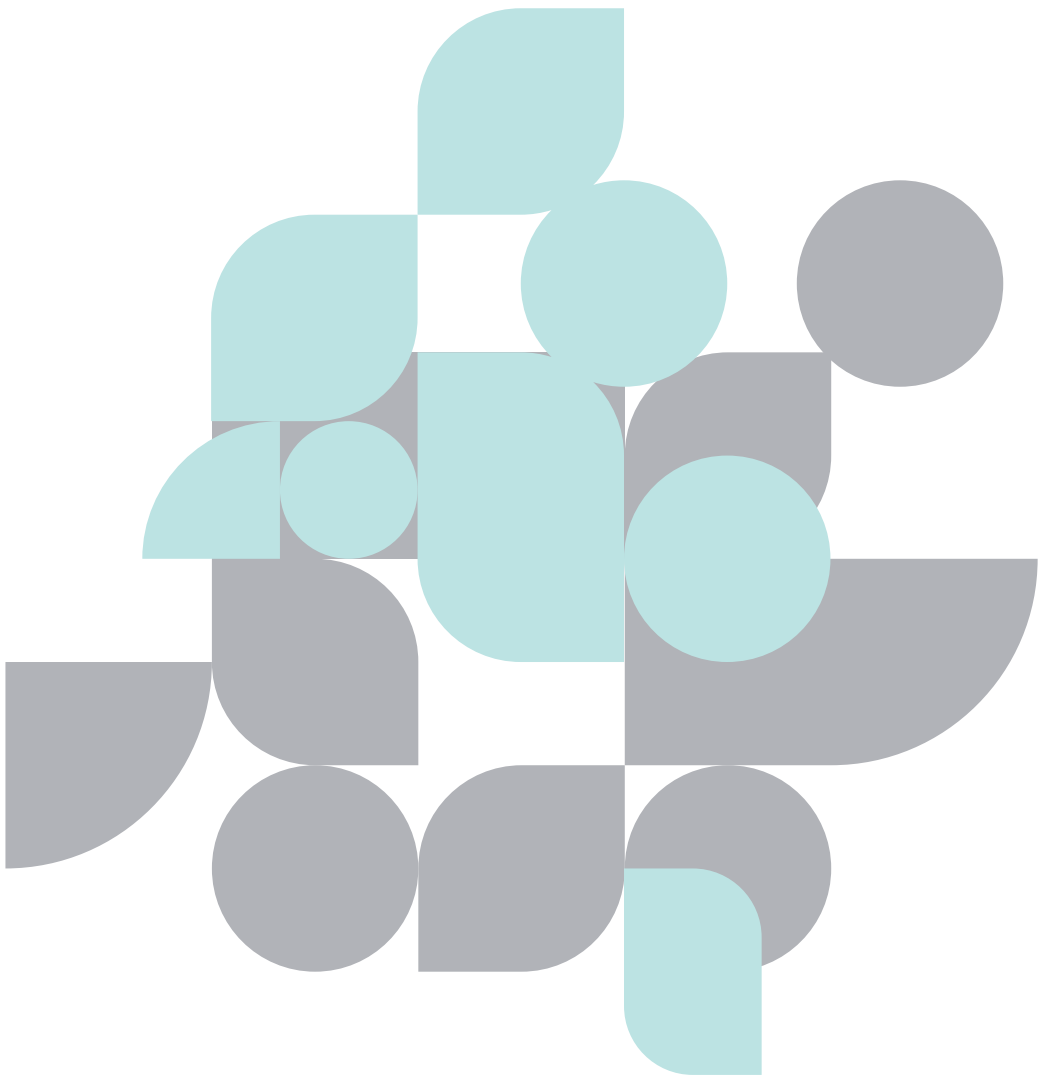


Rathbone Unit Trust Management Limited  
(Rathbone Ethical Bond Fund)  
and Rathbone Greenbank Investments  
European SRI Transparency Code  
Eighth Statement of Commitment  
1 October 2019 to 30 September 2020



# European SRI Transparency Code

This submission is made on behalf of the Fund Management Company

**Rathbone Unit Trust Management Limited ('Rathbone Unit Trust Management')**

a subsidiary of

**Rathbone Brothers Plc ('Rathbones')**

& the Fund Management Company's ESG research provider

**Rathbone Greenbank Investments ('Rathbone Greenbank')**

a trading name of

**Rathbone Investment Management Limited ('Rathbone Investment Management')**

a subsidiary of

**Rathbones Brothers Plc**

The European SRI Transparency Code (the Code) focuses on SRI funds distributed publicly in Europe and is designed to cover a range of assets classes, such as equity and fixed income.

