors

Sustainability criteria

- products are important components of the drug discovery and production process
- offers employees continuous learning in the latest scientific methods and research
- electronic, lead and silver waste is collected and recycled for metal extraction



new holding

Case study

Cadence Design Systems

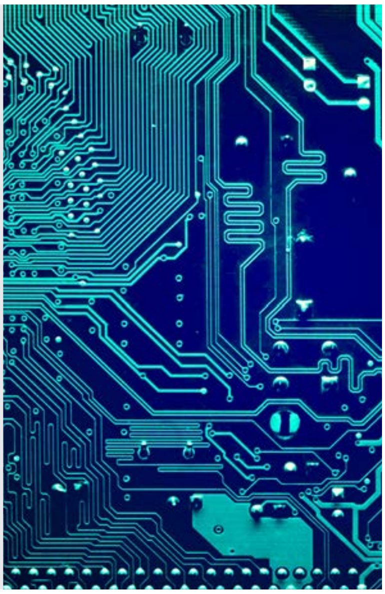
Innovation and infrastructure: Supporting environmental sustainability

Investment case

- American technology company that plays a key role in semiconductor design
- exposed to a number of attractive long-term trends including artificial intelligence and next-generation technology
- products are often seen as mission-critical with its customers

Sustainability criteria

- provides technologies which assist in the design of electronic products that conserve energy and power
- supporting innovation in the auto industry and the transition to electric vehicles
- increasing female participation in the sector by offering women in technology scholarships



Case study

Dexcom

Health and wellbeing: Healthcare access

Investment case

- develops continuous glucose monitoring systems, used to manage diabetes
- strong reputation and brand awareness should drive growth
- market opportunity is vast and global as the number of people with diabetes is continuing to increase

Sustainability criteria

- empowering customers to take control of their diabetes with continuous glucose monitoring
- partnerships with providers allows customers to simplify their treatment by choosing their preferred insulin pumps or pens
- extension library of development offerings for employees to achieve personal and professional growth

new holding

Case study

DSM

Health and wellbeing: Access to nutrition

Investment case

– specialised ingredients and chemicals used in nutrition, health and bioscience sectors
– uniquely placed to benefit from trends such as plant-based meat and dairy alternatives
– strong product portfolio and rich innovation pipeline which is well supported with research and development spend

Sustainability criteria

– provides a range of nutrient-rich food supplements which provide essential vitamins and minerals
– supplies farmers with animal feed supplements that reduce methane emissions from livestock
– learn together, grow together campaign to embed a learning culture for all employees

new holding

Case study

DSV

Energy and climate:
Operational alignment (climate)

Investment case

– Danish freight forwarding business with market leading positions across multiple regions
– strong management team with an excellent track record of allocating capital to compound returns
– asset light model allows DSV to manage the business effectively across the economic cycle

Sustainability criteria

– one of the first in its industry to set science-based climate targets aligned with a well below 2 degree warming pathway
– involved with other Danish companies to produce 'green' hydrogen at scale using renewable energy
– employee development programme provides opportunity to acquire skills for career progression

Case study

EDP Renewables

Energy and climate: Climate action

Investment case

- Portugese/Spanish global leader in the ever-expanding renewable energy sector
- self-funding value accretive growth model, with low leverage
- excellent operator achieving industry leading margins through outperformance along the value chain

Sustainability criteria

- providing clean energy and better infrastructure capabilities
- high percentage of employees come from the local communities where the company operates
- innovating to improve the economics of offshore wind and battery storage

Case study

Edwards Lifesciences

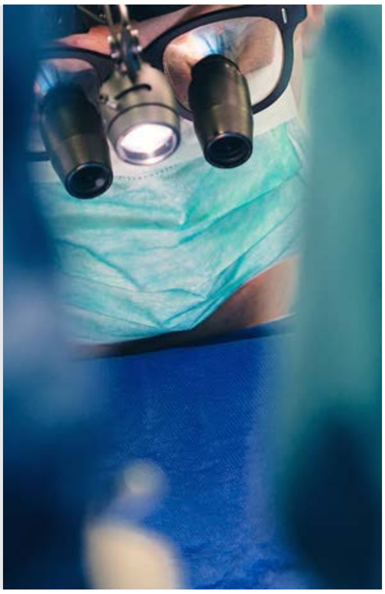
Health and wellbeing: Healthcare access

Investment case

- American medical technology company, focused on heart valve replacement products and cardiac monitoring equipment
- leading player globally in its field, with significant growth opportunities in the long term
- attractive return on capital should be sustainable given the durability of the business

