

Rathbone Greenbank Investments  
Dedicated to ethical and sustainable investment

# Vision with Values



Rathbones  
Look forward

## Contents

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Introduction	3
Pioneers in ethical, sustainable and impact investment	4
Our vision, mission and values	5
A team of dedicated professionals	6

### Spotlights

Investing for impact	8
Supporting the UN sustainable development goals	10
Climate-aligned investing	12
Engaging for change	14
Collaborating for the common good	16

### Implementation

Our services and our clients	18
Our ethical research and screening process	20
Responsible investment and stewardship at Rathbones	22
Contact us	24

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Rathbone Greenbank Investments ("Greenbank") is a trading name of Rathbone Investment Management Limited (a subsidiary of Rathbone Brothers Plc), through which we have the backing of one of the UK's largest and longest-established providers of discretionary investment management services.



# We are delighted to present our *Vision with Values.*

At Greenbank we have a strong legacy of investing responsibly on behalf of our clients. For over 20 years we have worked hard to bring about positive change through investment.

With assets under management in excess of £1.6 billion\*, we provide a bespoke investment management service to an ever-growing range of private clients, trustees and professional advisers.

We are proud of the pioneering role our team has played, not only in developing a leading ethical, sustainable and impact investment service but also in driving improvements in the management of environmental, social and governance risks through our company engagement. We remain a pioneer, and as we enter a new, critical decade for responsible investment, our vision for Greenbank is bolder than ever. That's against a backdrop of ambitious global and regional goals that have been set for sustainable development.

In *Vision with Values*, we first present five 'spotlights' on investing for impact; the UN sustainable development goals (SDGs); climate-aligned investing; engaging for change and how we collaborate for the common good. In 'implementation', we go on to explain our integrated approach to investment and our research process. We conclude with an explanation of how Greenbank fits within Rathbones' wider approach to responsible investment and stewardship.

We strive to be the natural home for investors seeking to align their investments with the change they want to see in the world. We are committed to generating long-term value for our clients through our ethical, sustainable and impact investment expertise and shared passion for people and planet.

On behalf of the Greenbank team, I hope you enjoy this publication and are inspired to work alongside us to build a movement in ethical, sustainable and impact investment. If you have any comments or if we can assist you in any way, we would be delighted to hear from you.

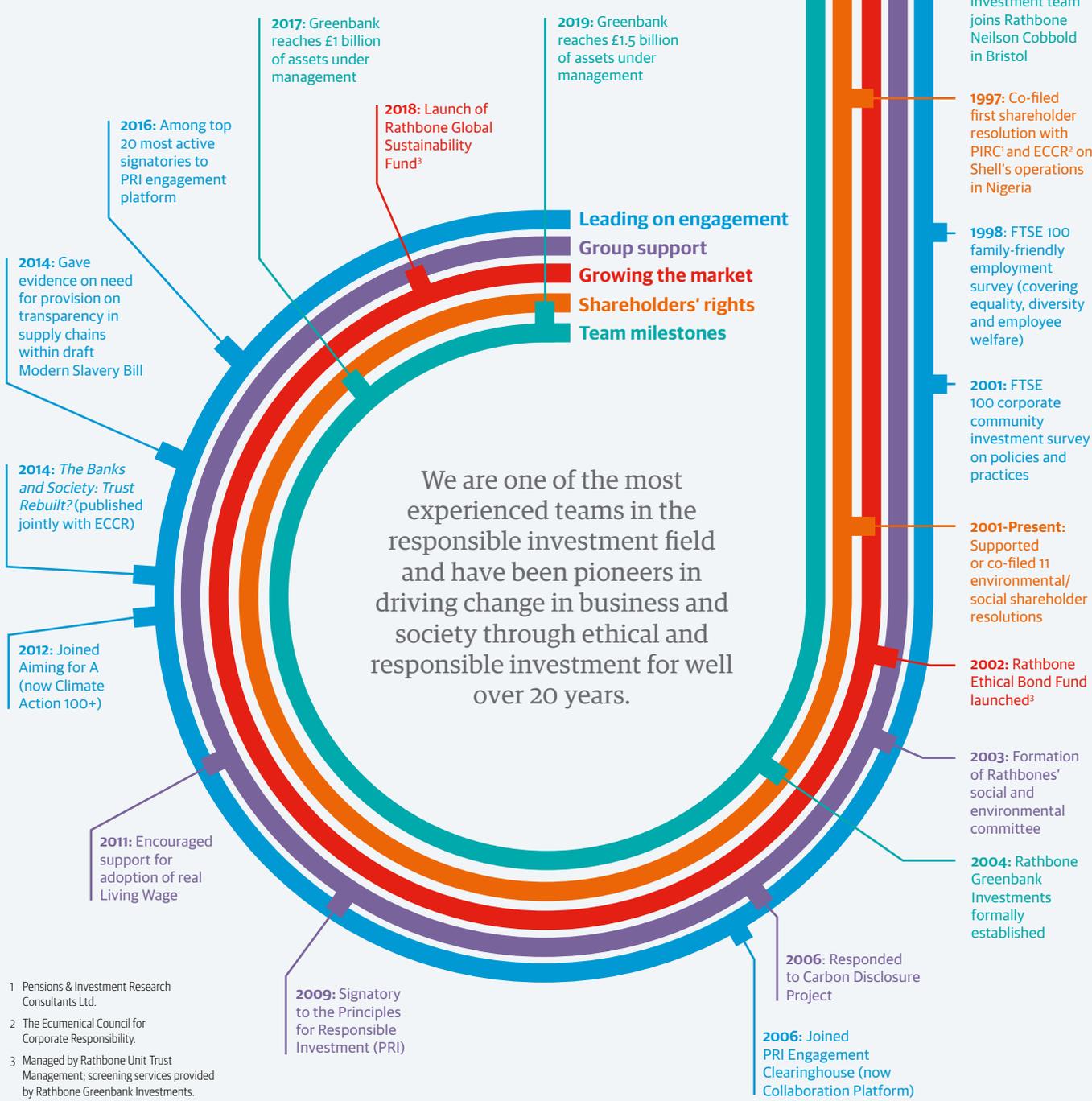
**John David**  
Head of Rathbone  
Greenbank Investments

