





## Corporate engagement – Q4 2019






Summary of engagement activities undertaken by Rathbone Greenbank during the period September to December 2019.

### Issues

SDG alignment*	Engagement activity
	<p><b>Climate policy</b></p> <p>As part of our membership of the Institutional Investors Group on Climate Change, we co-signed an open letter to European Union leaders ahead of the December European Council, calling for the adoption of a net zero GHG emissions target that would be achieved by 2050 at the latest.</p>
	<p><b>Sustainable fisheries management</b></p> <p>We co-signed a letter to the Marine Stewardship Council calling for the inclusion of standards on the management of lost or abandoned fishing gear (“ghost gear”) in the MSC’s revised sustainability standard. The MSC is currently reviewing its certification standards, providing a good opportunity for this important issue to be included.</p>
	<p><b>Paris Aligned Investment Initiative</b></p> <p>Launched in May 2019, the Paris Aligned Investment Initiative (under the aegis of the Institutional Investors Group on Climate Change) aims to explore how investors can align portfolios to the Paris Agreement. Rathbone Greenbank confirmed its interest to join the listed equities and corporate fixed income work stream, one of the four working groups. The first working group roundtable took place in October and several issues were discussed, including defining ‘Paris Alignment’ for investors and the process for how investors can establish objectives, targets and methodologies for alignment.</p>
	<p><b>Sustainable food systems</b></p> <p>We participated in roundtable discussion as part of the Food Climate Research Council’s ‘Plating up Progress’ project. This is seeking to develop a set of metrics for food retail, restaurants and catering groups that would provide meaningful information on the sustainability of their operations and supply chains. The roundtable discussion focused on how to overcome barriers to target setting and how to establish appropriate metrics with respect to the procurement of sustainable proteins and plant-based food and the role of soy in supply chain sustainability.</p>

*N.B. We do not necessarily invest in all companies with which we engage on behalf of clients; reference to a company here does not necessarily indicate an underlying holding, nor does it reflect the scale of our investment in these companies. Please contact us if you would like more information on any of our engagement projects.*

## Companies

SDG alignment	Engagement activity
	<p><b>Apple Inc.</b></p> <p>We initiated dialogue with members of Apple’s tax team to discuss the group’s approach to tax policy and its disclosure and reporting of tax governance. Apple explained that although it has active oversight from the board on tax issues, it is cautious about public disclosure due to the unstable global environment and ongoing State Aid investigation. The group has no intention of beginning public country-by-country reporting on tax, but is considering ways to improve disclosure and welcomed examples of good practice. This was part of our ongoing commitment to a collaborative engagement on tax coordinated by the Principles for Responsible Investment.</p>
	<p><b>BHP Group plc</b></p> <p>We voted in support of a shareholder resolution focused on suspending BHP’s membership of industry associations that fund pro-coal lobbying at the company’s AGM in Sydney. Nearly 30% of shareholders voted to support the resolution. We had previously joined a call with BHP’s management, ahead of the AGM to discuss its opposition to the resolution. The company argued that the resolution would impede progress on the issue for different reasons, including making it more difficult to influence the direction of an association once outside the organisation. Although the resolution did not pass, it sent a strong signal to company management that investors expect commitments to climate action to feed through into tangible actions. We will continue to monitor BHP’s activities closely.</p>
	<p><b>GlaxoSmithKline plc</b></p> <p>We met with the company as part of the Access to Medicine collaborative engagement programme. Co-leading with Nomura Asset Management, we followed up on the opportunities that were identified for the company in the 2018 Access to Medicine Index. Areas covered in the meeting included: expanding HIV voluntary licensing agreements; registration of key HIV products for countries in scope; and developing equitable pricing policies prior to phase III trials.</p>
	<p><b>Octopus Renewables Infrastructure Trust</b></p> <p>We contacted Octopus Renewables Infrastructure Trust requesting further information on its approach and policies surrounding the sourcing of biomass feedstock. In response to our query, it explained that biomass is unlikely to feature in the fund in the near future, but reassured us that the Octopus team has experience with the technology across other portfolios it manages. Existing biomass feedstock assets utilise waste materials sourced from the UK and Ireland and suppliers are subject to sustainability audits. The managers confirmed that they will be formalising their policy regarding biomass during 2020 and invited Rathbone Greenbank to provide input into this process.</p>
	<p><b>ROCKWOOL International A/S</b></p> <p>We contacted the company to determine its level of exposure to animal testing. ROCKWOOL explained in its response that certain European and national regulations dictate that animal testing is required when it changes the chemical composition of some fibres. ROCKWOOL clarified that it does not conduct animal testing itself and the last time testing was commissioned was in 2015. The European Mineral Wool Industry Association is currently working on a project to identify a means of removing this regulatory need for animal testing.</p>

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# Rathbone Greenbank Investments

## Dedicated to ethical and sustainable investment

### \*The UN Sustainable Development Goals (SDGs)

In September 2015, the United Nations launched the Sustainable Development Goals (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.