All information pertaining to the European SRI Transparency Code can be found at the following website: [eurosif.org](https://www.eurosif.org). The Code comes with a Guidance Manual for fund managers on how to best use and respond to the Code.

## Revision of the Code

In 2017 the Code was updated to better reflect the continuing evolution of the European SRI market. A working group was set up to facilitate revision of the Code in line with the latest developments in the industry and in view of the latest work carried out by experts at the European and global level.

Applications to sign up to the Code will now be in line with key elements of the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD), Article 173 of the French TECV Act and the latest recommendations made by the High-Level Group of Experts on Sustainable Finance (HLEG) in its final report published in January 2018. Questions that are specifically designed to reflect those recommendations/legislation are indicated in the Code with footnotes.

## Two key motivations underpin this code

1. The opportunity for retail SRI funds to provide clarification to investors and other stakeholders about their SRI approach in an easily accessible and comparable format;
2. Proactive strengthening of self-regulation to contribute to the development and promotion of SRI funds by setting up a common framework for transparency best practices.

## Guiding principle

Signatories to the Code should be open and honest and should disclose accurate, adequate and timely information to enable stakeholders, especially consumers, to understand the ESG policies and practices of the fund.

### Commitments by signatories

- The order and exact wording of the questions should be followed
- Responses should be informative and clear, and the resources and methodologies used should be described in as much detail and as precisely as possible
- Funds should report data in the currency that they use for other reporting purposes
- Reasons preventing the fund from providing all or part of the information to a given question should be clearly stated and, in such cases, signatories should state when they will be able to answer the question
- Responses should be updated at least on an annual basis and should have a precise publication date
- Responses to the Code should be easily accessible from the website of the fund and/or of the fund manager. In any case, signatories should make it clear where to find the information required by the Code
- Signatories are solely responsible for the answers to the questions, and should state this in their response.

### Statement of commitment

Sustainable and Responsible Investing is an essential part of the strategic positioning and behaviour of Rathbone Brothers Plc (Rathbones), the parent organisation of Rathbone Unit Trust Management Limited (Rathbone Unit Trust Management) and Rathbone Greenbank Investments (Rathbone Greenbank). Rathbone Unit Trust Management has been involved in SRI since 2002 and Rathbone Greenbank since 1997; both parties welcome the European SRI Transparency Code.

This is our eighth statement of commitment and covers the period 1 October 2019 to 30 September 2020. Our full response to the European SRI Transparency Code can be accessed below and is available on our website.

### Compliance with Transparency Code

Rathbone Unit Trust Management is committed to transparency and we believe that we are as transparent as possible given the regulatory and competitive environments that exist in the countries in which we operate. The Rathbone Ethical Bond Fund meets the full recommendations of the European SRI Transparency Code. (If the full recommendations are not met, please state if and when you hope to comply with the questions you cannot answer at this time).

1 October 2019

### Eurosif classification of Sustainable and Responsible Investment' strategies

**Sustainability Themed Investment:** Investment in themes or assets linked to the development of sustainability. Thematic funds focus on specific or multiple issues related to ESG. Sustainability Themed Investments inherently contribute to addressing social and/or environmental challenges, such as climate change, eco-efficiency and health. Funds are required to perform an ESG analysis or screening of investments in order to come under this category.

**Best-in-Class Investment Selection:** Approach according to which leading or best-performing investments within a universe, category or class are selected or weighted based on ESG criteria. This approach involves the selection or weighting of the best-performing or most improved companies or assets as identified by ESG analysis within a defined investment universe. This approach includes best-in-class, best-in-universe and best-effort.

**Norms-Based Screening:** Screening of investments according to their compliance with international standards and norms. This approach involves the screening of investments based on international norms or combinations of norms covering ESG factors. International norms on ESG are those defined by international bodies, such as the United Nations (UN).