Sustainability criteria

- helps reduce the global burden of heart valve disease by supporting education, screening and treatment
- drives the development of minimally invasive technologies that improve both patient outcomes and speed of recovery
- raises awareness and provides education about all treatment options available to patients



Case study

Eurofins Scientific

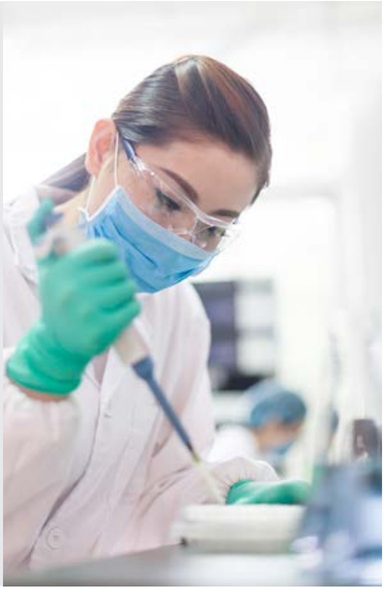
Health and wellbeing: Safety and protection

Investment case

- provides independent safety training for pharmaceutical, environmental and consumer products
- enjoys a strong market share and continues to build out its business in new sectors
- barriers to entry for new competitors are high and durable

Sustainability criteria

- laboratories at the forefront of medical breakthroughs and drug discovery to help clinicians save lives
- helps test and analyse soil and crop health to enable farmers to increase productivity while protecting the environment
- aiming to achieve carbon neutrality by 2025 by significantly reducing carbon emissions



Case study

Evoqua Water Technologies

Resource efficiency: Water security

Investment case

- leading provider of water and waste water solutions
- sells into numerous industries and provides a mission critical service that is difficult to replicate
- increasingly stringent regulation on water standards provides a steady long-term tailwind to growth

Sustainability criteria

- provides products and services to support disinfection and sanitisation, which are critical to maintaining safe operations in hospitals and laboratories
- helps data centres with sustainability goals by reducing water waste, increasing energy efficiency and decreasing maintenance costs
- centralised online learning platform that is tailored to each employee's individual needs

Case study

First Republic

Decent work:
Operational alignment (employment)

Investment case

- California-based bank, with a strong focus on wealth management
- unique culture creates long-lasting and strong customer relationships
- stable and attractive returns. A simple and niche financial services company

Sustainability criteria

- financial products give access to finance for businesses, students and families
- attractive employee benefits and work-life balance maintains low staff turnover
- Eagle Community Home Loan Program helps individuals in the community become homeowners

Case study

Generac

Energy and climate: Climate action

Investment case

- provides critical power solutions to residential and commercial customers
- development of next generation products such as renewable based solutions gives more visibility on long term growth
- significant opportunity exists to grow market share further and add new customer segments

Sustainability criteria

- offers power reliability through onsite generation and storage solutions that provide resiliency for homes, businesses and communities
- grid management software supports distributed energy generation and shift to greater share from renewable energy
- provides a tuition reimbursement programme to a number of employees every year, so they can pursue qualifications in undergraduate or graduate programmes

Case study

Halma

Health and wellbeing: Safety and protection

Investment case

- UK industrial business, focused on safety technology across multiple applications
- market-leading positions in niche segments helps to protect pricing power
- significant long-term growth potential whilst achieving attractive returns on capital

Sustainability criteria

- involved in manufacturing a wide range of products that protect and improve the quality of life for people worldwide
- medical technology helps to diagnose and treat disease earlier and more accurately
- technology helps the agriculture industry to maximise crop growth and cultivation

Case study

Hannon Armstrong

Innovation and infrastructure: 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
- strong pipeline in a growing energy efficiency sector with both private and public sector customers