\* As at 31 December 2019.

GREENBANK'S ANNUAL INVESTOR DAY THEMES 1999-2019: 2019 CIRCULAR ECONOMY, 2018 GOOD WORK, 2017 S

# Pioneers in ethical, sustainable and impact investment

1999 WATER MANAGEMENT, 2000 SUSTAINABLE BUILDING, 2001 SUSTAINABLE ENERGY, 2002 HUMAN RIGHTS, 2003 ORGANIC AND SUSTAINABLE FOOD PRODUCTION, 2004 CLIMATE CHANGE, 2005 CLIMATE CHANGE FOR THE NEXT GENERATION, 2006 ORGANIC AND SUSTAINABLE FOOD PRODUCTION, 2007 HUMAN RIGHTS, 2008 SUSTAINABLE ENERGY, 2009 SUSTAINABLE BUILDING, 2010 WATER MANAGEMENT, 2011 HUMAN RIGHTS, 2012 SUSTAINABLE ENERGY, 2013 SUSTAINABLE BUILDING, 2014 WATER MANAGEMENT, 2015 HUMAN RIGHTS, 2016 SUSTAINABLE ENERGY, 2017 SUSTAINABLE BUILDING, 2018 GOOD WORK, 2019 CIRCULAR ECONOMY



1 Pensions & Investment Research Consultants Ltd.  
 2 The Ecumenical Council for Corporate Responsibility.  
 3 Managed by Rathbone Unit Trust Management; screening services provided by Rathbone Greenbank Investments.

SUGAR, 2016 MODERN SLAVERY, 2015 INVESTING IN THE FUTURE, 2014 OVERSEAS DEVELOPMENT, 2013 WATER

SECURITY, 2012 THE RESPONSIBLE APPLICATION OF TECHNOLOGY, 2011 SUSTAINABLE CONSUMPTION, 2010 BIODIVERSITY, 2009

## Our vision

To be the natural home for investors seeking to align their investments with the change they want to see in the world.



**Bespoke and personal service**



**Going the extra mile for clients**



**Being transparent and trustworthy**



**Evidence-based investment decisions**



**Friendly, courageous and passionate team**



**Market leading ethical, sustainable and impact research**



**Leaders in company engagement**



**Long-term oriented investment approach**

## Our mission

To generate long-term value for clients, employees and partners through our ethical, sustainable and impact investment expertise and shared passion for people and planet.

## Our values

### Being responsible

**Caring** for our clients, employees, and the needs of the wider world through investing and operating responsibly.

### Working together

**Collaborating** with companies, the investment community, individuals and organisations to create value that is aligned with our shared values.

### Showing courage

**Confident** in our conviction that sustainable investment can make a difference – delivering financial, social and environmental returns.

### Always professional

**Committed** to meeting our clients' needs through our professionalism and dedication to ethical, sustainable and impact investment.

GLOBAL PROBLEMS, LOCAL SOLUTIONS, 2008 URBAN RENOVATION, 2007 MICROFINANCE, 2006 CLIMATE

# A team of dedicated professionals

Greenbank's team members include both private client and charity investment specialists and an ethical, sustainable and impact research team.



**Pictured from left to right:** Catherine Naughton, Chris Bullock, Catherine Murphy, Jane Wilcock, David Nicholsby, Victoria Hoskins, Ellis Burden, Sophie Lawrence, Lauren Morrison, Kai Johns, John David, Rosie Sparrowhawk, Madeleine Perricone, Perry Rudd, Anique Greyling, Nicola Day, Natalie Moxom, Corinne Bathgate, Elizabeth Haigh, Kate Elliot, Abigail Parker and Kate Shepherd. Not pictured: Iain Craig, Kirsten Douglas, Sharon Iles, Wendy Lee and Nicholas Roe-Ely.

## What do you feel are the core strengths of the Greenbank team?

“The ethical, sustainable and impact research team is one of the core strengths as well as the fact that the team as a whole are all passionate about the issues we look at on a daily basis.”

**Corinne Bathgate**  
Investment team

“Integrity, commitment and ‘going the extra mile’ to deliver what clients ask for – pushing us to develop a better offering in the process.”

**Perry Rudd**  
Head of Ethical Research

“The depth of experience that has been accumulated by the ethical research team and the objectivity they employ when making their assessments.”

**Iain Craig**  
Investment team

“Our people, no question. We have recruited people who share Greenbank’s and our clients’ values and have been able to develop hugely capable individuals who operate effectively as a team.”

