

Rathbones  
Look forward



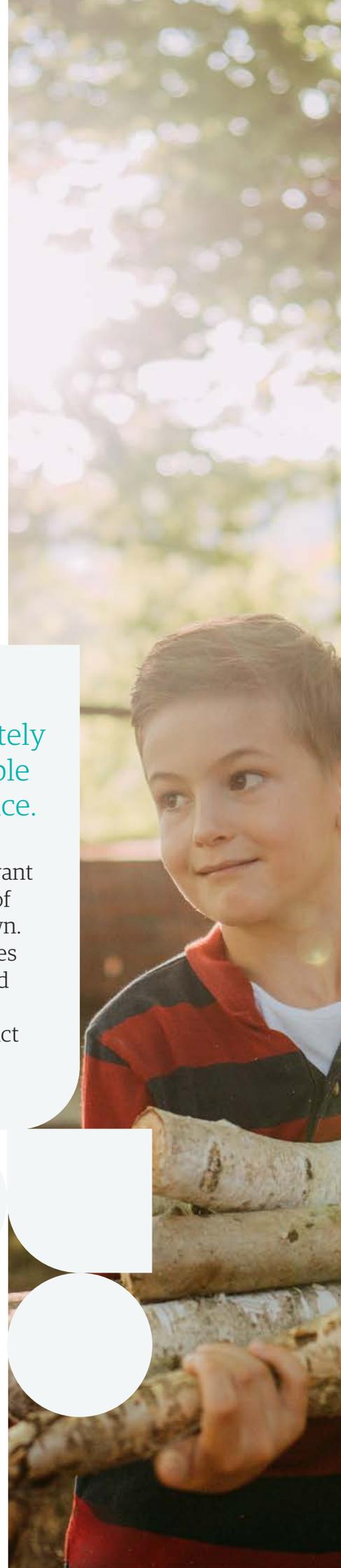
Rathbone Greenbank Multi-Asset Portfolios  
Annual review 2022

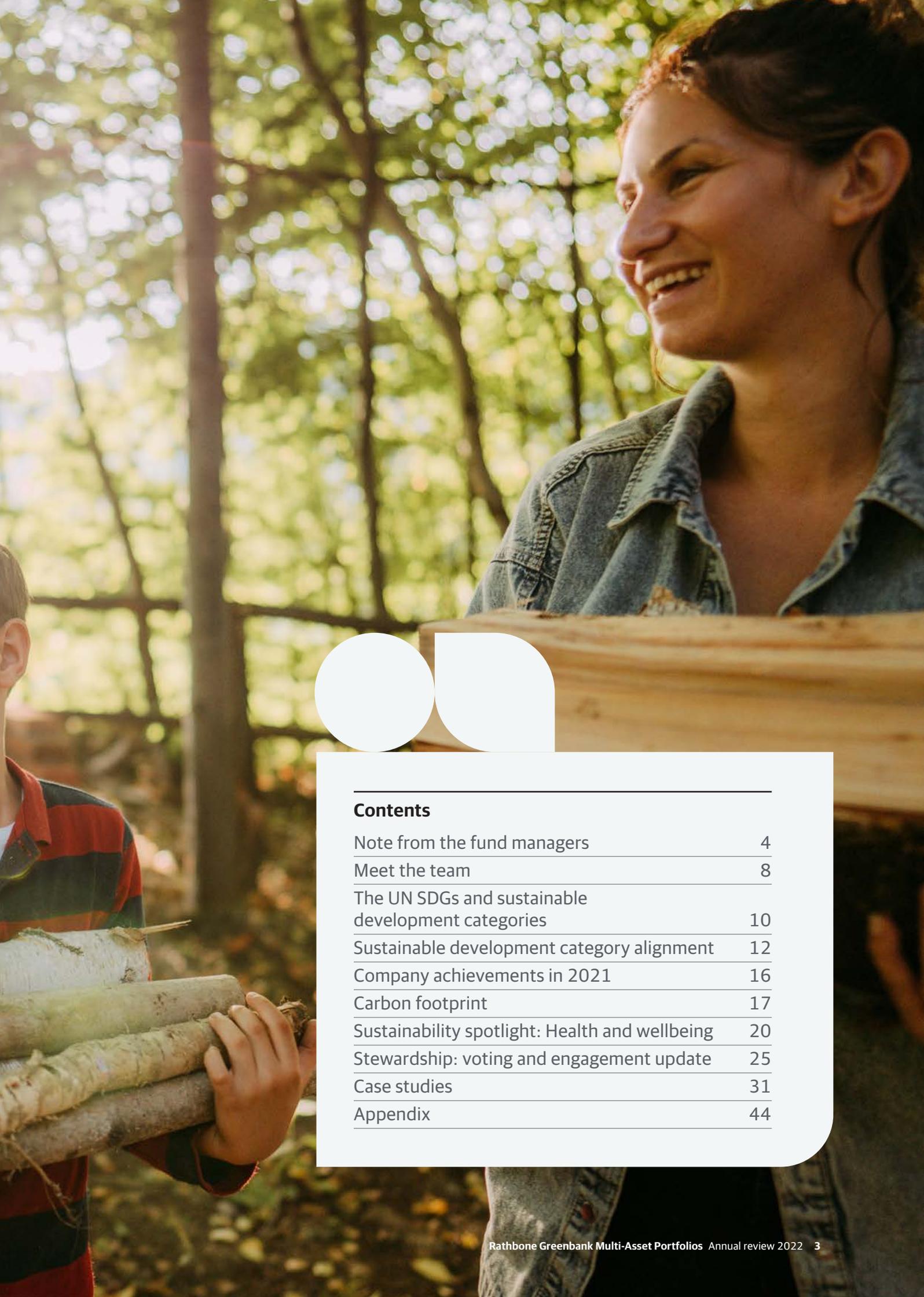
# Rathbone Greenbank Multi-Asset Portfolios

## Annual review 2022

From the moment we launched our portfolios last year, our focus was clear: we wanted 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.





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# Note from the fund managers

There's no denying that in the year since we launched our range of four sustainable Rathbone Greenbank multi-asset portfolios, the market landscape has changed.

We have seen much of the world slowly re-opening their economies and borders following the impact of the pandemic with vaccines and treatments becoming the main tools to control rising case numbers. And although we aren't completely out of the woods yet, with some countries still implementing zero COVID-19 policies, many investors' concerns have now shifted away from the impact of lockdowns towards new issues. The devastating circumstances surrounding the invasion of Ukraine and its lasting humanitarian and economic impact will be on all our minds. As will rising inflation, the cost of living and how these play into central bank policy decisions over the coming months. Although it is uncertain how this will all unfold, what is clear is that our commitment to owning genuinely sustainable investments which are still able to navigate these market challenges and opportunities remains crucial.

Whilst the demand for sustainable investing has continued to grow this year so have investors' concerns around greenwashing risk and the lack of transparency. The Financial Conduct Authority's (FCA) discussion paper on Sustainability Disclosure

Requirements published in November indicates that regulation on greenwashing, where sustainability claims do not stand up to scrutiny, is incoming in the UK through the introduction of new fund labels and requirements for advisers to discuss sustainability options with clients.

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Our ethos for the funds has always been to be as clear and transparent as possible with you on what we hold and why, to make client conversations easier.