**Exclusion of Holdings from Investment Universe:** An approach that excludes specific investments or classes of investment from the investible universe, such as companies, sectors or countries. This approach systematically excludes companies, sectors or countries from the permissible investment universe if they are involved in certain activities based on specific criteria. Common criteria include weapons, pornography, tobacco and animal testing. Exclusions can be imposed at the individual fund or mandate level, but also increasingly at the asset manager or asset owner level, across the entire product range of assets. This approach is also referred to as ethical or values-based exclusion, as exclusion criteria are typically based on the choices made by asset managers or asset owners.

<sup>1</sup> Sustainable and responsible investment ("SRI") is a long-term oriented investment approach which integrates ESG factors in the research, analysis and selection process of securities within an investment portfolio. It combines fundamental analysis and engagement with an evaluation of ESG factors in order to better capture long-term returns for investors and to benefit society by influencing the behaviour of companies. Ref. Eurosif 2016

**Integration of ESG Factors into Financial Analysis:** The explicit inclusion by asset managers of ESG risks and opportunities in traditional financial analysis and investment decisions based on a systematic process and appropriate research sources. This category covers explicit consideration of ESG factors alongside financial factors in the mainstream analysis of investments. The integration process focuses on the potential impact of ESG issues on company financials (positive and negative), which in turn may affect the investment decision.

**Engagement and Voting on Sustainability Matters:** Engagement activities and active ownership through voting of shares and engagement with companies on ESG matters. This is a long-term process that seeks to influence behaviour or increase disclosure. Engagement and voting on corporate governance are necessary, but are not sufficient in themselves for inclusion in this category.

**Impact Investing:** Impact Investments are investments in companies, organisations and funds with the intention of generating a social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets and target a range of returns from below market-to-market rate, depending upon the circumstances<sup>2</sup>. Investments are often project-specific and distinct from philanthropy, as the investor retains ownership of the asset and expects a positive financial return. Impact investing includes microfinance, community investing, social business/entrepreneurship funds and French fonds solidaires.

<sup>2</sup>Global Impact Investing Network (GIIN), "What is Impact Investing?", <http://www.thegiin.org/cgi-bin/iowa/investing/index.html>, 2012

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# 1. List of funds covered by the Code

Name of the fund(s): Rathbone Ethical Bond Fund					
Dominant/preferred SRI strategy (Please choose a maximum of 2 strategies)	Asset class	Exclusions standards and norms	Fund capital as at 31 December	Other labels	Links to relevant documents
<input type="checkbox"/> Best-in-class investment section <input type="checkbox"/> Engagement & Voting <input type="checkbox"/> ESG Integration <input checked="" type="checkbox"/> Exclusions <input type="checkbox"/> Impact Investing <input type="checkbox"/> Norms-Based Screening <input checked="" type="checkbox"/> Leading to exclusions <input checked="" type="checkbox"/> Leading to risk management analysis/engagement <input checked="" type="checkbox"/> Sustainability Themed	<p><b>Passively managed</b></p> <input type="checkbox"/> Passive investing core benchmark: specify the index tracking <input type="checkbox"/> Passive investing ESG/SRI benchmark: specify the index tracking <p><b>Actively managed</b></p> <input type="checkbox"/> Shares in a euro area country <input type="checkbox"/> Shares in an EU country <input type="checkbox"/> International shares <input type="checkbox"/> Bonds and other debt securities denominated in euro <input checked="" type="checkbox"/> International bonds and other debt securities <input type="checkbox"/> Monetary assets <input type="checkbox"/> Short-term monetary assets <input type="checkbox"/> Structured funds	<input checked="" type="checkbox"/> Controversial weapons <input checked="" type="checkbox"/> Alcohol <input checked="" type="checkbox"/> Tobacco <input checked="" type="checkbox"/> Arms <input checked="" type="checkbox"/> Nuclear power <input checked="" type="checkbox"/> Human rights <input checked="" type="checkbox"/> Labour rights <input checked="" type="checkbox"/> Gambling <input checked="" type="checkbox"/> Pornography <input checked="" type="checkbox"/> Animal testing <input checked="" type="checkbox"/> Conflict minerals <input type="checkbox"/> Biodiversity <input checked="" type="checkbox"/> Deforestation <input checked="" type="checkbox"/> CO <sub>2</sub> intensive (including coal) <input checked="" type="checkbox"/> Genetic engineering <input type="checkbox"/> Other (please specify) <input checked="" type="checkbox"/> Global Compact <input checked="" type="checkbox"/> OECD Guidelines for MNCs <input checked="" type="checkbox"/> ILO Conventions <input type="checkbox"/> Other (please specify)	31/12/18 Mid value: £1,236.47m	<input type="checkbox"/> French SRI label <input type="checkbox"/> French TEEC label <input type="checkbox"/> French CIES label <input type="checkbox"/> Luxflag Label <input type="checkbox"/> FNG Label <input type="checkbox"/> Austrian Ecolabel <input type="checkbox"/> Other (please specify)	– (KIID) – Prospectus – Management report – Financial and non-financial reporting – Corporate presentations – Other (please specify)  Website: <a href="https://www.rathbonefunds.com/uk/financial-adviser/rathbone-ethical-bond-fund">https://www.rathbonefunds.com/uk/financial-adviser/rathbone-ethical-bond-fund</a>