The SDGs provide a comprehensive framework for international action on the many social and environmental challenges the world faces. The private sector can play a very important role in supporting the delivery of these goals, though many require actions from governments to achieve the systemic change required.

Engagement, analysis and ongoing dialogue with companies is essential to create systemic change, and these activities play an important role in the positive impact of investment portfolios.

Much of our engagement work advances the aims of one or more of the SDGs. In the reporting above, we have highlighted the primary SDG which is being supported by each engagement theme or project.

#### Glossary of the 17 goals (and a selection of their underlying targets):

	<b>SDG 1: No Poverty - End poverty in all its forms everywhere</b> Targets include: eradicate poverty, improve rights over property & natural resources, and build resilience.
	<b>SDG 2: Zero Hunger - End hunger, achieve food security and improved nutrition and promote sustainable agriculture</b> Targets include: improve access to safe & nutritious food, increase sustainability & resilience of food production, and end malnutrition.
	<b>SDG 3: Good Health and Wellbeing - Ensure healthy lives and promote well-being for all at all ages</b> Targets include: reduce mortality from non-communicable diseases, road accidents & substance abuse, improve access to medicine.
	<b>SDG 4: Quality Education - Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</b> Targets include: improve access to school, university and vocational training & education.
	<b>SDG 5: Gender Equality - Achieve gender equality and empower all women and girls</b> Targets include: end discrimination against women & girls, improve women's economic empowerment, and increase access to reproductive health services.
	<b>SDG 6: Clean Water and Sanitation - Ensure availability and sustainable management of water and sanitation for all</b> Targets include: improve access to water & sanitation, increase water efficiency, decrease water pollution, and protect water resources.
	<b>SDG 7: Affordable and Clean Energy - Ensure access to affordable, reliable, sustainable and modern energy for all</b> Targets include: ensure universal and affordable access to energy, improve energy efficiency, and increase the share of renewables.
	<b>SDG 8: Decent Work and Economic Growth - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</b> Targets include: support job creation, achieve full & productive employment for all, protect labour rights, and eradicate slavery.
	<b>SDG 9: Industry, Innovation and Infrastructure - Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</b> Targets include: develop or upgrade basic infrastructure for sustainable development, increase access to technology & communications.
	<b>SDG 10: Reduced Inequalities - Reduce inequality within and among countries</b> Targets include: sustain income growth for the bottom 40%, promote social & economic inclusion, build equality into policy & regulation.
	<b>SDG 11: Sustainable Cities and Communities - Make cities and human settlements inclusive, safe, resilient and sustainable</b> Targets include: ensure access to safe & affordable housing, transport and public spaces, reduce the environmental impact of cities.
	<b>SDG 12: Responsible Consumption and Production - Ensure sustainable consumption and production patterns</b> Targets include: increase resource efficiency, reduce waste, and manage harmful chemicals.
	<b>SDG 13: Climate Action - Take urgent action to combat climate change and its impacts</b> Targets include: support the implementation of the Paris Agreement, integrate climate change into national policies.
	<b>SDG 14: Life Below Water - Conserve and sustainably use the oceans, seas and marine resources for sustainable development</b> Targets include: reduce marine pollution, promote sustainable fisheries, preserve and restore marine ecosystems.
	<b>SDG 15: Life on Land - Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</b> Targets: protect and restore terrestrial ecosystems, combat land degradation, manage forests sustainably.
	<b>SDG 16: Peace, Justice and Strong Institutions - Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</b> Targets include: reduce all forms of violence, reduce corruption & bribery, promote participation in governance.
	<b>SDG 17: Partnerships for the Goals - Strengthen the means of implementation and revitalize the global partnership for sustainable development</b> Targets include: improve tax & revenue collection, improve technology sharing, enhance the stability of global systems & frameworks.