

Rathbone Greenbank Investments Engagement Policy

This policy document outlines our approach to engagement including how we select priority topics, how we identify the most effective methods to employ, and how we track and report on the outcomes and impact of our engagement activity.

Background

Engagement with companies and policymakers is a vital part of our role as ethical, sustainable and impact (ESI) investors and can be an effective lever to bring about positive social and environmental outcomes. It enhances our ability to mitigate sustainability risks and empowers our clients to use their money as a force for good.

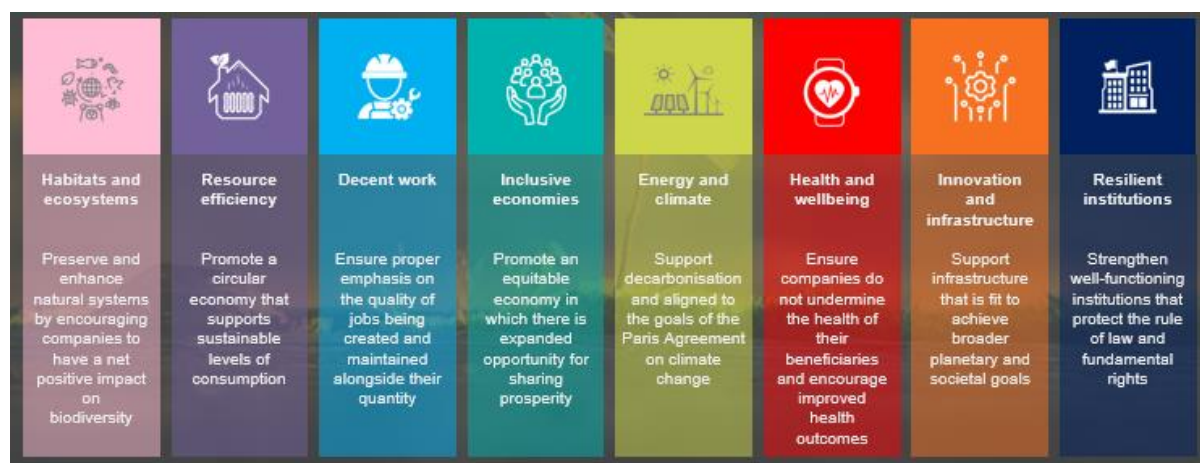
Taking an active approach to engagement is a core part of our service. It complements our investment analysis while enabling us to advocate for positive and lasting change on our clients' behalf.

Greenbank has over 20 years' experience engaging with companies on ESI issues and a successful track record that has led to positive change on a diverse range of issues ranging from modern slavery to climate change.

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

There are eight sustainable development themes that guide how we invest and engage at Greenbank. We have defined long-term environmental and social goals for each of these themes that we are working toward in our engagement activity.

Figure 1 Rathbone Greenbank's eight sustainable development themes



We know that our investments or engagement cannot solve these alone, but they are an important anchor in guiding our work.

Our approach to engagement

We engage at both a company-specific and thematic level and our activity is set in the context of long-term dialogue and ownership.

Engagement activity often takes place in complex operational, regulatory, or cultural environments, so each engagement project requires a tailored strategy – a 'one size fits all' approach is rarely effective.

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

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

Project selection

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

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

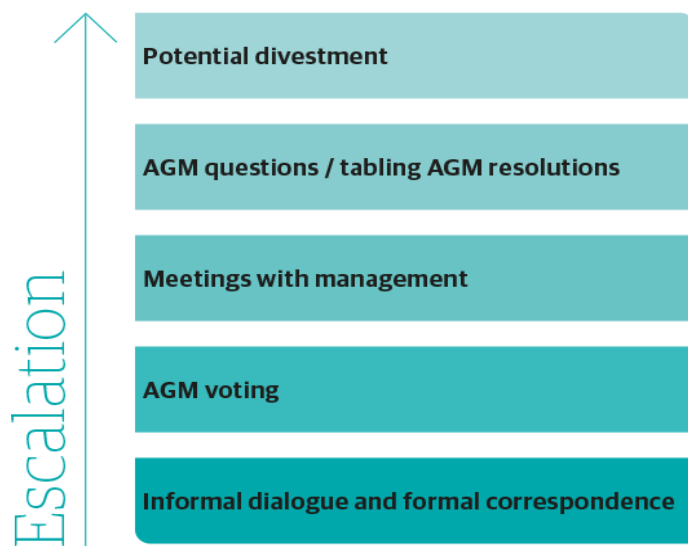
Potential new engagement projects are presented for approval by the ESI research team, who will consider them against the above principles in addition to the project's intended outcomes, time and resource commitments required, and fit with existing projects.