## 2. General information about the fund management company

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### 2.1. Name of the fund management company that manages the applicant fund(s)

<b>Company:</b>	Rathbone Unit Trust Management Limited 8 Finsbury Circus London EC2M 7AZ
<b>Manager:</b>	Bryn Jones  Fixed Income Investment Director
<b>Telephone:</b>	020 7399 0399
<b>Facsimile:</b>	020 7399 0057
<b>Email:</b>	rutm@rathbones.com
<b>Website:</b>	rathbonefunds.com

### 2.2. What are the company's track record and principles when it comes to integrating SRI into its processes?

While Rathbone Unit Trust Management applies a governance and stewardship policy in the management of its range of 'conventional' unit trusts, it does not yet routinely apply Environmental and Social criteria; however, this is an area currently being explored by the company.

In 2001, Rathbone Unit Trust Management identified a market for a retail unit trust composed of ethically screened corporate bonds. In May 2002, it launched the Rathbone Ethical Bond Fund, a fund investing in sterling-denominated bonds issued by companies or institutions which meet a defined set of ethical criteria. In July 2018, it built on the success of Rathbone Ethical Bond Fund with the launch of the Rathbone Global Sustainability Fund.

Both funds use Rathbone Greenbank's ethical research team as their screening provider; it works closely with Rathbone Ethical Bond Fund's manager to ensure that only bonds issued by organisations screened in accordance with the funds' published criteria are held. Rathbone Greenbank's ethical investment team has been managing socially responsible portfolios for private clients, trusts and charities since 1997.

Further information about Rathbone Greenbank Investments and its approach to responsible investment is available at:

<http://www.rathbonegreenbank.com>

### 2.3. How does the company formalise its sustainable investment process?

*Link to the sustainable investment policy.*

Rathbone Unit Trust Management is the fund management subsidiary of Rathbone Brothers Plc; as such, its policy with regard to SRI is covered by that of its parent group:

<https://www.rathbones.com/about-us/corporate-responsibility/socially-responsible-investing>

In addition, details of Rathbone Greenbank's approach can be found here:

<https://www.rathbonegreenbank.com/investment-approach/research>

*Link to the voting rights policy.*

<https://www.rathbonefunds.com/about-us>

*Link to the engagement policy<sup>3</sup>.*

In addition, Rathbone Greenbank has its own engagement policy:

<https://www.rathbonegreenbank.com/investment-approach/engagement>

### 2.4. How are ESG risks and opportunities – including those linked to climate change – understood/taken into account by company?<sup>4</sup>

In general terms, we define ESG (environmental, social and governance) as an investment strategy which believes that long-term growth can be achieved by companies which conduct their business and apply capital responsibly, giving full consideration to a range of social, environmental and ethical issues as they might affect interested parties (employees, customers, share/bond holders, etc) as well as wider society.

The fund applies negative screening criteria to exclude from its universe any issuers of corporate bonds in breach of any of the exclusion criteria, before ensuring that issuers satisfy at least one of the fund's positive criteria requirements. We believe that the fund offers the opportunity to invest in a fixed income fund with high-quality investment grade bonds while applying a broad range of both positive and negative screening criteria that will appeal to consumers with ethical concerns.