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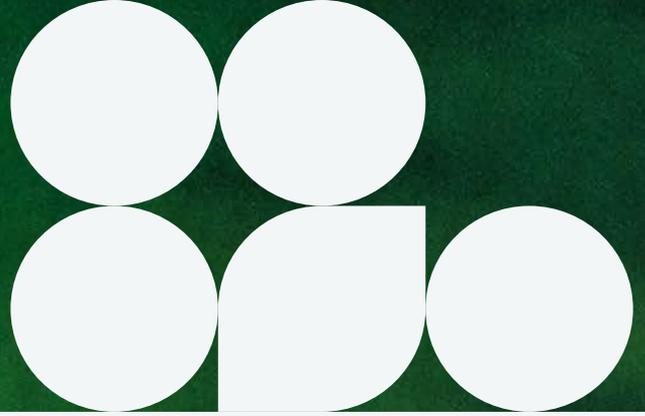
Our sustainability process, developed with Greenbank, spans across asset classes and goes beyond simply using third party ESG rating providers to analyse companies and entities. Our focus is on ensuring the businesses we own have a demonstrable commitment to sustainability and we want to get under the bonnet to understand how they are considering their impacts on employees, supply chains and wider communities.



**Will Mcintosh-Whyte**  
Fund manager



**David Coombs**  
Fund manager  
Head of multi-asset investments



It would be remiss to speak about the last 12 months and not mention the United Nations Climate Change Conference, known as the COP26 summit, which was held in Glasgow in 2021. It brought together heads of state, government leaders and important industry figures from nearly 200 nations. Some important actions were achieved by governments to help further the climate change agenda, including new targets to reduce methane emissions and reverse deforestation. What stood out in this conference to us was the recognition of the important role the finance industry will play in the drive to achieve climate change targets, namely net-zero emissions by 2050. We are seeing this already with an acceleration of capital into the sustainability space across areas such as electric vehicles, renewable energy and hydrogen, as well as a rise in the number of companies setting net-zero carbon emissions targets.

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As always, we continue to focus on not getting pulled into the hype behind sustainability stories and remain disciplined with our investment approach: looking for quality companies which have strong management and a history of putting money to work effectively, as well as financial discipline and sensible levels of debt.

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We can look globally to find hidden gems and continue to explore sustainability themes beyond the obvious such as sustainable agriculture and water. We do this whilst utilising a number of tools to enable better risk management including structured products and currency hedging, to ensure our portfolios are always adequately protected.

Though markets rallied for much of 2021, it is no secret that the beginning of 2022 brought on new challenges and some dampening in market strength. Despite this, the funds have generated positive returns in their first year and we continue to believe that ultimately owning durable franchises with a clear commitment to sustainability should serve you well in the long run.

“...what is clear is that our commitment to owning genuinely sustainable investments which are still able to navigate market challenges and opportunities remains crucial.”

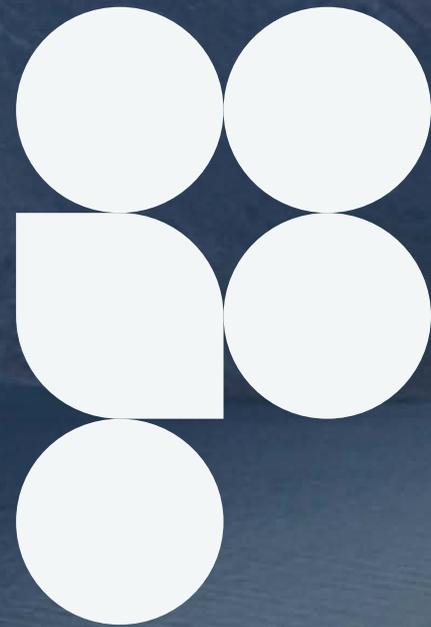
“...the funds have generated positive returns in their first year and we continue to believe that ultimately owning durable franchises with a clear commitment to sustainability should serve you well in the long run.”

Performance table – S-class shares to 31 March 2022

	3 months	6 months	1 year
<b>Rathbone Greenbank Total Return</b>	<b>-3.57%</b>	<b>-1.53%</b>	<b>0.91%</b>
Index: Bank of England Base Rate + 2%	0.60%	1.13%	2.19%
<b>Rathbone Greenbank Defensive Growth</b>	<b>-4.77%</b>	<b>-1.88%</b>	<b>1.89%</b>
Index: UK Consumer Price Index + 2%	1.63%	4.32%	8.28%
<b>Rathbone Greenbank Strategic Growth</b>	<b>-5.75%</b>	<b>-2.16%</b>	<b>2.90%</b>
Index: UK Consumer Price Index + 3%	1.88%	4.83%	9.34%
<b>Rathbone Greenbank Dynamic Growth</b>	<b>-7.47%</b>	<b>-2.79%</b>	<b>4.27%</b>
Index: UK Consumer Price Index + 4%	2.12%	5.33%	10.41%

Source: FE fundinfo. Data as at 31 March 2022. 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.



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 Lawrence joined Rathbone Greenbank in January 2020 as a senior ethical, sustainable and impact researcher. She is responsible for managing engagement activities, assessing the social and environmental performance of companies and conducting environmental, social and corporate governance (ESG) and impact reporting for clients. She holds an MSc in Environmental Technology from Imperial College London 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 Sustainable Development Goals (SDGs). These comprise of 17 goals, with 169 underlying targets that aim to 'end poverty, protect the planet and ensure prosperity for all' by 2030. The SDGs provide a comprehensive framework for international action on the many social and environmental challenges facing the world.

Greenbank 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 to fight 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



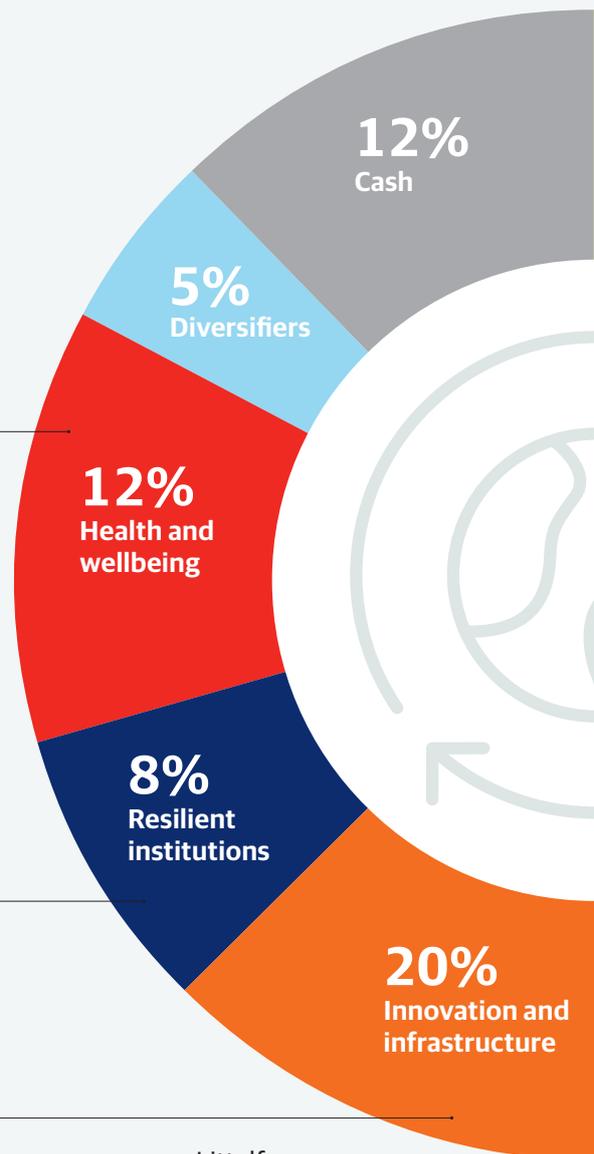
Abbott Laboratories	GN Store Nord
Bupa*	Halma
Dexcom	Roche
DSM	Sartorius
Edwards Lifesciences	Shimano
Eurofins Scientific	Smith & Nephew
GlaxoSmithKline	Thermo Fisher Scientific



UK Government bonds  
Japanese Government bonds



Ansys	Littelfuse
Aptiv	Mastercard
ASML	Orange*
Assa Abloy	TSMC
Cadence Design Systems	Trimble
European Investment Bank*	Verizon
Hannon Armstrong	Visa
KfW*	Vodafone



\* Corporate bonds    ● New holdings (since 30 September 2021)

The percentages in the pie chart may not equal 100% due to rounding to the nearest whole number.  
Data as at 31 March 2022.