**John David**  
Head of Greenbank

**What aspects of our work at Greenbank are you most proud of?**

“Our work in ‘impact-driven’ investing where we have helped to raise capital for social enterprises such as Ethical Property Company and City Car Club.”

**Elizabeth Haigh**  
Co-founder of Greenbank

“We genuinely care about our clients, empathise with their views, work extremely hard for them, and treat the smallest and largest with the same care and respect.”

**John David**  
Head of Greenbank

“Our ability to help clients invest in solutions to some of the biggest social and environmental challenges we face – from the low-carbon transition to social inequality.”

**Sophie Lawrence**  
Research team

“Proving that taking a responsible/sustainable approach to investing does not harm investment returns – debunking the myth.”

**Joe Crehan**  
Investment team

“Taking a truly long-term view through a thorough and robust integration and alignment of sustainability and investment concerns.”

**Kai Johns**  
Research team



**What aspects of our offering do you feel differentiate us in the market?**

“Greenbank offers clients a unique service – we ensure our research is dynamic and thorough and our client service is professional and personalised.”

**Nicola Day**  
Deputy Head of Greenbank

“The engagement work of the ethical, sustainable and impact research team in particular is carefully thought through and is a powerful tool for positive change in the business environment.”

**Catherine Naughton**  
Communications Executive

“The bespoke nature of our service means that we can offer a wide range of portfolios to suit our clients’ diverse ethical, sustainable and impact needs – from listed equities and third party funds to unlisted social enterprise investments.”

**Anique Greyling**  
Investment team

“In the private client world, it is the depth of our research and engagement. In charity and institutional spaces, it is also the flexibility to adjust the portfolio to suit the specific client, particularly as they may evolve their strategy over the years as they become more comfortable with investing with an ESG lens.”

**Victoria Hoskins**  
Investment Director

# Spotlight

## Investing for impact

The 'spectrum of impact' is a way of mapping the broad range of risk and return strategies within the field of responsible investment. At Greenbank, we invest across the responsible, sustainable and impact-driven approaches.

Approach	Traditional	Responsible	Sustainable	Impact-driven	Philanthropy	
Financial goals		Accept competitive risk-adjusted financial returns →			Accept disproportionate risk-adjusted returns	Accept partial capital preservation    Accept full loss of capital
Impact goals		<b>Avoid harm</b>				
			<b>Benefit all stakeholders</b>		<b>Contribute to solutions</b>	
	<b>Don't consider</b> May have significant effects on important negative outcomes for people and the planet	<b>Avoid harm</b> Try to prevent significant effects on important negative outcomes for people and the planet	<b>Benefit</b> Affect important positive outcomes for various people and the planet	<b>Contribute to solutions</b> Have a significant effect on important positive outcome(s) for underserved people and the planet		
Intentions	“ I am aware of potential negative impact, but do not try and mitigate it ”	“ I have regulatory requirements to meet ” “ I want to behave responsibly ”	“ I want businesses to have positive effects on the world, and help sustain long-term financial performance ”	“ I want to help tackle climate change ” “ I want to help tackle the education gap ”		

Source: The Rise of Impact: Five steps towards an inclusive and sustainable economy, UK National Advisory Board on Impact Investing, October 2017.

### The impact economy

## Responsible and sustainable investment

Understanding the wider social and environmental impact of our holdings is a fundamental part of our investment process across the different approaches we apply. Prior to investing, potential holdings are screened to ensure they meet a minimum threshold of environmental, social and governance performance. Beyond this, companies are selected or excluded based on clients' financial objectives and their specific impact priorities (positive screening) and concerns (negative screening). You can find out more on pages 20-21.

### DS Smith

Greenbank first invested in DS Smith in 2003. DS Smith is an international paper and packaging manufacturer, which uses recycled waste as its primary source of raw material. It partners with organisations to offer closed-loop recycling services, helping to design out unnecessary waste and turn residual waste streams into reusable resources. In 2019 it announced a global partnership with the Ellen MacArthur Foundation to continue working towards a circular economy.

### Places for People

Greenbank first invested in Places for People in 2010. Places for People has grown into one of the UK's largest housing associations, owning or managing over 200,000 homes. The subsidiary Places for People Leisure also manages a network of 110 leisure centres on behalf of UK local authorities. Places for People creates additional social impact through employment and training in their supply chain and through the services they provide. In 2018-19, over 2,700 people were supported by Places for People into work or provided with skills development or volunteering opportunities.

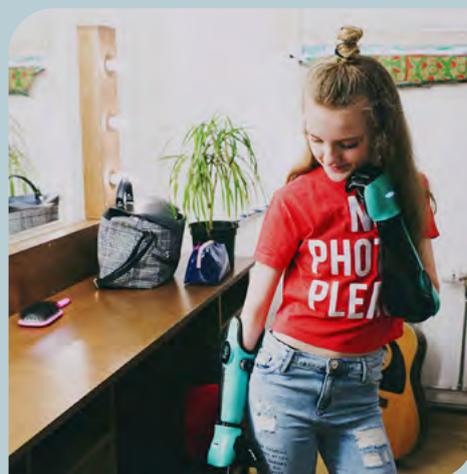


## Impact-driven investments

Investors are increasingly seeking to achieve a positive social or environmental impact alongside financial returns. This approach is referred to as 'impact investing' and is defined by the Global Impact Investing Network (GIIN) as "investments made with the intention to generate measurable positive social and environmental impact alongside financial return". Under the broad category of impact investing, there are a number of more specialised approaches, including social enterprise investment and 'impact first' investment. These approaches vary according to the balance between financial, social or environmental returns being sought.