<sup>3</sup> Reference to Article 173 of the French TECV Act and the HLEG recommendations on INVESTOR DUTIES

<sup>4</sup> Reference to Article 173 of the French TECV Act and the TCFD recommendations (risks and opportunities section)

## 2.5. How many employees are directly involved in the company's sustainable investment activity?

Across the activities of fund management, financial analysis, ethical and ESG screening, voting, steering committee and marketing, 13 people are involved in sustainable investment activity for funds managed by Rathbone Unit Trust Management .

## 2.6. Is the company involved in any RI initiatives?

General Initiatives	Environmental/Climate Initiatives	Social Initiatives	Governance Initiatives
<input type="checkbox"/> ECCR – Ecumenical Council for Corporate Responsibility	<input type="checkbox"/> CDP – Carbon Disclosure Project (please specify carbon, forest, water etc.) Climate Bond Initiative	<input type="checkbox"/> Access to Medicine Foundation	<input type="checkbox"/> ICGN – International Corporate Governance Network
<input type="checkbox"/> EFAMA RI WG	<input checked="" type="checkbox"/> Climate Bond Initiative	<input type="checkbox"/> Access to Nutrition Foundation	<input type="checkbox"/> Other (please specify)
<input type="checkbox"/> European Commission's High-Level Expert Group on Sustainable Finance	<input type="checkbox"/> Green Bond Principles	<input type="checkbox"/> Accord on Fire and Building Safety in Bangladesh	<input checked="" type="checkbox"/> UK Stewardship Code
<input type="checkbox"/> ICCR – Interfaith Center on Corporate Responsibility	<input type="checkbox"/> IIGCC – Institutional Investors Group on Climate Change	<input type="checkbox"/> Other (please specify)	
<input type="checkbox"/> National Asset Manager Association (RI Group)	<input type="checkbox"/> Montreal Carbon pledge		
<input checked="" type="checkbox"/> PRI – Principles For Responsible Investment	<input type="checkbox"/> Paris Pledge for Action		
<input type="checkbox"/> SIFs – Sustainable Investment Fora	<input type="checkbox"/> Portfolio Decarbonization Coalition		
<input type="checkbox"/> Other (please specify)	<input type="checkbox"/> Other (please specify)		

## 2.7. What is the total number of SRI assets under the company's management?

As at 30 September 2019, total SRI assets managed by Rathbone Unit Trust Management were as follows:

- Rathbone Ethical Bond Fund – £1.56 billion
- Rathbone Global Sustainability Fund – £5.29 million

(Figures at 31 October 2019 are £1.58 billion and £13.30 million respectively.)



## 3. General information about the SRI fund(s) that come under the scope of the Code

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### 3.1. What is (are) the fund(s) aiming to achieve by integrating ESG factors?

In taking into account a combination of negative screening criteria and a number of ESG factors and positive sustainability/impact considerations, the fund's objective is to secure a sustainable source of income for unitholders while at the same time meeting the broad requirements of a typical 'ethical' or values-based investor.

Rathbone Unit Trust Management representatives participate fully in Rathbones' Stewardship Committee and benefits from its corporate governance and voting policy. The fund therefore hopes to minimise any risks that might arise in this area, as well as avoiding the financial or regulatory risks that might affect any issuers found to be in breach of human rights or environmental standards that might result in fines or enforcement action.

The fund is also keen to support impact investment opportunities wherever possible – as at 30 September 2019, around 0.82% of the fund was invested in high-impact charity bonds or social enterprises.

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### 3.2. What internal or external resources are used for ESG evaluation of the issuers who make up the investment universe of the fund(s)?

#### *Internal*

The fund uses the services of Rathbone Greenbank's in-house research team to carry out its ESG research. This team comprises three staff who have over 30 years' combined experience in conducting analysis into companies' ESG policies and performance – Perry Rudd (head of ethical research), Kate Elliot (senior ethical researcher) and Kai Johns (ethical researcher). In addition, corporate governance and proxy voting services are provided by Matt Crossman, Rathbones' group stewardship director (15 years' ESG experience).

#### *External*

In addition, the team subscribes to MSCI's ESG Manager and has access to its ESG Controversies and ESG Ratings tools. For voting activities that come under Rathbones' Stewardship Committee, the fund uses ISS to assist in the implementation of its corporate governance policy.