Alfen  
 AO Smith  
 Aviva\*  
 Aviva  
 DSV Panalpina  
 Equinix  
 Generac  
 Johnson Controls  
 Jungheinrich  
 KfW (Green Bond)\*

LBBW (Green Bond)\*  
 London Stock Exchange  
 National Grid  
 New South Wales (Sustainability Bond)\*  
 Nidec  
 Otis Worldwide  
 Owens Corning  
 SSE  
 US Bancorp  
 Vestas



Advanced Drainage Systems  
 Badger Meter  
 Ball Corp  
 Clorox  
 Ecolab

Linde  
 SIG Combibloc  
 Tomra  
 Trex



African Development Bank\*  
 London & Quadrant Housing\*  
 Rabobank\*  
 RELX

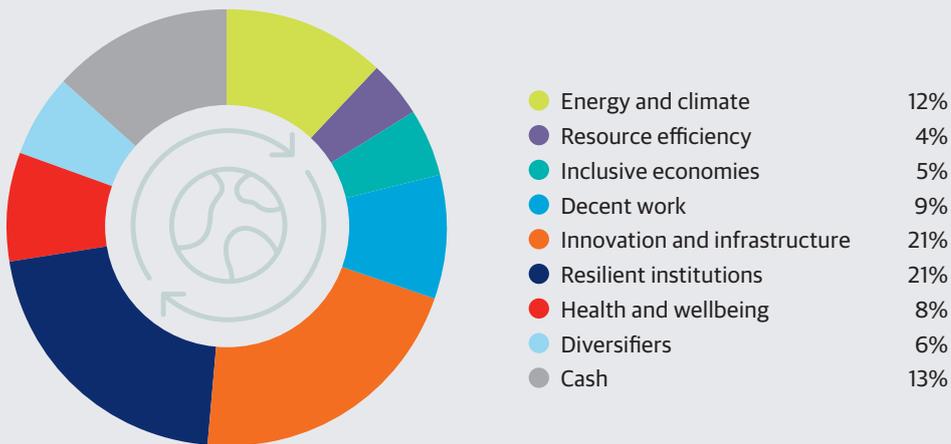


Accenture  
 Adobe  
 AIA  
 Coventry Building Society\*  
 DBS  
 First Republic Bank  
 Jack Henry & Associates  
 Legal & General

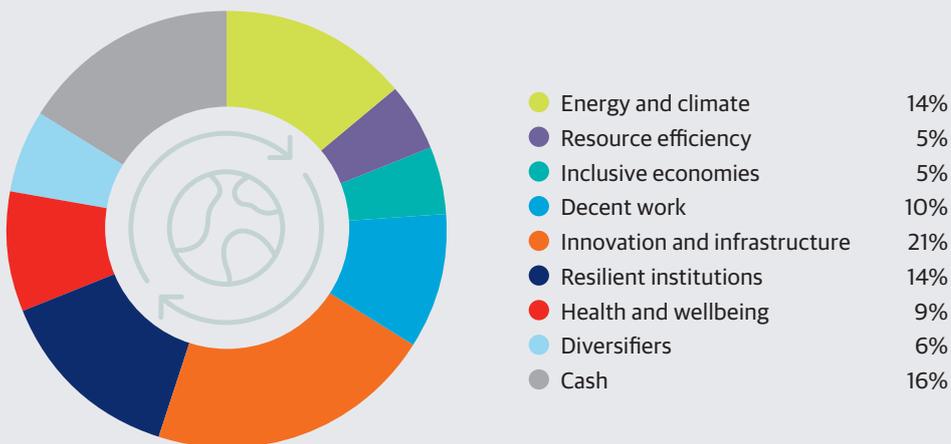
Lloyds Plc\*  
 Scottish Widows\*  
 Microsoft  
 Phoenix\*  
 M&G\*  
 S&P Global  
 Sampo  
 Shopify

## Sustainable development category alignment (continued)

### Rathbone Greenbank Total Return

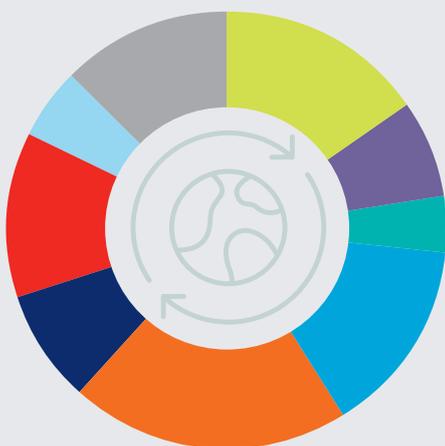


### Rathbone Greenbank Defensive Growth



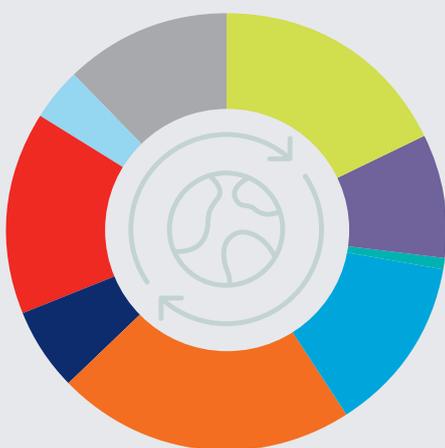
Data as at 31 March 2022. The percentages in the pie charts may not equal 100% due to rounding to the nearest whole number.

### Rathbone Greenbank Strategic Growth



Energy and climate	17%
Resource efficiency	7%
Inclusive economies	4%
Decent work	14%
Innovation and infrastructure	20%
Resilient institutions	8%
Health and wellbeing	12%
Diversifiers	5%
Cash	12%

### Rathbone Greenbank Dynamic Growth

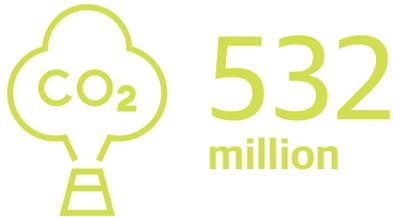


Energy and climate	18%
Resource efficiency	9%
Inclusive economies	1%
Decent work	13%
Innovation and infrastructure	22%
Resilient institutions	6%
Health and wellbeing	15%
Diversifiers	4%
Cash	12%

# Company achievements in 2021

## Energy and climate

**Vestas**



tonnes CO<sub>2</sub>e avoided over the lifetime of turbines produced in 2021

## Resource efficiency

**ECOLAB**  
Everywhere It Matters.



gallons of water saved in 2021 through all their technologies, equivalent to the annual drinking water needs of more than 710 million people