Greenbank was one of the first private client investment management teams to implement such an approach and has made over 40 impact-driven investments since 2000. Investments have been made across multiple themes including social housing, sustainable transport, renewable energy, microfinance, and care provision for underserved groups such as the elderly, people with learning difficulties and ex-offenders.

While we seek a fair financial return from such investments, they are generally only appropriate for clients and trustees prepared to take on the additional risk inherent in such opportunities. For many impact investors this increased risk is balanced by the strong positive social or environmental impact generated.



### City Car Club

Greenbank first invested in City Car Club in 2006 and remained invested on behalf of clients until its acquisition by Enterprise Rent-A-Car in March 2015. City Car Club's aim was to provide a convenient and cost-effective alternative to private car ownership through the provision of car-sharing facilities to businesses and individuals. City Car Club operated in 13 cities (including London, Bristol and Edinburgh). It has been able to scale up its business model following its acquisition by Enterprise, which aims to become the principal mobility provider for businesses and private motorists wanting to hire a vehicle on a short-term basis.

### Open Bionics

Greenbank has been investing in Open Bionics since 2017. Established in 2014, Open Bionics is a robotics and medical technology company based at the Bristol Robotics Lab, part of the University of the West of England. It is focused on the development and manufacture of low-cost prosthetics and myoelectric bionic limbs, mainly for hand and lower arm amputees. Open Bionics' technology is based on 3D-printing techniques to reduce the time and cost involved in producing customised prosthetics.



Spotlight

# Supporting the UN sustainable development goals



## What are the UN sustainable development goals (SDGs)?

In September 2015, the United Nations launched the SDGs. These comprise 17 goals (with 169 underlying targets) that member states are expected to use to frame their policies in order to “end poverty, protect the planet and ensure prosperity for all” by 2030. Almost five years after the adoption of the goals, global efforts to achieve them are off-track. World leaders are calling for bold leadership this decade to achieve the goals.

### Investment supporting the SDGs

Greenbank’s approach to responsible investment has long recognised many of the challenges encompassed in the SDGs and the ways in which companies can meet them. The investment portfolios we manage contain companies with a broad range of positive aspects. Some are directly supporting the delivery of one or more of the SDGs through the products and services they provide and others display leading practice in managing their own social and environmental impacts. Across all Greenbank’s assets under management, approximately 40% is invested in companies directly offering solutions to sustainable development challenges. Within this, themes include climate change (11.5%), healthcare access (3.1%) and resource scarcity (3.6%).

### Engagement supporting the SDGs

Engagement plays an important role in the positive impact of investment portfolios. Divestment can be a very powerful tool in highlighting the importance of an issue and in some cases is an appropriate response to concerns about a company’s ethical or financial performance. But engagement, analysis and ongoing dialogue with companies is also essential to create systemic change. Our engagement with companies and policymakers over the last 20 years has helped to advance the aims of a number of SDGs.



# How do the SDGs map to our investment themes?

## Health and wellbeing

**Sub-themes:**  
Healthcare access; access to nutrition; safety and protection; sports and leisure

**Example areas of investment:**  
Healthy foods; reducing food waste through the value chain; prevention and treatment of mental health issues

## Energy and climate

**Sub-themes:**  
Climate action; energy security; operational alignment (climate and environmental management)

**Example areas of investment:**  
Mitigation technologies; alternative energy and fuels; renewable or low-carbon energy development

## Resilient institutions

**Sub-themes:**  
Participation & governance; operational alignment (human rights)

**Example areas of investment:**  
Knowledge sharing & community formation; privacy & freedom of expression

## Habitats and ecosystems

**Sub-themes:**  
Life on water; life on land; operational alignment (farm animal welfare)

**Example areas of investment:**  
Sustainable aquaculture & fisheries; habitat restoration; non-intensive farming methods

## Innovation and infrastructure

**Sub-themes:**  
Supporting environmental sustainability; supporting human wellbeing

**Example areas of investment:**  
Zero/low emission transport; environmental consultancy and sustainable town planning

## Resource efficiency

**Sub-themes:**  
Sustainable consumption, circular economy, water security; operational alignment (resource efficiency)

**Example areas of investment:**  
Sustainable resource management; more efficient industrial processes; stormwater management

## Decent work

**Sub-themes:**  
Decent work; operational alignment (employment); operational alignment (responsible sourcing)

**Example areas of investment:**  
Job creation & economic development; support for entrepreneurship and SMEs

## Inclusive economies

**Sub-themes:**  
Basic needs; training and education; inclusive economies

**Example areas of investment:**  
Social and affordable housing; water and sanitation services; educational products and services



## Spotlight

# Climate-aligned investing

Climate change continues to be a core issue for Greenbank. COP26<sup>1</sup> will be hosted in the UK in 2021 and is set to be a landmark gathering. It will provide the first opportunity for countries' nationally determined contributions (NDCs) to be reviewed and strengthened since the Paris Agreement was reached at COP21 in 2015.