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### 3.3. What ESG criteria are taken into account by the fund(s)?

As well as applying negative screening criteria that are explicitly related to an issuer's primary activity, the fund also aims to avoid organisations potentially affected by other ESG risks:

- **Human rights:** Non-compliance with standards set by the International Labour Organization and United Nations Universal Declaration of Human Rights, including direct use of child, forced or bonded labour.
- **Environmentally unsustainable or high-carbon impact:** Issuers with convictions for serious or persistent pollution offences.

In terms of ESG opportunities, issuers qualifying for inclusion should demonstrate progressive or well-developed practice or policies in one of the following areas:

- **Employment:** Commitment to workplace diversity and equal opportunities; additionally they could facilitate employee work/life balance by offering flexible working arrangements, carers' leave and/or childcare facilities.
- **Management of environmental impacts:** Publication of a clearly defined policy for managing environmental impacts. This should include monitoring and reporting on progress against key performance indicators in areas such as waste disposal and recycling, consumption of resources and discharges to land and water.

These criteria do not vary according to sector, geography or category of issuer.

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### 3.4. What principles and criteria linked to climate change are taken into account in the fund(s)?<sup>5</sup>

In terms of criteria linked to climate change, the fund does not take into account the direct physical risks of climate change to issuers, nor does it assess any transitional risks associated with the move to a low-carbon economy. Exclusions criteria explicitly linked to climate change:

- **Environmentally unsustainable or high-carbon impact:** Non-extraction (*including coal*), fossil fuel exploration and production, unsustainable sourcing of commodities linked to habitat destruction; manufacture of vehicles based on hydrocarbon fuels.

With regard to opportunities benefiting a low-carbon economy, the fund considers the following positive aspects:

- **Management of environmental impacts:** Monitoring and reporting on progress against key performance indicators in areas such as emissions to air.
- **Provision of beneficial products and services:** Designing or implementing cleaner or more efficient industrial processes; installing or operating renewable energy infrastructure; building or operating sustainable transport systems.
- **Green/climate bonds:** 'Ring-fenced' bonds, where proceeds are intended for a specific environmental purpose, subject to the following requirements: identifiable use of proceeds; third-party project evaluation; ongoing management of proceeds; and project reporting.

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### 3.5. What is the ESG analysis and evaluation methodology of the fund manager/fund management company (how is the investment universe built, what rating scale is used etc.)?

Application of the fund's ethical criteria is carried out by Rathbone Greenbank's ethical research team, which maintains a database of company profiles covering predominantly UK FTSE 350 equities as well as selected FTSE SmallCap and international stocks.

As there is a significant overlap between constituents of this database and the fund's investable universe (defined as the constituents of the iBoxx Index of sterling-denominated corporate bonds), this research is applicable in the context of the fund's ethical criteria.

Companies are assessed against 15 positive and 19 negative top-level social and environmental criteria, which in turn each comprise over 100 further sub-criteria. Ratings are assigned on a scale of 1-3 for sub-criteria (each weighted for relevance

according to the company's sector in terms of its social and/or environmental impacts) and a cumulative score is then derived for each of the top-level criteria, again on a scale of 1-3.

Where issuers are not covered by Rathbone Greenbank's own equity or corporate bond research, specific analysis is carried out using the same methodology to determine whether it is appropriate for issuers to be approved for inclusion in the fund's universe.

While this detailed methodology is applied with respect to all companies screened by the ethical research team (for whatever purpose), it is simplified when applied to the fund's universe as the fund's ethical criteria require a simple 'Yes/No' evaluation when considering if an issuer is in breach of any of the exclusion criteria, or meets any of the positive aspects.

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### 3.6. How often is the ESG evaluation of the issuers reviewed? How are any controversies managed?

The fund's holdings are monitored by Rathbone Greenbank's ethical research team on a weekly basis and reviewed in the light of any relevant news, merger and acquisition activity or findings from ongoing company analysis. A full review of the fund's portfolio is conducted on a semi-annual basis; the eligible investment universe is reviewed annually ahead of the fund's yearly review meeting (usually held towards the end of October).

ESG criteria are defined and reviewed with reference to the fund's ethical committee which comprises three senior Rathbone Greenbank personnel. This committee meets once a year with the fund management company as part of the fund's annual review process. Criteria may also be reviewed on an ad hoc basis in the light of comments received from individual unitholders or larger investors such as IFAs or platform providers.