## Inclusive economies

**Rabobank**



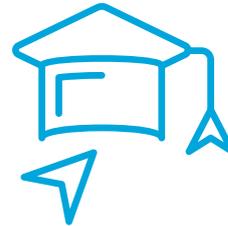
**424,409**

customers used their online financial tool "WegWijzer" in 2021 supporting households to take a step toward a financially healthier life

## Decent work

 Microsoft

**45**  
million

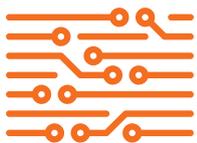


people provided with free digital skills training in 2020/21 through LinkedIn, GitHub, and Microsoft, helping them gain skills needed for in-demand jobs

## Innovation and infrastructure

**cādence**

**13**



significant and innovative products launched in 2021 across all business groups enabling the next wave of sustainable innovation

## Health and wellbeing

 DSM

**15** million



people annually benefit from DSM-WFP's partnership which invests in activities to expand the production, availability, and consumption of fortified rice in 20 countries to address micronutrient deficiencies

# Carbon footprint

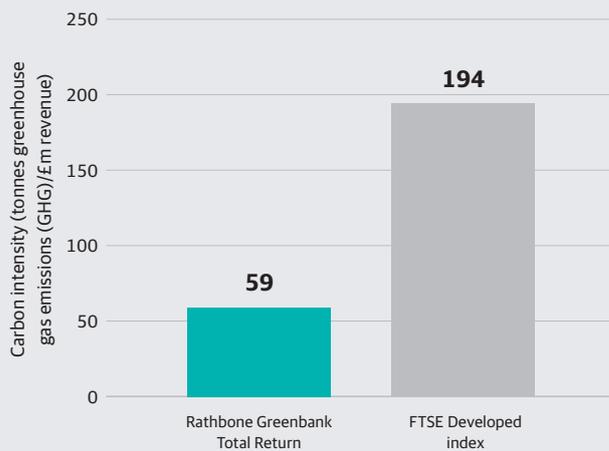
The Intergovernmental Panel on Climate Change (IPCC) has highlighted the need to limit the rise in global average temperatures to 1.5°C above pre-industrial levels in order to avoid significant environmental and economic costs; yet current global policies and targets are projected to result in almost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



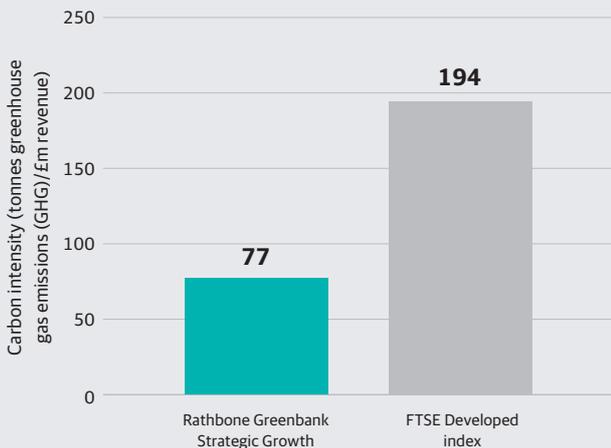
The equities and corporate bonds in the Rathbone Greenbank Defensive Growth Portfolio are



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**

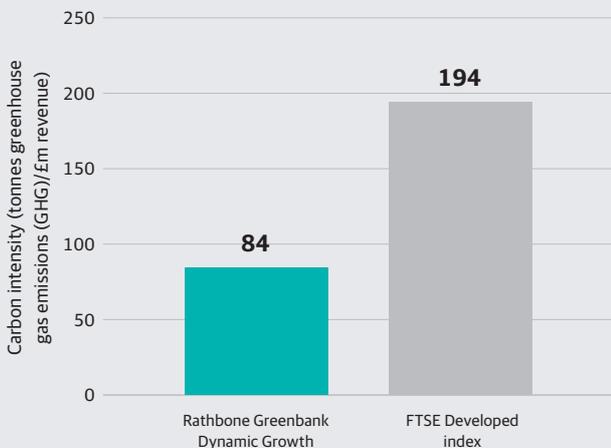


The equities and corporate bonds in the Rathbone Greenbank Strategic Growth Portfolio are



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 CO2 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-capitalization 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.

**Further coverage information**

<b>Rathbone Greenbank Total Return</b>	
Valuation date	31 March 2022
Total portfolio value	15,317,732
Value in equities and corporate bonds (eligible holdings for carbon footprint assessment)	£9,195,697
% of eligible holdings with carbon data	97
% of total portfolio value eligible and with carbon data	60

<b>Rathbone Greenbank Defensive Growth</b>	
Valuation date	31 March 2022
Total portfolio value	31,287,961
Value in equities and corporate bonds (eligible holdings for carbon footprint assessment)	20,047,746
% of eligible holdings with carbon data	97
% of total portfolio value eligible and with carbon data	64

<b>Rathbone Greenbank Strategic Growth</b>	
Valuation date	31 March 2022
Total portfolio value	55,716,921
Value in equities and corporate bonds (eligible holdings for carbon footprint assessment)	41,535,889
% of eligible holdings with carbon data	99
% of total portfolio value eligible and with carbon data	74

<b>Rathbone Greenbank Dynamic Growth</b>	
Valuation date	31 March 2022
Total portfolio value	15,620,467
Value in equities and corporate bonds (eligible holdings for carbon footprint assessment)	12,138,852
% of eligible holdings with carbon data	100
% of total portfolio value eligible and with carbon data	78

Data as at 31 March 2022.

# 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 23).

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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.

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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.



“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:



**GlaxoSmithKline:** The pharmaceuticals industry faces several specific social issues: access to medicines, research and development of treatments for developing world diseases, and patent protection. GSK is a sector leader with respect to all three, and has been ranked top in the independent Access to Medicine Index in every iteration since the benchmark began. In the past year, GSK's malaria vaccine RTS,S (Mosquirix), which has been in development for over 30 years, was recommended by the World Health Organisation (WHO) for widespread use in children in sub-Saharan Africa. This is a region where two-thirds of malaria-related fatalities in 2019 were among children under five. In December 2021, the board of Gavi (the global vaccine alliance) decided that it would provide funding for the procurement and introduction of the vaccine into routine child immunisation programmes in eligible countries. GSK has committed to supply up to 15 million doses of RTS,S annually at no more than 5% above cost of production, in addition to the 10 million it has already produced and donated for use in pilot programmes in Malawi, Kenya and Ghana.



**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 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.



**Shimano:** The group's components are used in a range of bicycles, including 'pro' racing, mountain bikes, road bikes and leisure bikes – helping to promote cycling, exercise and sustainable transport options. The group experienced high sales of bicycles and bicycle-related products during 2021. This came against the backdrop of the global cycling boom triggered by the COVID-19 pandemic and lockdown measures affecting public transport, as well as active support from governments in Europe to bring about a decarbonised society.

Examples of engagements aligned to health and wellbeing:

**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.

**Company case study: GlaxoSmithKline**

The Access to Medicine Index ranks the top 20 global pharmaceutical companies on their policies, performance and plans to promote equitable access to medicine. As part of an ongoing collaborative engagement focused on the Index, Greenbank led dialogue with GlaxoSmithKline to promote continued best practice and performance from the company. We met with the company in March 2022 to discuss a range of topics including areas of opportunity highlighted within the Access to Medicine Index; the group's approach to measuring impact performance and outcomes; capacity building in sub-Saharan Africa; and linkages between access performance and executive remuneration.



