Ethical Screening Methodology

We believe all investments have impact

– positive, neutral or negative

Impact Spectrum

We screen all investments using a proprietary *Impact Spectrum* that classifies companies or investment opportunities by the products or services they provide and their operating practices. Our Impact Spectrum, shaped from the extensive experience of our team across ethical, responsible and impact investments together with the work of the Impact Management Project, classifies every investment as one of four types of impact:

HARM People & Planet	AVOID Harm	BENEFIT People & Planet	CONTRIBUTE to Solutions
H	A	B	C

For listed equities, we adopt a two stage due diligence process when classifying companies according to the Impact Spectrum:

1. The first step is to analyse <u>what</u> product(s) or service(s) the company offers and determine a primary impact classification based on whether the product(s) or service(s) **Benefit People and Planet**, **Avoid Harm**, **or Harm People and Planet** (Primary Classification).
2. For those companies attracting a Primary Classification of **Avoid Harm** or **Benefit People and Planet**, we analyse the company's operations focusing on to <u>who</u> and <u>how</u> the company offers its product(s) or services(s) to flag areas of operational concern or highlight beneficial operating practices (Operational Flags).

Type C is reserved for investments that meet the three criteria of an 'impact investment':

1. intentionality
2. financial return
3. measurement

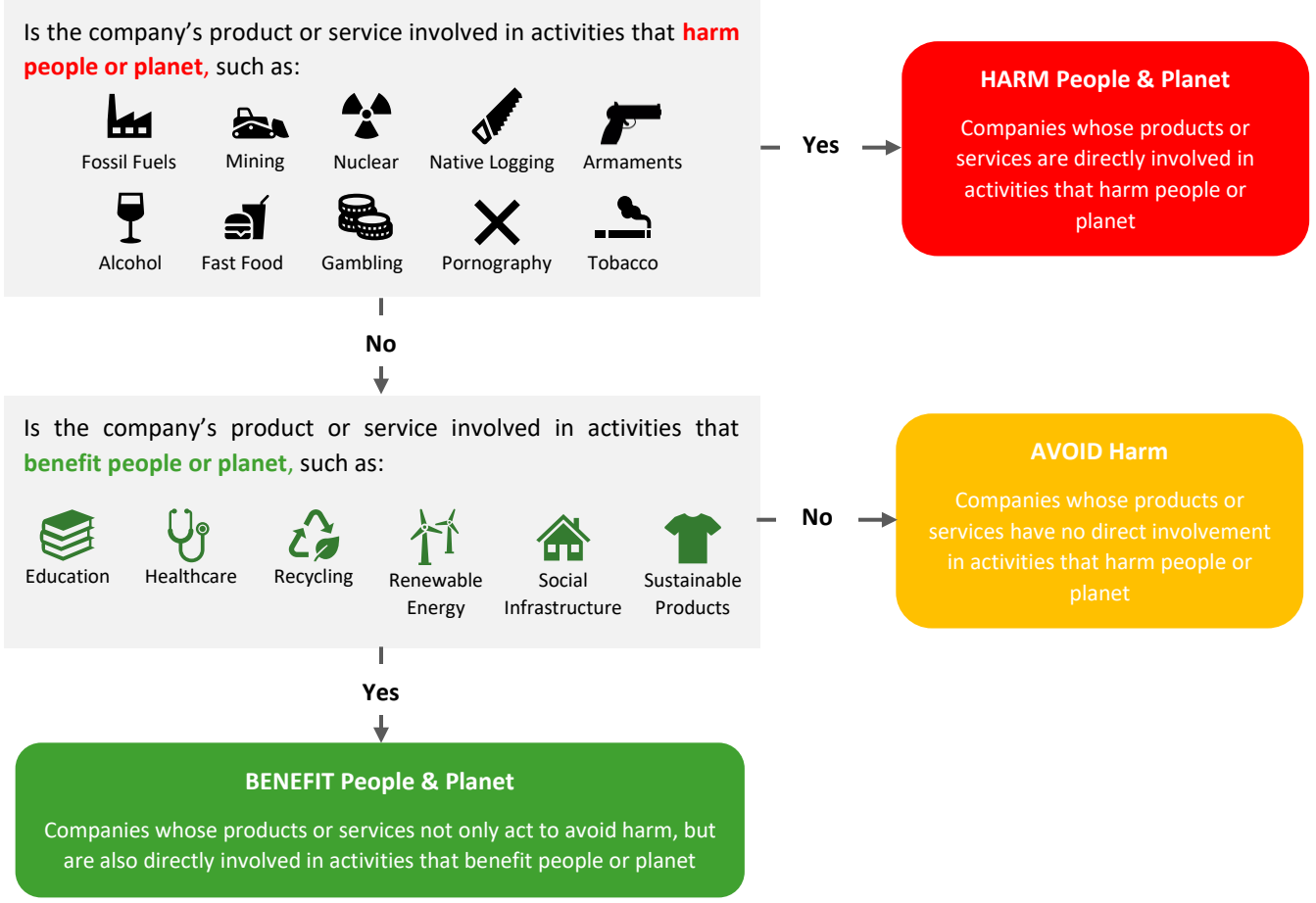### How to Use our Impact Classifications

Our impact classifications are designed to assist clients in making informed investment decisions. They provide a high-level overview of the impact of the company's products and services as well as its operating activities and should be viewed in conjunction with a thorough discussion of a clients' personal values and investment goals. The following pages are a guide on how we decide a company's impact classification, as well as how to read our classifications. The list of activities outlined are not exclusive, and we will consider other issues as and when they arise.

A Note on Subjectivity

By their very nature, our impact classifications require subjective judgements. All classifications are discussed and confirmed by our Investment Committee, which focuses on whether the environmental and/or society are better off because of the activities of the company in question.

Our Process

1 Primary Classification (Product and Service)

Is the company's product or service involved in activities that **harm people or planet**, such as:

Fossil Fuels   Mining   Nuclear   Native Logging   Armaments

Alcohol   Fast Food   Gambling   Pornography   Tobacco

— **Yes** →

HARM People & Planet
Companies whose products or services are directly involved in activities that harm people or planet

No ↓

Is the company's product or service involved in activities that **benefit people or planet**, such as:

Education   Healthcare   Recycling   Renewable Energy   Social Infrastructure   Sustainable Products

— **No** →

AVOID Harm
Companies whose products or services have no direct involvement in activities that harm people or planet

Yes ↓

BENEFIT People & Planet
Companies whose products or services not only act to avoid harm, but are also directly involved in activities that benefit people or planet

2 Operational Flags (Company Operations)

For companies classified as **Avoid Harm** or **Benefit People & Planet**, we analyse the way in which they operate:

Is there evidence that the company has operated in a way that **harms people or planet**, such as:

Environmental Degradation   Excessive Waste   Intensive Agriculture   Animal Cruelty

Human Rights Abuse   Inequality   Corruption/Poor Governance   Systems Failure

Does the company operate in a way that **benefits people or planet**, such as:

Environmental Remediation   Sustainable Land & Water Use   Greenhouse Gas Reduction   Animal Welfare

Good Corporate Governance   Equality (Society & Work)   Improving Quality of Life   Sustainable Finance

Yes ↓   **Yes** ↓

If we find credible evidence of activity that harms people or planet, the company is flagged with a red strike:

❌

If a company exceeds three red flags, its primary impact classification is downgraded to **Harm People & Planet.**

If we find credible evidence of activity that benefits people or planet, the company is flagged with a green tick:

✅

If a company is awarded more than three green flags, its primary impact classification is upgraded to **Benefit People & Planet.**