Any changes to ESG criteria are communicated via the fund's product brochure, which covers its ethical process, systems and criteria, and published in the subsequent annual report. Comments from investors are welcomed by the fund manager.

Divestments are very uncommon: if the activities of an issuer change, such that a bond is no longer suitable for the fund, the fund's manager would normally seek to sell the holding within three months. If the bond is particularly illiquid and selling is difficult, the manager can take up to six months. If the bond is within two years of redemption, it can be held to maturity if the fund manager believes selling it earlier would be prejudicial to the overall performance of the fund.

While the fund itself does not have a specific engagement policy, Rathbone Greenbank's ethical research team, which implements the fund's ethical screening policy, regularly engages with companies on many issues, including those whose bonds are held within the fund. The team will cite this fact when approaching companies to request action, information or meetings.

<sup>5</sup>Reference to Article 173 of the French TECV Act and the HLEG recommendations on INVESTOR DUTIES Reference to Article 173 of the French TECV Act see paragraphs 3 and 4 of Article D.533-16-1 of Chapter III of the French Legal Code): <https://www.legifrance.gouv.fr/affichCodeArticle.do?cidTexte=LEGITEXT00006072026&idArticle=LEGIARTI000031793697>

## 4. Investment process

### 4.1. How are the results of the ESG research integrated into portfolio construction?<sup>6</sup>

- The fund manager will first identify the corporate bonds that represent an attractive investment proposition
- Organisations issuing these bonds will then be screened by Rathbone Greenbank's ethical research team in accordance with the fund's ethical/ESG criteria
- Issuers involved in any activity that falls into the categories outlined by exclusion criteria will not be considered for inclusion in the fund universe
- Issuers demonstrating well-developed policies and practices in at least one positive area will be included in the fund's universe provided that they do not have any exposure to areas of negative concern
- Issuers identified as being suitable at this stage will then be subject to the consensus approval of the fund's ethical committee which comprises three senior members of the Rathbone Greenbank team
- An annual review meeting for the fund is held involving the research team, the fund manager and representatives from Rathbone Greenbank and Rathbone Unit Trust Management. The portfolio, ethical criteria, investment process and research process are all reviewed and confirmed, or otherwise.



### 4.2. How are criteria specific to climate change integrated into portfolio construction?<sup>6</sup>

While the fund does not integrate criteria related to climate change into financial analysis as part of portfolio construction, it specifically excludes any issuers involved in fossil fuel exploration and production as well as those involved in high-impact activities related to climate change such as deforestation or the manufacture of vehicles based on hydrocarbon fuels.

The fund also supports international action on limiting global warming by investing in issuers of sterling-denominated 'green' bonds as well as those providing funds to improve domestic energy efficiency, the development of renewable or low-carbon energy infrastructure, and zero/low-emission transport. As at 30 September 2019, around 2.6% of the fund was invested in such bond issues.

<sup>6</sup>Reference to Article 173 of the French TECV Act and HLEG recommendations on DISCLOSURE

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4.3. How are the issuers that are present in the portfolio, but not subject to ESG analysis evaluated (not including mutual funds)?<sup>7</sup>

*How much can the funds hold?*

Not applicable – all holdings within the fund are subject to ESG analysis.

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4.4. Has the ESG evaluation or investment process changed in the last 12 months?

No.

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4.5. Is a part of the fund(s) invested in entities pursuing strong social goals/social enterprises?

Yes.

As at 30 September 2019, around 0.82% of the fund was invested in 15 bond issues (including retail charity bonds) pursuing strong social goals. These include charities, community interest companies and other social enterprises. The fund's objective in investing in these entities is to secure a sustainable source of income for the fund's investors while at the same time supporting organisations looking to raise finance for particular social purposes.

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4.6. Does (do) the fund(s) engage in securities lending activities?

No.

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Does (do) the fund(s) use derivative instruments?

No.

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4.8. Does (do) the fund(s) invest in mutual funds?

No.