# 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. Rathbone 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 report (Responsible investment report 2022) covering 2021 voting and our stewardship policy is available on our website [rathbonefunds.com](http://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 twelve months since launch, we have engaged with:

**32** companies held in the funds

These engagements have included both letters and company meetings, by Rathbones and Rathbone 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 with **compensation**, **board structure** and **diversity**, being of particular focus in the first year.

Company engagement by issue



● Climate transition plans	9%
● Environmental standards	3%
● Board diversity	17%
● Board members and structure	20%
● Compensation	23%
● Shareholder rights	11%
● Human rights	6%
● Labour rights and disclosure	11%

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



During the year, we voted at:

**33** meetings

This was out of 35 that we were eligible to vote at. For the two meetings where we did not vote, we were unable to due 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.

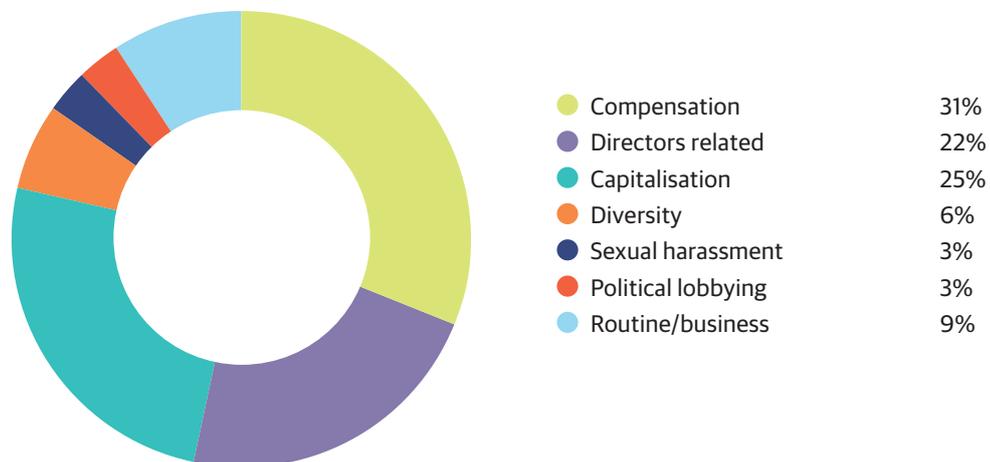
The percentages in the pie charts may not equal 100% due to rounding to the nearest whole number.

Within the 33 meetings, we voted on 130 ballots and chose to vote against management 6% of the time, including on social issues relating to gender/racial pay gaps and workplace harassment, as well as governance issues such as compensation.

### Resolutions voted: with/against management



### Votes against management by issue



**For more information:**

- Compensation: resolutions related to remuneration policies, incentive plans and stock options
- Directors related: resolutions related to electing and re-electing directors to maintain a sound and independent board
- Capitalisation: resolutions related to issuing share capital and equity
- Diversity: resolutions related to gender/racial pay gap reporting and fair pay
- Sexual harassment: resolution related to sexual harassment policy
- Political lobbying: resolution related to lobbying activities
- Routine/business: resolutions related to ratifying auditors and approving audit reports

## Engagement case studies



### Background

In 2021 we played a leading role in a new project, bringing the concept of a 'Say on Climate' to European companies heavily affected by the low carbon energy transition. Just as investors have an annual vote on pay at companies, we have piloted an annual Say on Climate, whereby investors will have an opportunity to vote on the suitability of a company's plans vis-a-vis the energy transition.

Rathbones is the engagement lead on SSE as part of the CA100+ initiative. We attended the company's AGM in July 2021, where we had the opportunity to make a statement. We commended the board for a number of actions, including setting science-based targets covering both absolute and intensity-based measures of carbon emissions, and offering shareholders an annual advisory vote on its climate strategy. However, we pointed out that there are certain criteria of the CA100+ Net-Zero Company Benchmark that SSE meets only partially or not at all. Specifically, we asked the board to consider pursuing alignment with 1.5°C scenarios when setting targets and making capital expenditure plans – translating the group's climate commitment into short-term targets.

### Outcome

In response, the board stated that SSE will work towards closer alignment with the CA100+ benchmark criteria, and where they believe it is inappropriate to pursue a specific benchmark they will explain why. The board also made two important commitments in their response. Firstly, they said that they would re-examine their science-based targets in order to shift from the Paris-aligned 'well below 2°C' pathway to the more stretching 1.5°C pathway. Secondly, they said that they would provide an update in November on their capital expenditure plans and outline the details of a plan that will explicitly show how SSE's investment programme will align with net-zero. This November update was an announcement of their 'Net-Zero Acceleration Programme' which includes their plans to meet revised 1.5°C science-based targets by 2030, alongside a range of other ambitious new 2031 targets.

### Next steps

The next assessment of SSE's progress against the CA100+ benchmark was publicly issued in March 2022. We will continue our engagement with SSE during the year and will discuss the latest assessment with the company.



### Background

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.

### Engagement activity

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.

“In assessing company alignment to net-zero during our engagements, we are following the alignment staircase set out in the Net-Zero Investment Framework – a portfolio alignment tool that Greenbank co-created.”



# 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



### Case study

## Alfen



Energy and climate  
Sub-category: Energy security

### Investment case

- Dutch company that aims to build more reliable and sustainable electricity grids through their portfolio of smart energy solutions including smart grids, charging stations for electric vehicles (EVs) and energy storage systems
- Perfectly positioned to benefit from growing government and company commitments to invest in low carbon energy solutions, particularly in Europe, where Alfen have first mover advantage
- Strong relationships with a wide range of component suppliers so can pick the best technology for each product

### Sustainability criteria

- Smart grid technology allows renewable energy, such as solar parks and wind farms, to form a larger part of the power grid mix
- Produces a range of smart and connected electric vehicle chargers to help accelerate the roll out of EVs
- Manufactures modular energy storage systems needed for several applications including the need for green energy in the event of insufficient capacity or power outages



### Case study

## Generac



Energy and climate  
Sub-category: Climate action

### Investment case

- Leading energy technology company that provides advanced power grid software solutions and backup power generation products for home and industrial use
- These technologies have become increasingly important with the challenges that exist in delivering reliable and consistent power to homeowners and businesses, caused in part by more extreme weather events and an aging and underinvested power grid
- Maintains one of the leading market positions in the power equipment market in North America, with an expanding presence internationally

### Sustainability criteria

- Improves energy resilience and independence through backup generators which should help people to optimise their energy efficiency and consumption
- Their energy storage systems are a clean energy solution, capturing and storing electricity from solar panels or other power sources, to help reduce home energy costs while also protecting homes from shorter-duration power outages
- Provides a tuition reimbursement programme to a number of employees every year, so they can pursue qualifications in undergraduate or graduate programmes



Case study

# Jungheinrich



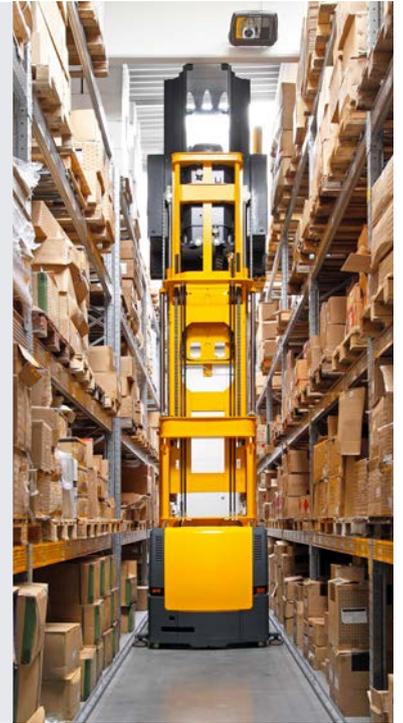
Energy and climate  
Sub-category: Operational alignment (climate)