Sustainability criteria

- first American public company solely dedicated to investments in climate change solutions
- provides financing to energy and water efficiency projects for residential and commercial buildings
- invests in utility-scale wind and solar projects

Case study

Jungheinrich

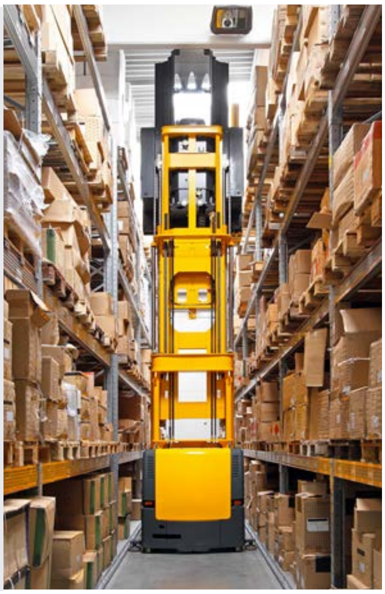
Energy and climate:
Operational alignment (climate)

Investment case

– leader in materials handling and automated warehouse solutions
– accelerated switch to electrification opens up significant long-term opportunities
– consistent focus on product development and innovation strengthens the moat around the business

Sustainability criteria

– international training programme for junior managers and graduates
– continually improving the energy efficiency of products and the production process
– increasingly circular approach through product lifecycle assessments and growing sales of refurbished forklift trucks



Case study

Kone

Innovation and infrastructure:
Supporting environmental sustainability

Investment case

– elevator market is consolidated with very high barriers to entry
– structural demand remains robust as urbanisation means building up, not out
– highly cash-generative business with long-term visibility

Sustainability criteria

– products and services improve building eco-efficiency with an emphasis on safety
– no landfill waste at a number of manufacturing sites
– employee development through virtual reality, gamification and mobile learning

Case study

Legal & General

Operational alignment (employment)
Decent work:

Investment case

- UK insurance business with strong investment management franchise
- significant growth opportunities in US market
- highly experienced management team that allocates capital clearly

Sustainability criteria

- provides funding into small-to-medium sized enterprises, supporting job creation and economic growth
- supporting key technologies in the transition to a lower carbon economy
- invests in employee development and wellbeing to create an inclusive working culture

Case study

Linde

Resource efficiency: Sustainable consumption

Investment case

- global leader in industrial gases, with operations across multiple sectors
- merger of Praxair and Linde has been well executed and should continue to generate future synergies
- 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
- hydrogen used to help produce cleaner air by reducing sulphur emissions from trucks and cars
- oxygen helps steelmakers save energy and serves medical patients needing respiratory assistance

Case study

Littelfuse

Innovation and infrastructure: Supporting human wellbeing

Investment case

- global leader in power-management technology for auto and industrial sectors
- vehicle electrification drives structural demand for products
- brand and barriers to entry help protect margin and pricing

Sustainability criteria

- products assist in the growth of smart meters, LED lighting and electric vehicles
- working with customers in renewable energy and energy storage markets to improve efficiency
- products support the safety of electrical systems

Case study

Mastercard

Innovation and infrastructure: Supporting human wellbeing

Investment case

- multi-year driver of cash-to-card switch. Global penetration 50%
- in duopolistic industry structure with durable barriers to entry
- excellent top line growth and very strong cash generation

Sustainability criteria

- inclusive growth scores enable planners and policymakers to tackle inequality through targeted interventions
- innovation in mobile payment and pre-paid cards targets under-served customer groups
- Girls4Tech signature education programme aims to inspire women into a career in science, technology, engineering and maths

Case study

Microsoft

Decent work: Operational alignment (employment)

Investment case

- global software company with leading positions across multiple categories
- management have transformed the business into a well-positioned franchise with multiple revenue drivers
- high level of recurring cash flow with limited need for large strategic deals

Sustainability criteria

- meeting increasing demand for IT infrastructure services with more environmentally friendly and energy efficient solutions
- carbon neutral since 2012 and aims to remove enough carbon to account for all its historical emissions by 2050
- offers employees strong benefits and development programmes, which help maintain high employee engagement and satisfaction levels