External awareness of the issue continued to grow throughout 2019, with both the Extinction Rebellion and school strike movements gaining momentum in their efforts to force governments to take action to avoid the worst consequences of climate change.

The Intergovernmental Panel on Climate Change's (IPCC) special report in October 2018 highlighted the need to keep global warming below 1.5°C above pre-industrial levels in order to avoid significant environmental and economic costs. With current global policies and targets projected to result in over 3°C of warming, this ambition gap needs to close.

<sup>1</sup> Conference of the Parties, known as COP, is the decision-making body responsible for monitoring and reviewing the implementation of the United Nations Framework Convention on Climate Change. <http://youth.wmo.int/en/content/what-conference-parties-united-nationsframework-convention-climate-change>.





## Climate sustainable assets and 1.5°C investing

The transition to the low-carbon economy has already begun: aligning a portfolio to both support and benefit from this transition should help to insulate it from medium and long-term risks and position it to capitalise on long-term opportunities. In order to limit warming to 1.5°C, global carbon emissions will need to fall dramatically by 2030 and achieve net zero by 2050.

### At Greenbank, we work with clients to provide practical ways to align to a 1.5°C pathway:

**Assess** the exposure of investment portfolios and their holdings to climate risk. We are able to offer innovative analytics for clients; see example outputs on page 21.

**Reduce** exposure to industries whose activities are misaligned with a low-carbon pathway. For example, companies involved in coal, oil or natural gas extraction or those operating coal-fired power plants with unabated emissions. Reducing exposure may involve full, partial or targeted divestment and decisions should reflect an organisation's current climate impacts in addition to whether it has a credible transition strategy with evidence of it being implemented effectively.

**Increase** exposure to 'climate sustainable assets' that we define as investments with a major link to climate mitigation technologies or renewable/low-carbon energy development (directly supporting a low-carbon transition). This also encompasses investments indirectly supporting a low-carbon economy, for example organisations which are reducing their own annual greenhouse gas emissions, are committed to sourcing increasing amounts of renewable energy or those that provide technologies, products or services that facilitate the transition.

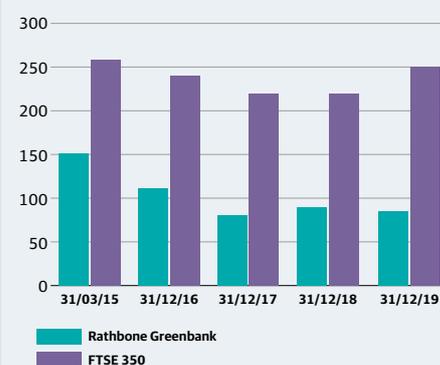
**Engage** with companies and policymakers to encourage actions consistent with a low-carbon transition. We are participants in a project called the Paris Aligned Investment Initiative, led by the IIGCC<sup>2</sup>, focused on agreeing a common framework for different asset classes to align with a 1.5°C pathway. We are also engaging with companies to establish science-based targets, where they commit to reducing annual GHG emissions, proportionately in line with the level of decarbonisation required to keep the global temperature increase below 1.5°C.

<sup>2</sup> The Institutional Investors Group on Climate Change.

## The carbon footprint for Greenbank's equity holdings

Greenbank confirms its commitment to the Montreal Carbon Pledge<sup>3</sup> annually by publishing an updated carbon footprint of the equity holdings within all the investment portfolios it manages<sup>4</sup>. We believe it is important to understand and be transparent about the climate impacts associated with investment portfolios, so that risks and opportunities can be identified and managed appropriately.

Tonnes of CO<sub>2</sub> per £1m invested



Our analysis covers the whole of the equity part of the investment portfolios we manage. We continue to work to increase the scope of the tool by also including fixed-income investments and managed funds, using a weighted average carbon intensity method rather than share ownership. This measures a portfolio's exposure to carbon-intensive companies based on CO<sub>2</sub> emissions per million pounds of sales, adjusted according to each holding's weighting within a portfolio.

<sup>3</sup> The Pledge is supported by the PRI and the UN Environment Programme Finance Initiative. By signing it, investors commit to measuring and publicly disclosing the carbon footprint of their investment portfolios on an annual basis.

<sup>4</sup> <https://www.rathbonegreenbank.com/insight/portfolio-carbon-footprinting-and-assessing-climate-risk>

**Spotlight**

# Engaging for change

The investor voice is a powerful means to influence and direct the ways in which companies are run. Taking an active approach to our share ownership of companies is part of the Greenbank service and complements our investment analysis. It is a vital expression of our role as stewards of our clients' assets to advocate for lasting change with the companies in which we invest.

**Our approach**

Engagement forms a key part of Greenbank's approach to responsible investment in the following ways:

- as a means of addressing direct concerns about a specific company issue or area of performance
- as a means of encouraging best practice, giving internal momentum for positive change within companies
- as a means of furthering a 'best of sector' investment strategy (for example, in the extractives and pharmaceuticals sectors) by encouraging constituent companies towards more positive behaviour
- in engaging with a company, Greenbank will favour the methods shown to the right.

**Our core principles**

Our engagement is guided by the following principles:

- Greenbank will seek open and constructive dialogue in a spirit of longer-term partnership
- engagement will be made on the basis of corroborated evidence or research which is of a rigorous and independent nature.