## Investment case

- Optimises and automates logistical challenges in production and distribution centres through products ranging from industrial trucks and forklifts to digital fleet management systems
- More companies are making the switch to digitalised and electrified ways of improving efficiencies in their warehouses, which opens up significant long-term opportunities for Jungheinrich
- Consistent focus on innovative products and service capabilities such as after-sales maintenance and repair and driver training, which strengthens their customer relationships and the moat around the business

## Sustainability criteria

- Emphasis on improving the energy efficiency of products and the production process, for example through using lithium-ion technology to develop new truck concepts, which are more compact in design
- Offers a range of used and refurbished equipment including trucks, frames, engines, motors, and hydraulic components, which results in an 80% reduction in CO<sub>2</sub> emissions compared to new production
- They offer the 'Jungheinrich Training Centre' which is an international training programme for junior managers and graduates to improve their skills



Case study

# SSE



Energy and climate  
Sub-category: Climate action

## Investment case

- Leading UK energy company that develops, owns, and operates electricity infrastructure including onshore and offshore wind, hydro power and 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
- Their Scottish & Southern Electricity Networks (SSEN) transmission business is a natural monopoly and provides the company with consistent high quality stable cash flows

## Sustainability criteria

- Largest renewable electricity portfolio in the UK and Ireland, as well as a range of carbon capture and hydrogen projects
- Since COP-26 they have accelerated their net-zero investment plans over the next five years, making them the biggest constructor of offshore wind in the world
- First company to produce a Just Transition Strategy, which outlines their principles and actions to support workers to transition from high to low-carbon careers





## Resource efficiency



Badger Meter

### Case study

## Badger Meter

Resource efficiency  
Sub-category: Water security

### Investment case

- US industrial company focused on water metering solutions such as flow measurement and water quality and control products, serving water utilities and municipalities
- Badger Meter helps customers optimise the delivery and use of water through actionable intelligence which maximises their revenue and reduces waste, as more of us shift to a more interconnected and digital infrastructure
- Enjoys a high and stable market share and new entrants have significant barriers to entry

### Sustainability criteria

- Could save customers up to 5 billion gallons of water and avoid over 7,850 tons of CO<sub>2</sub> annually, through their highly accurate metering and analytics solutions
- Builds products to help conserve resources, using recycled material to make their bronze metering products, through operations which have zero emissions and zero water discharge
- Leadership training programme aimed at driving consistent management techniques and skill



### Case study

## Ball Corp



Resource efficiency  
Sub-category: Circular economy

### Investment case

- Provider of aluminium packaging solutions for beverages and household products
- Their innovative and circular products, which are infinitely recyclable, are a beneficiary of the huge preference shift towards sustainable can packaging rather than plastic or glass
- Operate with high margins and supply to all key markets and some of the largest brands/holding companies globally which should provide a reliable and high growth trajectory

### Sustainability criteria

- Pioneering sustainable packaging products including the refill-and-recycle 'Ball Aluminium Cup' which is low-carbon, truly circular and lightweight yet sturdier, compared to single-use plastic cups
- Work closely with recycling organisations such as MetalMatters, which is the largest industry-funded recycling campaign in the UK, to increase recycling rates of their aluminium cans towards 100% by 2030
- The first aluminium can manufacturer to adopt a science-based carbon emissions target, aiming to reduce absolute carbon emissions in their operations by 55% by 2030 and within their value by chain by 16% against a 2017 baseline



## Case study

# Trex



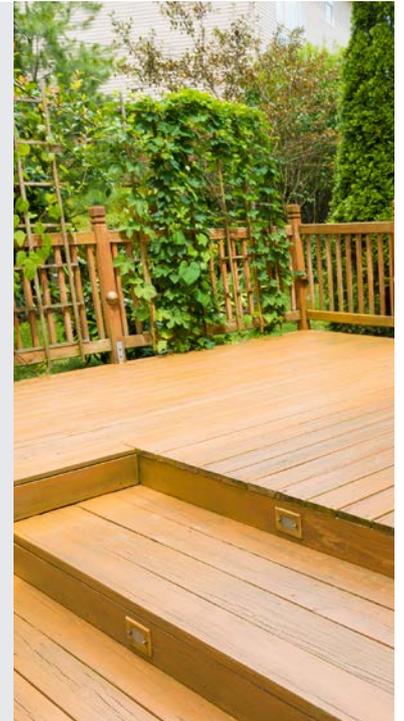
Resource efficiency  
Sub-category: Sustainable consumption

### Investment case

- The world's first and largest producer of composite outdoor decking, made from reclaimed timber and recycled plastic, for both residential and commercial use
- The growing popularity of outdoor living spaces and consumer trends towards choosing more sustainable products should provide Trex significant growth opportunities in a still relatively lowly-penetrated market
- Their unique protective shell technology creates a superior product which is resistant to fading, staining, scratching and mould – helping to maintain their competitive strength and market share

### Sustainability criteria

- Use what would normally go to waste, for example recycled plastic film, bags and wraps and reclaimed wood, to create durable decking made from 95% recycled and reclaimed materials
- As one of the largest buyers of recycled polyethylene film in North America, their recycling programme has 32,000 collection stations which help divert plastic from landfills
- Their leadership development training programmes prepare employees for future management positions ultimately helping to retain staff



## 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 is focused across 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 they have 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 and reduce health infections
- Their technologies help their customers to reuse and recycle water, saving over 200 billion gallons of water last year
- This year, their goal is to help customers reduce greenhouse gas emissions by 3.6 billion kilograms to help prevent pollution-related illnesses, and they have achieved 27% of this target as of Q1





# Decent work



## Case study

# Accenture



Decent work  
Sub-category: Operational alignment (employment)

### Investment case

- Global consultancy and professional services firm working across many industries such as health, banking, communications, and retail
- Strong and deep relationships with the majority of the world's largest companies provides them with a huge competitive moat – almost all top clients have been with them for 10+ years
- Huge growth opportunities in digital areas such as cloud, cyber security, applied intelligence and social media where their consumers need Accenture's expertise to provide new solutions

### Sustainability criteria

- Strong gender equality in the workplace – 50% of their board of directors are women as well as 30% of executives – with a target to achieve a gender balanced workforce by 2025
- Promote diversity and inclusivity through partnerships such as 'MOBOLISE' where they have partnered with MOBO to create a digital platform to connect black talent with the best career opportunities
- Largest professional services company to have their net-zero target of achieving net-zero emissions by 2025 approved by the Science Based Target's initiative



## Case study

# Legal & General



Decent work  
Sub-category: Operational alignment (employment)

### Investment case

- British multinational financial services company offering investment management, lifetime mortgages, pensions, annuities, and life insurance
- Significant growth opportunities in the investment management business with their large passive investment offering which is increasing in popularity across the US and Asia
- Market leader and trusted insurance brand in the UK and Europe, offering a full suite of solutions, which generate high levels of cash flow

### Sustainability criteria

- Supports business and innovation through investments in universities, science labs and start-ups, which creates jobs and promotes economic growth
- Funds key technologies supporting the transition to a lower carbon economy such as ground source heat technology and electric vehicle charging points
- They have been building high quality and affordable housing through 'Legal and General Affordable Homes' for two years with a target to deliver 3,000 houses a year



