RESPONSIBLE INVESTING POLICY

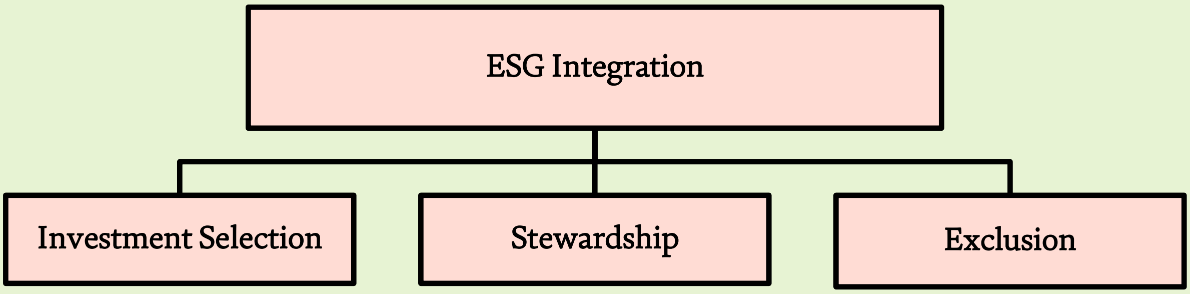
Coutts

We define responsible investment as the integration of environmental, social, and corporate governance (ESG) factors into our investment selection and ownership practices. We see responsible investing as a driver of the value of the assets we invest in and forms part of the process that adds information to enable us to look at more than just the financial information of a company and how it may impact the share price.

We do this through our investment selection, stewardship and exclusions and recognise that a broad range of financial and non-financial considerations may be relevant in making investment decisions.

We believe ESG factors have the potential, over time, to have a positive influence on investment portfolios and consider strong corporate governance practices and management of environmental and social risks as important drivers for the creation of long-term shareholder value.

Our approach to responsible investing involves embedding it into how we manage our client portfolios and funds rather than offering one standalone responsible investing product.



INVESTMENT SELECTION

We take a pragmatic approach to applying our responsible investment principles. We accept that those principles may at times have to be adapted to the local financial and legal environment, and the commercial imperatives a particular company may face.

Our Managed Assets are invested in custom-built and third-party funds, with limited direct exposure to equities and bonds. The custom-built funds are managed via our strategic relationships where Asset Management defines the investment parameters and ESG policies. While we do not define the investment parameters or ESG policies of third-party funds, we assess their climate strategies as part of our net-zero investment framework and consider responsible investing in our fund due diligence process.

When investing directly in equities, we assess ESG risks and opportunities as they relate to the overall corporate performance and we also look to identify and mitigate ESG factors that are, or could become, material to long-term financial performance.

We acknowledge that implementing responsible investing practices takes time and perseverance. We are committed to continually improving our investment selection that underpin our approach to ESG integration and stewardship.

STEWARDSHIP

Stewardship, which is the act of voting and engaging, are two methods we use to influence and communicate with companies and encourage responsible behaviour. Voting rights give us a voice on potential company changes and engagement enables a longer-term, active dialogue to encourage improved disclosure and practices related to climate-related risks management.

We apply a three-fold voting and engagement approach:

For companies (those held within our custom-built funds[1] and direct equity holdings):
We work with EOS at Federated Hermes (EOS) who have more than $1.45 trillion[2] in assets under advice and carry out active engagement efforts on our behalf. By aggregating our holding exposure, this provides an opportunity for increased efficacy of engagement across the companies we invest in. Engagement happens across four main themes:

- Environmental
- Social
- Governance
- Strategy, Risk and Communications.

For third-party funds (funds managed by external asset managers over which we have no direct control):
Company engagement and voting is the responsibility of the respective fund managers. We have ongoing communication with fund managers to retain oversight and to ensure their policies are acceptable. We ask for voting and engagement records to understand how and where they have supported and voted against management.

For collective engagement:
We participate in several investor-led initiatives to support the transition to a net-zero economy including Climate Action 100+ and the Net Zero Asset Managers initiative. See further Collaborating with Others on page 5.

We have been a signatory of the UK Stewardship Code since 2016 and comply with the 2020 UK Stewardship Code, which outlines more on our stewardship approach and can be found on coutts.com alongside our voting and engagement activity which is published on a quarterly basis.

