

## Sustainable Investment

RLAM is a fund management company that manages assets on behalf of a wide range of institutional, wholesale and private clients. As a large scale investor, currently managing over £30bn of assets, we believe we have a responsibility to use our investment strength to promote positive corporate behaviour to the benefit (in terms of long term performance) of our clients and the wider community.

The concept of sustainable investment is a key part of our product offering and we take a proactive approach to promoting best practice in the companies in which we invest. Our detailed approach to the issue of corporate governance is covered in our Overall Corporate Governance Guidelines document. This reflects our belief that companies should be managed effectively in the best interests of shareholders. Central to this are sound governance structures which provide the power to management to manage, while at the same time allowing sufficient transparency in order for shareholder accountability.

However we also believe that issues relating to companies' Environmental, Social and Governance (ESG) practices are now correctly receiving more attention. It is becoming increasingly evident that insufficient attention to issues relating to ESG can be damaging to business success and financial returns and hence lead to significant risks to shareholder/policyholder value.

RLAM believes that companies should develop appropriate policies and practices on corporate social responsibility. Where we ourselves identify significant risks from ESG issues we would expect discussion of them to form a part of our regular dialogue with company management. We also include a full shareholder voting record on our website detailing how we have voted at the meetings convened by companies where we have a holding. It is our intention to update this document on a regular basis. At the same time, RLAM's Chief Investment Officer is a leading advocate of corporate governance and effective shareholder engagement is frequently quoted in the trade and national press on this subject.

RLAM will use its clients' assets to engage with companies on all relevant ESG matters. RLAM will exercise its "vote" on all resolutions that it is mandated to on behalf of clients. RLAM will contact companies following an abstention or vote being lodged against management. Environmental, social and governance issues are fundamental drivers of long-term corporate performance, a principle that is central to RLAM's philosophy as an asset manager. Our portfolio managers will integrate analysis of these issues into their overall approach to valuing companies. 4

RLAM manages specialist bond and equity ethical funds which have proved popular with clients. These funds employ a screening process managed by EIRiS (Ethical Investment Services Ltd), the leading global provider of independent research into social, environmental and ethical performance. With around £2bn of property assets under management, RLAM's property team is keenly aware of its responsibilities as an active, long term property investor. Working with our agents and tenants, we have developed a comprehensive property sustainability strategy explaining the high environmental standards expected of the properties we own, which is available on request.