## Case study

# Microsoft



Decent work  
Sub-category: Operational alignment (employment)

### Investment case

- Global technology company with leading positions across multiple categories such as computer software, consumer electronics, gaming and cloud
- Management have transformed the business to a 'cloud first, mobile first' concept, away from reliance on just Windows and Office products and towards diversified revenue streams
- Range of products including Teams, Outlook, Windows, Azure, LinkedIn and SurfacePro, many of which have a high level of recurring cash flow and strong subscription revenues enabling consistently strong growth

### Sustainability criteria

- Key focus on exploring more sustainable ways to manufacture, such as liquid immersion cooling in data centres, to help them become water-positive (creating more water than they use) by 2030
- Support more than 250 non-profit partners in 42 countries annually to provide more than 2.5 million learners with in-demand digital skills for jobs in the 21st-century economy.
- Launched the Climate Innovation Fund which will invest \$1 billion over four years to help scale up climate technologies such as carbon removal



## Case study

# S&P Global

Decent work  
Sub-category: Operational alignment (employment)

### Investment case

- US financial services company providing data and analytics, research and commentary, credit ratings, benchmarks and ESG solutions
- High quality portfolio of enduring and defensible businesses which provide them with robust pricing power and consistent organic revenue growth
- Strong brand and subscription-based revenue, with a high retention rate, in several areas including market intelligence and indices

### Sustainability criteria

- Delivers ESG tools to promote sustainable markets and help companies mitigate ESG risks - including 150+ ESG indices, 14,000 companies covered by TruCost carbon analysis and the acquisition of SAM ESG ratings from RobecoSAM in 2020
- The S&P Global Foundation works with its non-profit partners to meet the STEM and digital hiring needs of employers globally while increasing minority and female participation in the digital workforce
- Focused on hiring a diverse and inclusive workforce by expanding their recruitment through initiatives and partnerships such as #10,000black interns, The Amos Bursary and SEO London in the UK and PowerToFly in the US





# Health and Wellbeing



## Case study

# BUPA (Corporate bond)

Health and Wellbeing  
Sub-category: Healthcare access

### Investment case

- International healthcare and health insurance group servicing 12 countries
- Attractive relative yield on short dated debt for a conservatively-run business
- Business remains resilient despite COVID related challenges

### Sustainability criteria

- Focuses on the provision of healthcare, dental and residential care services to help people live longer, healthier and happier lives
- Established a Healthy Communities Fund which directed money towards mitigating the impact of the pandemic for those hardest hit, and with a particular focus on mental health and wellbeing in schools
- Ambition to become a Net-Zero business by 2040, validated by the Science Based Targets initiative, and they are part of the United Nations (UN) Race to Zero campaign



## Case study

# Edwards Lifesciences



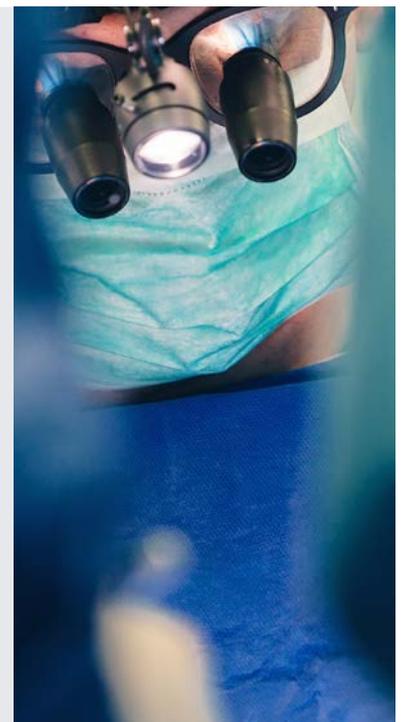
Health and Wellbeing  
Sub-category: Healthcare access

### Investment case

- American medical technology company, focused on heart valve replacement products and cardiac monitoring equipment
- Their transcatheter heart valves have particularly high barriers to entry given they are patented and provide patients with a low-risk surgery option (instead of open-heart surgery) which is also easy to use for clinicians
- Critical nature of their products helps to alleviate headwinds from COVID and lessens the number of patients having to stay in hospital for long periods of time – a key issue facing ageing populations

### Sustainability criteria

- Helps reduce the global burden of heart valve disease by supporting education, screening and treatment
- Created the first commercially available heart valve in 1960 and continues to drive the development of minimally invasive technologies that improve both patient outcomes and speed of recovery
- Focuses on helping clinicians enhance knowledge and standardise practice to improve quality and efficiency of care through evidence-based education programs



Case study

# Eurofins Scientific



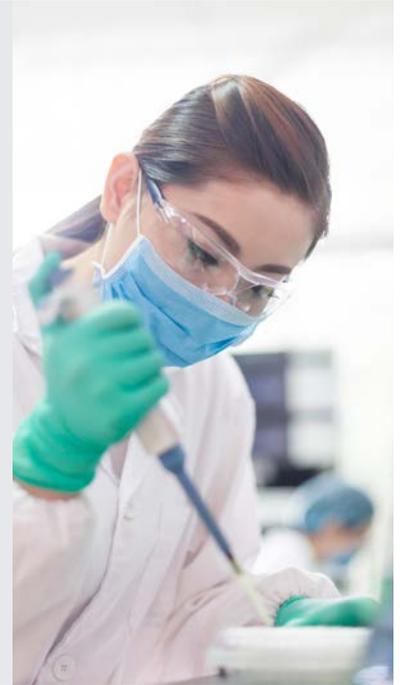
Health and Wellbeing  
Sub-category: Safety & protection

## Investment case

- Provides independent safety testing and diagnostics for a range of products including food, pharmaceutical, environmental and technology
- Enjoys a strong market share and continues to build out its business in new sectors, particularly food, where new innovations and regulations are increasing pressure on producers to invest in the testing Eurofins provides
- Their global network of laboratories allows them to target global players meaning barriers to entry for new competitors are high and durable

## Sustainability criteria

- Their laboratories are at the forefront of medical breakthroughs and drug discovery to help clinicians save lives
- Contributes to a safer and healthier world by conducting asbestos analyses, soil analyses, water analyses, ecological inventories, and hazardous materials research, among other things
- Aims to achieve carbon neutrality by 2025 by first significantly reducing carbon emissions then offsetting the remaining CO<sub>2</sub> emissions



Case study

# Smith & Nephew



Health and Wellbeing  
Sub-category: Healthcare access

## Investment case

- British diversified advanced medical technology business producing products in areas such as arthroscopy (keyhole surgery) and orthopaedic reconstruction products (hip and knee replacements)
- Three main business lines; orthopaedics, sports medicines, and advanced wound dressings that are designed to improve efficiency and reduce cost, within which Smith & Nephew have a kit that no one else can produce
- Well-aligned with and benefit from the long-term themes of more people living longer, improvements in medical technology and procedures, and growth in emerging markets

## Sustainability criteria

- Their technologies, such as skilled robotics, are designed to improve the accuracy, increase the patient satisfaction, and reduce the likelihood of infection from medical procedures
- Provides grants and donations to charitable or not-for-profit organisations and medical institutions to help underserved communities access their cutting edge and lifesaving technologies
- Focused on improving the sustainability of products and packaging with a target to incorporate 30% post-consumer recycled content into all non-sterile packaging by 2025





