

Responsible
Investment
(RI) policy

About us

Cazenove Capital Management is the private wealth management and charity investment business of Schrodgers. We offer personalised discretionary and advisory investment services to a broad variety of clients, as well as wider wealth management services such as wealth planning, cash administration, deposit-taking and lending.

Each of our clients has unique financial requirements and objectives, but all have a common goal – to preserve and grow the value of their assets. We explore each client's needs in detail and advise them on the most suitable financial solutions for their particular circumstances. Our client communication and reporting is effective, clear, flexible and comprehensive. We also have efficient custody, administration and reporting platforms which enable clients to centralise their financial affairs with us with confidence.

Overall, we believe that our complete range of services and the quality of our private client and charity specialists, together with the stability and depth of investment resource of the Schroder Group give us an unparalleled ability to look after our clients.

Our primary aim is to meet clients' investment objectives within agreed risk parameters. To achieve this we manage clients' assets via a rigorous investment process which includes analysis of the environmental, social and governance (ESG) stance of companies. We believe that responsible investment principles:

- Drive superior long-term investment performance
- Are central to companies delivering and sustaining shareholder value
- Should be an integral part of our investment process

Our committed ESG resource is integrated into the mainstream investment process and works with ESG specialists across the business.

ESG research

We believe integrating ESG analysis enhances our understanding of a company and its ability to deliver long-term value. We train our analysts to integrate these considerations in their research. While ESG factors are sometimes difficult to value, understanding them helps us make better-informed decisions, whether it be reducing risk, managing assets or identifying new opportunities.

Engagement and stewardship

We aim to deliver superior returns through encouraging responsible business behaviours. Importantly, we do not overlook investing in businesses just because they fail to tick certain boxes; instead we work with them to help them improve their ESG policies and processes thus mitigating risks and identifying opportunities.

The key to success is the ability to measure outcomes and we have a strong track record of promoting best business practice. Since 2000, we have engaged with nearly 1,200 companies on a wide range of specific ESG issues. As a result of these engagements, 30% of companies have ultimately responded positively to our calls for change.

Client reporting

Clients with ethical or RI mandates receive information on RI research and dialogues as part of their quarterly reports. We also produce regular ESG thematic and sector research pieces.

Ethical restrictions

There are certain types of businesses that are unacceptable to some of our clients – for example some cancer charities choose not to invest in the tobacco industry. We have a list of eleven different ethical screens that can be applied to global segregated equity portfolios. We also have the ability to analyse the holdings within our preferred mainstream global managed funds and use our influence to encourage them to invest responsibly.

We use specialist research providers to identify the stocks that fit within each ethical restriction. Please find the list of eleven ethical screens below.

Tobacco

Avoidance of companies that manufacture cigarettes, tobacco products and tobacco related products such as papers and filters. This screen does not avoid companies involved in selling tobacco products.

Armaments

Avoidance of companies involved in the manufacture or sale of products or services for whole weapons systems, and strategic components of weapons systems where 5% or more of the company's turnover is related to military sales. This includes

companies manufacturing military hardware (guns, missiles, aircraft, ships, antipersonnel landmines), and components essential to military systems (e.g. military sonar and radar, missile guidance, cluster munitions). This screen does not avoid companies involved in the manufacture of non-strategic components and services (e.g. property, construction, first aid, engine parts).

Alcohol

Avoidance of companies involved in the manufacture (brewing, distilling, blending & bottling) of alcoholic beverages. This includes companies that operate pubs and off-licences alongside brewing and distilling. This screen does not avoid alcohol retailers such as hotels, restaurants and supermarkets.

Gambling

Avoidance of companies operating casinos and betting shops and companies involved in the consortium running the National Lottery. This screen does not avoid companies operating gaming machines as found in pubs or motorway services, or retailers of National Lottery tickets and scratch cards.

Pornography

Avoidance of companies involved in broadcasting, production and distribution of pornography for satellite and terrestrial 'Adult' channels, and mobile telecoms networks. Avoidance of companies that publish or wholesale pornographic magazines and newspapers. This screen does not avoid companies involved in retailing of pornographic magazines and videos.

Animal testing (non-medical)

Avoidance of companies involved in the development and manufacture of non-medical products such as toiletries, household goods, cosmetics and bulk chemicals unless the company confirms that their ingredients have not been tested on animals (includes own brand products).

Nuclear

Avoidance of companies involved in manufacture and development of nuclear weapons, armaments and strategic components, including maintenance, decommissioning, research, design and manufacture of nuclear warheads, nuclear weapons and the management of The Atomic Weapons Establishment. Avoids

owners and operators of nuclear power plants and suppliers of products and services used in the major nuclear area of a plant. Avoids companies that are members of a nuclear power industry association. This screen does not avoid retailers of nuclear energy, manufacturers of personnel safety equipment.

Intensive farming

Avoidance of companies involved in: rearing animals in intensive conditions; improvement of animals for supply as breeding stock for intensive farms; farming and retailing of fur (excluding sheepskin) products; companies manufacturing and selling harmful pesticides; and companies involved in genetically engineering crops and animals. It does not avoid companies processing meat and milk for retailing and food manufacturing.

Ethical restrictions

Environmental

Avoidance of companies operating in industries which cause unnecessary environmental damage focusing on: green house gases; mining; tropical forest clearance; polluters and water polluters; chemicals of concern: ozone depletion; PVC; pesticides. Avoids companies with limited response to allegations of severe damage to ecosystems and biodiversity, and high users of timber with limited evidence of timber sourcing standards.

GM

Avoidance of companies involved in genetically engineering animals, crops, and organisms for medical and non-medical purposes. Avoids companies that have a poor policy on sourcing non-gm ingredients/products for food and catering products.

Human rights

Avoidance of companies where their activities contribute to or benefit from the violation of political rights and civil liberties in countries with oppressive regimes (as referenced as category A by data sources from Amnesty International, Freedom House and the Observer Human Rights Index). Avoids companies with unresolved allegations of breaches of core ILO (International Labour Organisation) standards and no evidence of managing human rights. This screen does not avoid companies with subsidiaries or associates in countries with poor human rights, which report on and have a policy and systems in place for their own operations and their suppliers.

You should be aware that screening out stocks from an index on ethical grounds is likely to increase the risk profile because it limits the index of stocks that can be selected; normally, the greater the number of restrictions, the greater the risk.

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Regulatory Information and Risk Warnings

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