Engagement methods

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

To create the conditions for lasting and meaningful change we choose the most effective engagement method from our escalation framework (see Figure 2).

Figure 2 Rathbone Greenbank's escalation framework

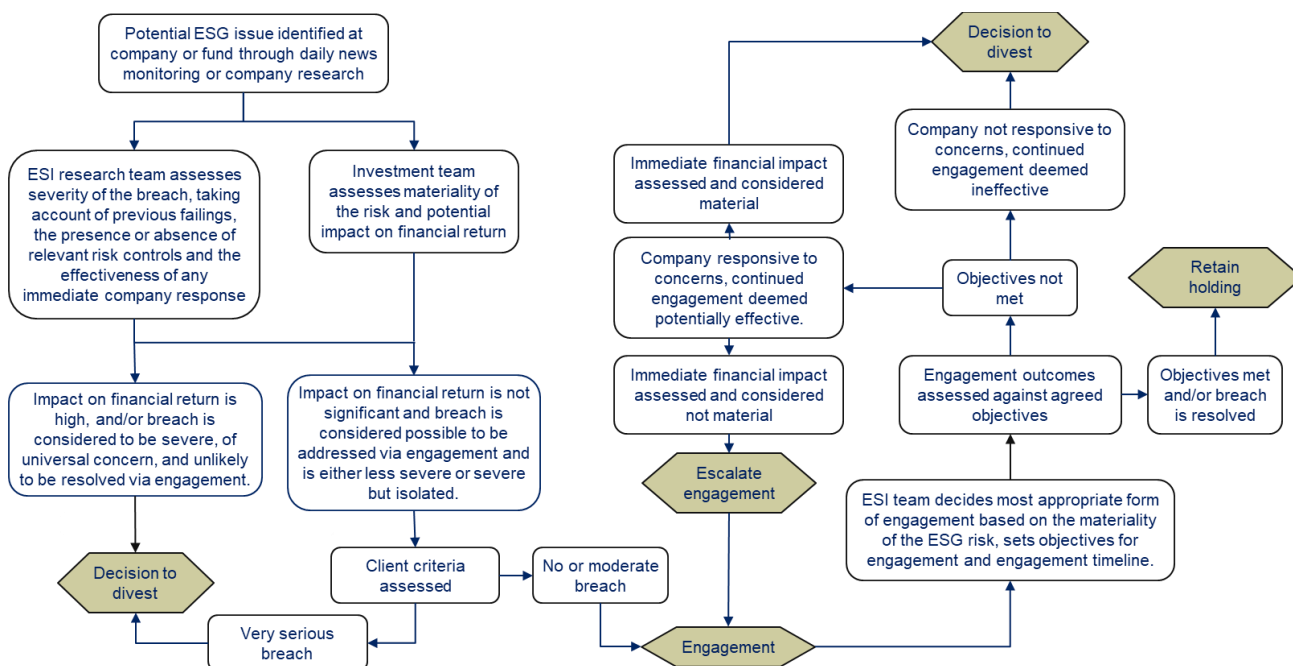


The most appropriate methods for each project will be decided as part of the initial project proposal. Progress is reviewed quarterly when we can opt to escalate our discussions and activities if necessary.

While we aim to stay invested and make effective use of our shareholder voice and voting rights, divestment is always an option.

We also conduct reactive engagement with investee organisations when a particular environmental, social or governance issue arises.

In these cases, we use the following decision tree to guide our actions:



Collaboration

We recognise the power of partnerships and, where appropriate, we collaborate with Non-Governmental Organisations (NGOs) and other members of the responsible investment community to increase the reach and impact of our engagement activities.

We also work closely with Rathbone Investment Management's stewardship and governance team to coordinate effective interventions on issues of shared concern.

Measurement and reporting

On an annual basis, the Rathbone Greenbank ESI research team reviews engagement activity over the previous year and sets its engagement priorities for the year ahead. These priorities are then reviewed and signed off by the Greenbank senior leadership team.

The ESI research team completes an engagement strategy brief for each new engagement project which outlines key information, including the reason for selection, objectives and responsibilities.

Quarterly review meetings are held, enabling the ESI research team to review progress against agreed objectives and discuss potential escalation. The quarterly meetings also provide a forum to discuss and approve any new engagement projects which have arisen in the previous quarter and any emerging issues we should have on our radar for future engagement work.

The ESI research team reports key engagement updates to clients via quarterly reports and during client meetings. On an annual basis we also produce an engagement review which goes into further detail on our annual engagement priorities, the impact of our engagement activities and our partnerships.