## Case study

# Ansys



Innovation and infrastructure  
Sub-category: Supporting environmental sustainability

### Investment case

- American technology company focused on simulation software for developing autonomous cars, designing golf clubs, designing water pumps, and simulated crash testing of vehicles
- The areas Ansys specialise in are not only vital but very complex and require in depth expertise, which helps to protect Ansys from new competitors entering the market
- Simulation is becoming increasingly important to aid companies with research and development across the whole lifecycle of a product and provides cost savings, for example through replacing physical crash testing of vehicles with simulations instead

### Sustainability criteria

- Software helps innovators test and improve solutions in clean technology and renewable energy systems
- Offers Ansys Academic software for teachers to help the technology be used for research and/or teaching in engineering schools around the globe
- Developing solutions catering to emerging sustainable and low carbon technologies for autonomous vehicles, energy storage and battery management systems



## Case study

# ASML



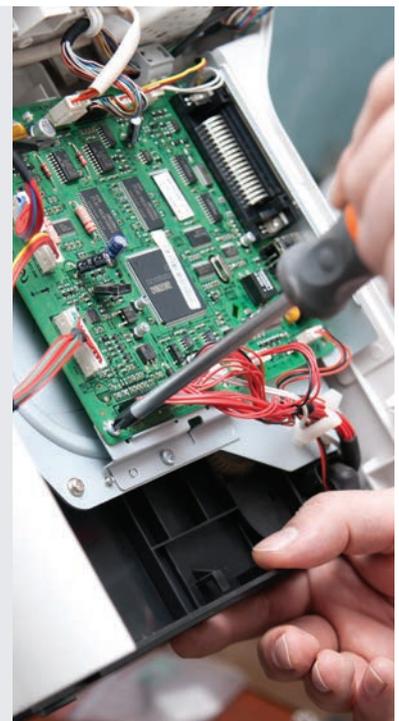
Innovation and infrastructure  
Sub-category: Supporting environmental sustainability

### Investment case

- The blue-chip player globally in the manufacturing of the equipment required to make microchips found in a wide range of products including computers, smartphones and medical equipment
- ASML possesses significant technological expertise and the deep pockets required to drive innovation to enable microchips to be smaller, cheaper, and more powerful and energy-efficient
- Structural shifts to more technology-enabled products should lead to a significant expansion of opportunities for ASML through chip-hungry areas such as electric vehicles, industrials, and artificial intelligence

### Sustainability criteria

- The design of their products extracts the maximum value from the materials they use, and their equipment systems can last for decades promoting resource efficiency
- ASML is committed to help make microchips greener by reducing the energy use of their equipment systems through investing in hydrogen systems and more efficient pumps
- Reached goal to use 100% renewable electricity across their operations in 2020 and reduced net emissions footprint by over 30%



Case study

# Assa Abloy



Innovation and infrastructure  
Sub-category: Supporting human wellbeing

### Investment case

- Global lock and entry systems business, an industry with attractive growth
- Focus on the huge potential in virtual keys and shift from traditional locks to smart locks – a market that is expected to triple over the coming decade
- Leading position in electromechanical sector (especially hotel chains), and a growing position in the residential sector where they have partnered with Google, Walmart and Amazon

### Sustainability criteria

- Provides security, safety, and peace-of-mind to customers with locks, doors and gates
- All parts of the business are required to actively develop sustainable products using their 'Sustainability compass' with eight dimensions and they must clearly declare what impact products have on the environment
- Number of pioneering energy-saving products including mobile access to allow keyless entry to hotel rooms (reducing need for plastic cards) and the 'Signo' access control card which has a lower day to day power consumption and carbon footprint than its predecessor



Case study

# Mastercard



Innovation and infrastructure  
Sub-category: Energy and climate

### 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 girls into a career in science, technology, engineering and maths





# Inclusive economies



## Case study

# HOME REIT

Inclusive economies  
Sub-category: Basic needs

### Investment case

- UK listed REIT dedicated to fighting homelessness through funding the acquisition and creation of new, high quality homeless persons' accommodation for charities, housing associations and other regulated organisations that receive funding from local or central government
- Delivers critical social impact whilst also providing very low risk income and strong annual net returns
- The severe shortage for fit-for-purpose housing stock alongside regulation which requires local housing authorities to secure accommodation for people who are unintentionally homeless underpins its ability to achieve continued growth

### Sustainability criteria

- Homelessness can devastate people's lives and significantly affect their physical and mental health and the accommodation Home REIT provides aims to combat this
- Provide training and rehabilitation at the properties to deliver individuals with the skills and confidence to find long-term accommodation and to reintegrate back into society
- Properties are well located close to local amenities/transport to encourage low-carbon footprint



## Case study

# Rabobank (corporate bond)



Inclusive economies  
Sub-category: Inclusive economies

### Investment case

- Dutch multinational banking and financial services company leading in food and agriculture financing and sustainability-oriented banking
- Modest risk appetite of management helps ensure strong credit rating
- High asset quality and lower cyclicity than peers underpin defensive qualities

### Sustainability criteria

- As a bank that traces its roots to food and agriculture, The Rabo Food & Agri Innovation Fund is committed to investing in companies that can accelerate the transition to sustainable food production
- Leading Extractive Industries Policy, established in 2017, which enabled the group to end all direct financing of activities involving coal used for power generation and of shale gas and other non-conventional fossil fuels
- Globally, Rabobank is one of the largest providers of finance for renewable energy, according to the Bloomberg New Energy Finance League Table, specifically leading in large-scale offshore wind farm projects in Europe





# Resilient Institutions



## Case study

# Japanese Government bonds

Resilient Institutions

### Investment case

- A+ rated 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 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 – greenhouse gas emissions have fallen in the last five years, while renewable electricity generation has grown steadily



## Case study

# UK Government bonds

Resilient Institutions

### Investment case

- A+ rated government bond issuer
- Gilts are safe-haven assets that should provide protection when stock markets fall
- Index-linked bonds, whose value and coupon payments are pegged to inflation, protect us against any inflation shocks

### 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 fifth 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 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 
A2Dominion	Activity			✓					
Abbott Laboratories	Activity				✓		✓		
Accenture	Operational				✓				
Adobe	Operational				✓			✓	
Advanced Drainage Systems	Activity		✓						
African Development Bank	Activity			✓	✓		✓		
AIA	Operational				✓				
Alfen	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				✓				
Dexcom	Activity						✓		
DSM	Activity						✓		
DSV Panalpina	Operational	✓							
Ecolab	Activity		✓						
Edwards Lifesciences	Activity						✓		
Equinix	Operational	✓							
Eurofins Scientific	Activity						✓		✓
European Investment Bank	Activity	✓			✓	✓			
First Republic Bank	Operational				✓				
Generac	Activity	✓							
GlaxoSmithKline	Activity						✓		
GN Store Nord	Activity			✓			✓		
Halma	Activity						✓		✓
Hannon Armstrong	Activity		✓			✓			
Home REIT	Activity			✓					
Jack Henry & Associates	Operational				✓				

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 
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 Plc	Operational				✓				
London & Quadrant Housing	Activity			✓					
LSE	Operational	✓							
M&G	Operational				✓				
Mastercard	Activity					✓			
Microsoft	Operational	✓		✓	✓				
National Grid	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							✓	
US Bancorp	Operational	✓							
Verizon Communications	Activity					✓			
Vestas	Activity	✓							
Visa	Activity					✓			
Vodafone	Activity					✓			

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# Rathbones

Look forward

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