**Measurement and reporting**

Any new insights from our engagement activities are fed directly back into the investment process. We also provide our clients with a detailed summary of the engagement activity that is relevant for their portfolio on a regular basis and we are always seeking opportunities to represent their views and create positive change on their behalf.

Escalation



- Potential divestment**
- AGM questions / tabling AGM resolutions**
- Meetings with management**
- AGM voting**
- Informal dialogue and formal correspondence**

## The power of engagement

Greenbank has had over 600 individual engagement interactions with companies since 1998 and has taken part in over 30 collaborative engagements through the PRI alone since 2009. The following timelines present our work in some of our core engagement areas.



### Climate risk

We have engaged with major greenhouse gas emitters to encourage strategic thinking about climate risk and helped organisations understand how they can transition to a low-carbon economy. We have played a pioneering role in collaborative engagements focused on climate change.

<p><b>2012</b> Joined Aiming for A coalition (precursor to Climate Action 100+).  Asked questions on climate risk at SSE and Shell AGMs.</p>	<p><b>2015</b> <b>Shell:</b> climate resolution receives 98.9% support. <b>BP:</b> climate resolution receives 98% support.</p>	<p>Signed Montreal Carbon Pledge and became members of the Institutional Investors Group on Climate Change.</p>	<p><b>2018</b> Signed an investor statement to G7 Governments calling for implementation of the Paris Agreement and adoption of the recommendations of the Task Force on Climate-related Financial Disclosures.</p>
<p><b>2014-17</b> Resolutions on climate risk filed at Shell, BP, Rio Tinto, Glencore and Anglo American.  Meetings with ten of the largest carbon emitters in the FTSE.</p>	<p><b>2016</b> Co-signed a letter to the Financial Reporting Council calling for greater disclosure of long-term strategic risks arising from climate change.</p>	<p>Engagement with companies on carbon asset risk through the shareholder coalition 'A4A Carbon Asset Risk'.</p>	<p><b>2019 – ongoing</b> Active contributor to the Paris Aligned Investment Initiative (IIGCC), working to enable investment portfolios to transition to a 1.5°C warming scenario.</p>



### Modern slavery

Having successfully coordinated investor support for inclusion of a Transparency in Supply Chains (TiSC) clause in the UK's Modern Slavery Act 2015, we have been working with global partners to encourage adoption of similar requirements in other jurisdictions.

<p><b>2012</b> Greenbank started to engage with the UK Government to encourage adoption of a transparency in supply chains (TiSC) Bill.</p>	<p><b>2015</b> Hosted a parliamentary debate in support of the Modern Slavery Bill.</p>	<p>Modern Slavery Act receives Royal Assent. TiSC clause included.</p>	<p><b>2017</b> Lobbied Australian Government in favour of TiSC legislation.</p>	<p>Australia announces plan to introduce TiSC reporting rules.</p>
<p><b>2014</b> Provided evidence to the Parliamentary Joint Committee on the draft Modern Slavery Bill.</p>	<p>Signed joint investor statement to support TiSC legislation.</p>	<p>Input into draft Modern Slavery Bill prior to its discussion in the House of Commons.</p>	<p><b>2017 – ongoing</b> Engagement with portfolio companies to encourage improved TiSC reporting.</p>	



### Health and nutrition

We have engaged extensively with food and beverage production and retail sectors to highlight the risks of excess sugar, poor nutrition and obesity, also raising awareness of the links between poverty and nutrition.

<p><b>2014-17</b> Contributed to Access to Nutrition Index methodology.</p>	<p><b>2016</b> Participated in roundtables (including World Obesity Forum) presenting on investment risks and opportunities linked to nutrition and obesity.</p>	<p><b>2019</b> Supported the "Plating Up Progress" initiative (Food Climate Research Network and The Food Foundation), focused on creating a sustainable and healthy food system for all.</p>	
<p><b>2016</b> Met with five companies to discuss their responses to the emerging risks around sugar, obesity and diabetes.</p>	<p><b>2017</b> Finance Act 2017 receives Royal Assent; introduces levy on sugary soft drinks.</p>	<p>Greenbank becomes a signatory to the Access to Nutrition Index.</p>	<p><b>2020 – ongoing</b> Ongoing support for The Food Foundation to change business practices and ensure access to food and healthy diet for all.</p>

## Spotlight

# Collaborating for the common good

Greenbank is able to magnify its positive impact through partnering with many different members of the responsible investment community.

“Greenbank has contributed in many ways, including providing feedback on the BBFAW benchmark framework and promoting it across the investment industry. In the early years, Greenbank's support was critical in establishing the legitimacy of farm animal welfare as a topic of interest for investors. As farm animal welfare has grown in importance, investors have looked to Greenbank to advise them on what implementation – in terms of engagement and investment integration – means in practice. Our engagement with Greenbank has been overwhelmingly positive. From an animal welfare perspective, the fact that a large institutional investor takes the issue seriously has been critical to driving change in company practice and performance. Greenbank has championed the cause of farm animal welfare, even at a time when it was not recognised as a particularly important issue for investors.”



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



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



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



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



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



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

“ For a small charity like ECCR, Greenbank’s support has been invaluable – not only have they ‘put their money where their mouth is’, but by volunteering team members to be trustees, they have strengthened the governance of the organisation, bringing a unique perspective and valuable expertise to the table. We have also had the privilege of collaborating with them on research reports. Culturally we feel very aligned: we have admired the authenticity and commitment to an ethical approach that Greenbank has, which is particularly refreshing in this age of ‘greenwashing’. They don’t just pay lip service to doing things differently, but actively work to promote ethical investment, not only for their clients, but to grow this market more broadly.”