Case study

Nidec

Energy and climate:
Operational alignment (climate)

Investment case

- leading Japanese maker of small motors used in multiple applications
- enjoys technology leadership in many of its products, cemented by a focus on research and development
- significant growth opportunity in the electric vehicle and adjacent markets

Sustainability criteria

- provides solutions that support the growth of renewable energy and electric vehicles
- contributes to reducing power consumption by offering energy efficient motors
- corporate social responsibility charter encourages best practices around human rights and health and safety

Case study

Owens Corning

Energy and climate: Climate action

Investment case

- manufactures and sells insulation, roofing and fibreglass composites solutions
- new management team executing well with improved revenue and margin performance
- capitalising on secular trends such as premiumisation on living space, demand for sustainable solutions and infrastructure spend

Sustainability criteria

- products play a key role in energy efficiency improvements and increased renewable energy penetration
- company leadership roles increasingly being filled from within through internal succession training and mentoring
- by 2030 they aim to send zero waste to landfill by cutting the amount of waste generated in half and recycling the rest

new holding

Case study

Ranpak

Resource efficiency: Circular economy

Investment case

- leader in paper-based packaging and product protection systems
- paper has below 20% share of the global packaging market, yet offers significant advantages to customers
- attractive razor-razorblade style business model which generates strong recurring cashflow

Sustainability criteria

- paper supply to consist of at least 75% recycled pulp and 100% of paper products to be FSC-certified by 2030
- launched a recycling programme to allow machine parts to be reintroduced back into active service
- when company went public, every employee received an equity reward so they can share in the company's success

Case study

RELX

Inclusive economies: Training and education

Investment case

- global leader in providing data analytics to the scientific and legal industries
- often provides a critical service to its customers, with few global competitors
- wide economic moat in the business is reflected by excellent return on capital

Sustainability criteria

- products promote access to information, helping the advancement of science, health and access to justice
- free universal access to SDG Resource Centre which includes information and research on the UN SDGs
- uses green tariffs and purchases renewable energy certificates equal to its global energy consumption

Case study

Sartorius

Health and wellbeing: Healthcare access

Investment case

- leader in making 'catalytic starters' for many biologic drugs
- strong market share in growing industry. High barriers to entry
- high level of sustainable growth. Returns on capital very attractive

Sustainability criteria

- products are used in biopharmaceutical industry to produce medical drugs
- laboratory instruments and consumables used in research, helping to enable scientific progress
- increasing the proportion of environmentally friendly raw materials in products

Case study

Shopify

Decent work: Small business support and job creation

Investment case

- provides an online ecosystem for brands and retailers, with a strong focus on independents
- large addressable market which is growing, yet global eCommerce penetration is relatively low
- offers a unique solution to smaller companies, reducing barriers and cost to move online

Sustainability criteria

- helps people start, run and grow a business with specific support for underserved communities
- offers computing education programmes that help build a diverse engineering pipeline
- carbon neutral since inception, including buildings powered by renewable energy and carbon-neutral corporate travel

Case study

SIG Combibloc

Resource efficiency: Sustainable consumption

Investment case

- leader in aseptic packaging systems, which are used for a number of consumer products
- operates in a duopoly with Tetra Pak and enjoys strong barriers to entry
- long-term growth opportunity in aseptic packaging remains attractive

Sustainability criteria

- its packaging has a significantly lower environmental footprint than plastic bottles or cans
- enables food and beverages to retain their nutritional value over long periods of time without the need for refrigeration
- all the energy used to make its packaging is from renewable sources

Case study

Taiwan Semiconductor Manufacturing

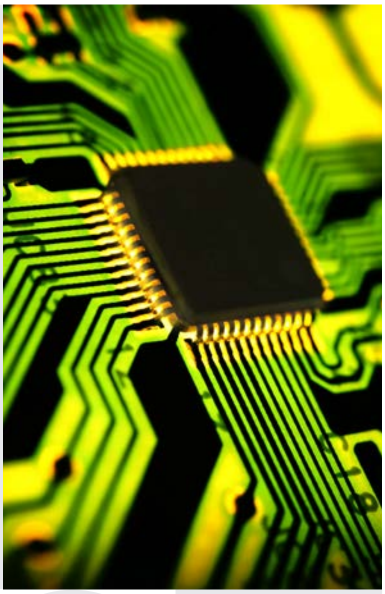
Innovation and infrastructure: Supporting environmental sustainability