<sup>7</sup>Reference to Article 173 of the French TECV Act and the TCFD recommendations (delivering on investor and stakeholder demands for climate-related information)

## 5. ESG controls

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### 5.1. What internal and/or external control mechanisms are in place to ensure compliance of the portfolio with the ESG rules on managing the fund(s) as defined in section 4?<sup>8</sup>

The process for ensuring ongoing compliance of the fund's portfolio with its ethical/ESG criteria are as described in 3.6.

## 6. Impact measures and ESG reporting

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### 6.1. How is the ESG quality of the fund(s) assessed?

We receive feedback from investors, intermediaries, panels and ratings from independent providers of whole of SRI market fund tools, such as SRIServices, 3D Investing etc.

While stakeholders are not actively consulted, unitholders and others (eg professional advisers) are encouraged to comment on the fund's holdings, the research process and how they view the application of its ethical criteria.

### 6.2. What ESG indicators are used by the fund(s)?<sup>9</sup>

Exclusions and positive attributes are primarily based on issuers' core activities together with an assessment of operational alignment with ESG criteria:

- Number and degree of severity of controversies linked to labour laws and human rights
- Key performance indicators on waste disposal and recycling, consumption of resources, emissions to air, and discharges to land and water
- Commitment to workplace diversity and equal opportunities; contribution to employees' work/life balance, eg by offering flexible working arrangements, carers' leave and/or childcare facilities
- Long-term involvement in programmes of benefit to the community, either via cash donations or gifts in kind (eg staff time, use of buildings or office facilities) or membership of benchmarking groups.

### 6.3. What communication resources are used to provide investors with information about the SRI management of the fund(s)?

- For detailed fund holdings (Manager's Report), Fund Fact Sheets, Key Investor Information Document and other fund literature (including the fund brochure and this submission), please see the 'Downloads' section on the following pages:  
<https://www.rathbonefunds.com/uk/individual-investor/rathbone-ethical-bond-fund> (for private investors)  
<https://www.rathbonefunds.com/uk/financial-adviser/rathbone-ethical-bond-fund> (for professional advisers)
- Examples of ethical case studies of holdings within the fund can also be found under the above sections.
- Ethical report from fund's research provider included in half-yearly and annual reports.

<sup>8</sup> Reference to Article 173 of the French TECV Act

<sup>9</sup> Reference to Article 173 of the French TECV Act

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#### 6.4. Does the fund management company publish the results of its voting and engagement policies?<sup>10</sup>

Yes – although not specifically for Rathbone Ethical Bond Fund as no voting rights attach to corporate bonds.

*Link to the relevant activity reports.*

<https://www.rathbonefunds.com/corporate-governance-and-stewardship>

<sup>10</sup> Reference to Article 173 of the French TECV Act and the HLEG recommendations on GOVERNANCE

## 7. About Eurosif

The European Sustainable Investment Forum (Eurosif) is the leading European membership association whose mission is to develop sustainability through European financial markets.

Eurosif works as a non-for-profit partnership of the national Europe-based national Sustainable Investment Forums (SIFs) with the support and involvement of member affiliates.

Eurosif member affiliates include a range of organisations covering the value chain of the sustainable investment industry, from institutional investors, asset managers to financial services providers, ESG analysis firms, academic institutes and NGOs.

Eurosif speaks authoritatively and broadly on SRI (sustainable and responsible investment) issues. The main activities of Eurosif are public policy, research and creating platforms for nurturing sustainable investing best practices. For more details, please see [eurosif.org](http://eurosif.org).

National sustainable investment forums in Europe to date include:

- Belsif\*, Belgium
- Dansif, Denmark
- Finsif, Finland
- Forum Nachhaltige Geldanlagen\* (FNG) e.V., Austria, Germany and Switzerland
- Forum per la Finanza Sostenibile\*(FFS), Italy
- Forum pour l'Investissement Responsable\* (FIR), France
- Norsif, Norway
- Spainsif\*, Spain
- Swesif\*, Sweden
- UK Sustainable Investment and Finance Association\* (UKSIF), UK
- Vereniging van Beleggers voor Duurzame Ontwikkeling\* (VBDO), the Netherlands.

\*Member of Eurosif

For further information on Eurosif or more details on the European SRI Transparency Code, please look at the Eurosif website, [eurosif.org](http://eurosif.org); contact Eurosif at +32 (0)2 27414 35 or by email at [contact@eurosif.org](mailto:contact@eurosif.org).

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