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



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



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



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



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



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



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

“ Greenbank has taken a leadership role in helping The Food Foundation to engage across the finance sector, hosting events with us and providing expert feedback around investment risks and opportunities in the food industry. Our ongoing support from Greenbank has allowed us to engage more and test theories and ideas. It has given us a ‘friend on the inside’ in the finance sector who supports our content and events and reviews our reports with us.”

## Implementation

# Our services and our clients

We strive to be transparent with our clients and partners about everything we do. We therefore wanted to share more detail on our processes at Greenbank, including how we select investments and conduct our research.

### Our services

Greenbank specialises in creating bespoke ethical, sustainable and impact portfolios for clients with different needs. Our investment team works to understand each client's unique financial aims, as well as their ethical, sustainability and impact requirements. Our in-house research team plays a key role in supporting the provision of this service.

Our investment managers use their professional knowledge and experience to invest clients' money in individual portfolios, all carefully chosen to match their financial objectives and values. We also offer a range of banking and online services and a unique suite of client-specific services, including reporting and training for trustees for our charity clients.

### Our clients

Our investment team manage ethical, sustainable and impact-focused portfolios on behalf of our private individual, trust, charity and professional adviser clients. We work with over 1,900 clients across the UK and manage in excess of £1.6 billion in assets (as at 31 December 2019).

Our aim is to help clients achieve their goals, generating the financial returns they need without compromising their values. This is based on four core beliefs:

- clients should know the person managing their investments and benefit from the direct relationship they have with experienced ethical, sustainable and impact investment managers
- portfolios should be managed in an objective manner that reflects clients' environmental, social and ethical investment requirements
- clients should be able to have confidence in the seamless administration of their portfolio
- in an ever-changing economic environment, clients should expect a reliable and professional service.

“It’s unusual to find an investment manager that can balance traditional discretionary investment management with very individual ethical requirements and incorporate less standard investment themes within a portfolio as well. That’s much more appealing to us than a manager who only screens out investments without adding anything positive.”

**Financial adviser**

“We appointed Greenbank as our investment manager in 2018, as we wanted someone who really understood the principles of our responsible investment policy and had the commitment to deliver it in conjunction with having a strong track record of delivering strong investment returns for its clients. Greenbank has invested significantly in their relationship with us and has gone the extra mile to service our requests. Their service goes well beyond an ‘invest and forget’ approach. Greenbank has actively managed our portfolio to deliver our responsible investment objectives, including reducing the carbon impact of our portfolio, as well as achieving the investment return targets we require.”

**Charity trustee**

“I chose to invest in Greenbank as I wanted to ensure my investments were contributing positively to a greener future while avoiding investments in armaments. Greenbank was recommended to me by a friend and I have been impressed with my interactions with the investment team and the quality of the ethical research that I have received to date. Greenbank’s wealth of experience in responsible investment is reassuring and I would like to see them continue to play a significant role in the growth of the wider market.”

**Private client**

## Our integrated approach to investment

### We take time to understand each client’s unique priorities

We recognise that every investor has different ethical priorities and financial requirements. We have worked for over 20 years to understand how financial and ethical issues can be integrated into the management of a client’s portfolio to meet their overall investment objectives. This allows us to design tailored strategies to a client’s individual financial circumstances, investment objectives and risk appetite.

We believe a long-term investment strategy is the key to providing consistent risk-adjusted returns for our clients. To decide which assets to invest in, we use a wide range of sources of ethical and financial research, including our own in-house ethical research team and wider Rathbones research, as well as an extensive range of external brokers, analysts and fund managers. We use these inputs to make long-term financial decisions and generate ideas. Because Rathbones is independent, we can look across the whole of the market to find investments that match our clients’ interests.

## Implementation

# Our ethical research and screening process

Greenbank specialises in creating bespoke portfolios for private clients, trusts and charities without restricting them to a 'one size fits all' solution that may not fully meet both their financial aims and their ethical, ESG or impact requirements.



Our in-house ethical, sustainable and impact research team plays a key role in supporting the provision of this service, underpinned by its proprietary database of company and issuer profiles. This covers companies in the FTSE 350 Index, as well as selected FTSE SmallCap Index, Alternative Investment Market (AIM) and overseas stocks, corporate bonds and unquoted impact (social enterprise and impact-first) investments.

Fundamental to our approach is our belief that those companies providing positive solutions for a changing world, while also demonstrating strong social and environmental management and good corporate governance, are likely to be sound long-term investments.

With this in mind, prior to any investment, our research team screens potential holdings to ensure that they meet a minimum threshold of ESG performance. Our team look in detail at both what a company does and how it operates as part of this process. Organisations are assessed against 30 top-level social and environmental criteria and over 300 distinct sub-criteria.

Beyond this initial assessment, portfolio construction is informed by the choices made by clients through our ethical questionnaire covering their specific ethical preferences or ESG policies.