Investment case

- largest semiconductor foundry with market leading technology and capabilities
- strong and stable return on capital with durable barriers to entry
- increasing complexity in semiconductor production and design should benefit its competitive advantage in this area

Sustainability criteria

- offers advanced energy-saving semiconductor products to enable customers to improve their efficiency
- implementing a number of innovative programmes to improve energy and water conservation and reduce waste across the business
- launched semiconductor collaborations with top universities to encourage and attract talent into the industry



Case study

Thermo Fisher Scientific

Health and wellbeing: Healthcare access

Investment case

- American medical technology company, focused on laboratory testing equipment
- excellent brand reputation and enjoys extremely high market share in each of its core markets
- sustainable top-line potential in the business is attractive, supported by strong margins and returns on capital

Sustainability criteria

- products and services key to healthcare professionals trying to cure disease and improve diagnostics
- offers multiple green product ranges and continuously innovates to reduce environmental impacts
- employee resource groups look at recruitment, career development and community involvement

Case study

Tomra

Resource efficiency: Sustainable consumption

Investment case

– Norwegian company focused on recycling and sensor-based sorting machines
– extremely strong market share in both sorting and collection solutions and an excellent brand
– robust revenue growth and attractive profit margins drive durable return on capital

Sustainability criteria

– food sorting products reduce wastage and increase food safety
– sorting solutions increase recycling rates and reduce waste sent to landfill
– working with manufacturers to help produce 100% recyclable packaging and create a circular economy

Case study

Trex

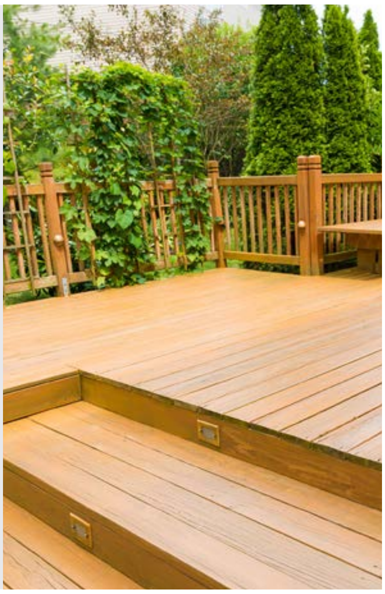
Resource efficiency: Sustainable consumption

Investment case

– US producer of composite outdoor decking for residential and commercial use
– market penetration remains relatively low with significant growth opportunities
– return on capital is attractive and should remain durable in the future

Sustainability criteria

– products replace virgin wood by reusing plastic packaging with sawdust and other waste wood by-products
– one of the largest recyclers of polyethylene film in North America
– leadership development training programmes prepare employees for future management positions



Case study

Trimble

Innovation and infrastructure: Supporting environmental sustainability

Investment case

- leader in advanced location-based software solutions
- software effectively digitizes a farm or construction site
- attractive long-term growth opportunities are underpinned by excellent cashflow

Sustainability criteria

- enables farmers to increase efficiencies, enhance productivity and improve crop performance
- in transportation, brings efficiency and visibility into fleet operations for cleaner, greener and safer operations
- encourages customers to recycle products at end of life to divert waste from landfill

Case study

Visa

Innovation and infrastructure: Supporting human wellbeing

Investment case

- global leader in payment processing, operating in duopoly with Mastercard
- benefits from multi-year switch from cash-to-card payments
- double-digit revenue growth supported by excellent and durable returns on capital

Sustainability criteria

- works with start-up businesses and developers to co-create new ways to pay
- financial literacy programme offered in over 40 markets around the world
- 100% renewable energy across its global operations

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Authorised and regulated by the Financial Conduct Authority

A member of the Investment Association

A member of the Rathbones Group. Registered No. 02376568

Rathbones
Look forward

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