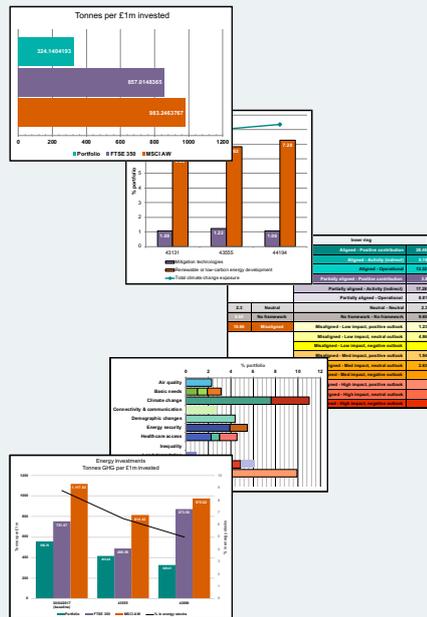
We then apply a range of techniques to select appropriate investments:

1. **Avoidance screening** enables the avoidance of companies involved in activities that might specifically be of concern, such as armaments or tobacco, or companies implicated in breaches of human rights, child labour or environmental damage.
2. **Positive selection** will identify investments that are contributing to a sustainable society, for example companies involved in renewable energy technologies or social housing.
3. To broaden the range of eligible investments, clients also have the option to adopt a **'best of sector'** approach. This identifies the leaders in major investment areas while still avoiding companies with poor environmental, social and ethical standards. Best of sector investing increases diversification, thereby lowering risk, and may be particularly appropriate for more cautious clients.





**Advanced screening capabilities and portfolio analysis tools**



**Reporting and thought leadership**

There are several different reports and analytics that our research team can produce for clients. These include:

- **Annual ethical reviews:** produced for individual client portfolios based on their consolidated holdings. The reviews provide clients with a summary of company news and engagement activity specific to key holdings.
- **Analysis of portfolio holdings:** a range of different outputs can be produced depending on individual client needs. For example, we can provide a breakdown of companies directly addressing sustainability challenges through their products and services, demonstrating how solutions are provided.
- **Measuring impact:** we are able to provide detailed information on the social and environmental impact of certain impact and thematic holdings, as well as a range of 'climate metrics' reports.
- **Thought leadership:** regular research updates are presented through our bi-annual Reviews, the 'Insight' pages of our website and our annual Investor Day event.



## Implementation

# Responsible investment and stewardship at Rathbones

A core focus on responsible investment and stewardship is also a key priority for Greenbank's parent organisation, Rathbone Investment Management, a subsidiary of Rathbone Brothers Plc.

Since Rathbones was founded as a merchant bank in 1742, many prominent members of the Rathbone family have led the way in supporting progressive causes, from the abolition of slavery to workers' rights, universal suffrage and financial support for struggling families.

Responsible investment is intrinsic to Rathbones' organisational culture and investment process. Rathbones aims to lead the UK wealth management sector by taking an intelligent and active approach to responsible investment through a holistic appraisal of investment opportunity and risk.

Rathbones established a responsible investment committee in 2019 which defines responsible investment as:

*"The purposeful integration of environmental, social and corporate governance (ESG) considerations into investment management processes and ownership practices in the belief that these factors can have an impact on financial performance."*



## Principles for Responsible Investment

The Principles for Responsible Investment (PRI) were launched in April 2006 by the United Nations. They were designed to promote the incorporation of ESG factors into investment decisions. There are six voluntary principles that member investors commit to in order to help them integrate ESG into their decision-making. There are currently over 2,300 signatories and membership has grown steadily since the inception of the principles.<sup>1</sup>

Rathbones has been a signatory since 2009 and has contributed to over 40 engagement actions through the PRI's Collaboration Platform on issues such as deforestation, modern slavery and marine plastic pollution. Membership of the PRI within Rathbones was originally spearheaded by Greenbank.

Having successfully leveraged the support and influence of the Rathbones name over the years – particularly in key engagement projects such as Climate Action 100+ – we are delighted that Rathbone Brothers Plc is also now an investor member of the Institutional Investors Group on Climate Change (IIGCC).

The newly formed responsible investment committee is served by two working groups which deliver active proxy voting and engagement on ESG issues. Greenbank team members play key roles in all three committees.



### Voting

The stewardship committee is responsible for developing and maintaining a bespoke corporate governance policy. It builds on established best practice, compliant with and inspired by the provisions of the UK Corporate Governance Code (which covers UK companies) and the AIC Code of Corporate Governance (which covers investment trusts).

From 2020, Rathbones will apply its bespoke policy within a specialist sustainability themed voting policy for the entirety of its proxy voting activities. This aims to ensure that all of its engagement through voting is informed by an adequate consideration of environmental, social and governance factors. Voting in line with the policy on its most widely-held stocks helps it execute its responsibilities under the PRI.



<sup>1</sup> [unpri.org/pri/about-the-pri](http://unpri.org/pri/about-the-pri)

# Contact us

For further information on the services that we provide, or to arrange a meeting, please contact us. Our team are looking forward to speaking with you.

Call us on:  
**0117 930 3000**

or email:  
**greenbank@rathbones.com**

For more information,  
please visit:  
**rathbonegreenbank.com**

Our UK offices  
**Bristol**  
**Liverpool**  
**London**

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## Rathbones has offices in:

Aberdeen | Birmingham | Bristol | Cambridge | Chichester | Edinburgh | Exeter  
Glasgow | Kendal | Liverpool | London | Lymington | Newcastle | Winchester

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

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Look forward