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[1] As of 31st December 2023 over £17bn covering the following funds: Coutts US ESG Insights Equity Fund, Coutts Europe Ex UK ESG Insights Equity Fund, Coutts UK ESG Insights Equity Fund, Coutts Actively Managed US Equity Fund, Coutts North America ESG Insights Equity Fund & Coutts Emerging Markets ESG Insights Equity Fund. Separate to this, we also engage, but don't vote, on the Coutts Actively Managed Global Investment Grade Credit Fund & Coutts Global Credit ESG Insights Bond Fund.

[2] As of 31st December 2023.

OUR EXCLUSIONS APPROACH

As a responsible investor our preferred strategy is to engage with those companies in which we invest to help mitigate material risks associated with environmental, social and governance issues. However, there are certain investments where we believe that engagement will not be effective or where we decide to take a prudent approach until we gain sufficient confidence that the relevant issues can be addressed. As a result, whilst we do not exclude sectors from our investible universe, there are a number of activities that we have excluded subject to revenue thresholds.

The table below details (shown by a tick) the exclusions we have applied and where they are applicable across our investments:

	Custom-built Funds[3]	*Coutts Direct Securities*[4]
Adult Entertainment	✓	✓
Arctic Oil/Gas Production	✓	✓
Civilian Firearms	✓	✓
Controversial Weapons	✓	✓
Gambling	✓	✓
Human Rights	✓	✓
International Labour Organisation Alignment	✓	✓
Nuclear Weapons	✓	✓
Predatory Lending	✓	✓
Tar Sands	✓	✓
Thermal Coal Energy Generation	✓	✓
Thermal Coal Extraction	✓	✓
Tobacco	✓	✓
UN Global Compact Alignment	✓	✓
Unconventional Oil/Gas	✓	✓

For full details, please see our Exclusions Policy, available on coutts.com.

[3] The exclusions for Custom-built funds only apply to: Coutts US ESG Insights Equity Fund, Coutts Europe Ex UK ESG Insights Equity Fund, Coutts UK ESG Insights Equity Fund, Coutts Actively Managed US Equity Fund, Coutts Actively Managed Global Investment Grade Credit Fund, Coutts North America ESG Insights Equity Fund, Coutts Emerging Markets ESG Insights Equity Fund, Coutts Global Credit ESG Insights Bond Fund & Coutts Diversifying Alternatives Multi-Manager Fund.

[4] The exclusions for the Coutts Direct Securities are managed by the Coutts Direct Equity team across various portfolios.

COLLABORATING WITH OTHERS

We take part in industry working groups to set standards around how we can best incorporate climate change into investment selection, and we join collaborative engagement initiatives to encourage companies to reduce their emissions.

We joined the Net zero Asset Managers Initiative in April 2021 to accompany asset managers worldwide in collaborative action towards Net zero. The Net Zero Asset Managers initiative brings together more than 315 asset managers worldwide representing $57tn to support the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius; and to support investing aligned with net zero emissions by 2050 or sooner.

Alongside this, we have been a signatory of the UN-backed Principles for Responsible Investing (PRI) since 2018 and report annually on our responsible investing activity. We are also supporters of Climate Action 100+, which aims to tackle climate change by working with the world's largest emitters.

We actively support transparency and good reporting from companies and the integration of ESG in investment decision-making processes by engaging with other bodies with similar goals. We engage with industry bodies and work with some of the world's leading investor initiatives.

To understand more on how we collaborate with others, please visit the 'Supporting Global Initiatives' section of the our approach page on coutts.com.

OUR APPROACH TO CLIMATE CHANGE

Climate change and its potential ramifications are fed into our investment selection. We recognise climate change as a financial risk and have integrated climate into investment decision making and product design, whilst ensuring alignment to our client's investment mandate. As part of this we are working to identify investment opportunities that help us manage transition, physical and liability risks.

Examples of how we aim to mitigate the climate risk within our responsible investing framework include:

- When investing in third-party funds we consider how fund managers quantify climate-related risks and opportunities into their company selection process.
- We engage with companies and funds to encourage the development of a credible plan to transition to Net zero, including short-, medium- and long-term commitments.

In addition to this, we have set out our Net zero strategy and published our short-, medium-, and long-term targets that will help us align our assets under management with Net zero by 2050. Two interim ambitions are detailed in the chart on the next page:

Net zero by 2050[3]

To reach Net zero we have two 2030 ambitions

Portfolio Alignment

We aim to align 70% in-scope AuM to a Net zero trajectory by 2030

Carbon Intensity

We aim to reduce the weighted average carbon intensity of our equity and fixed income holdings by 50% by 2030 [5]

We measure our targets through our net zero investment framework.

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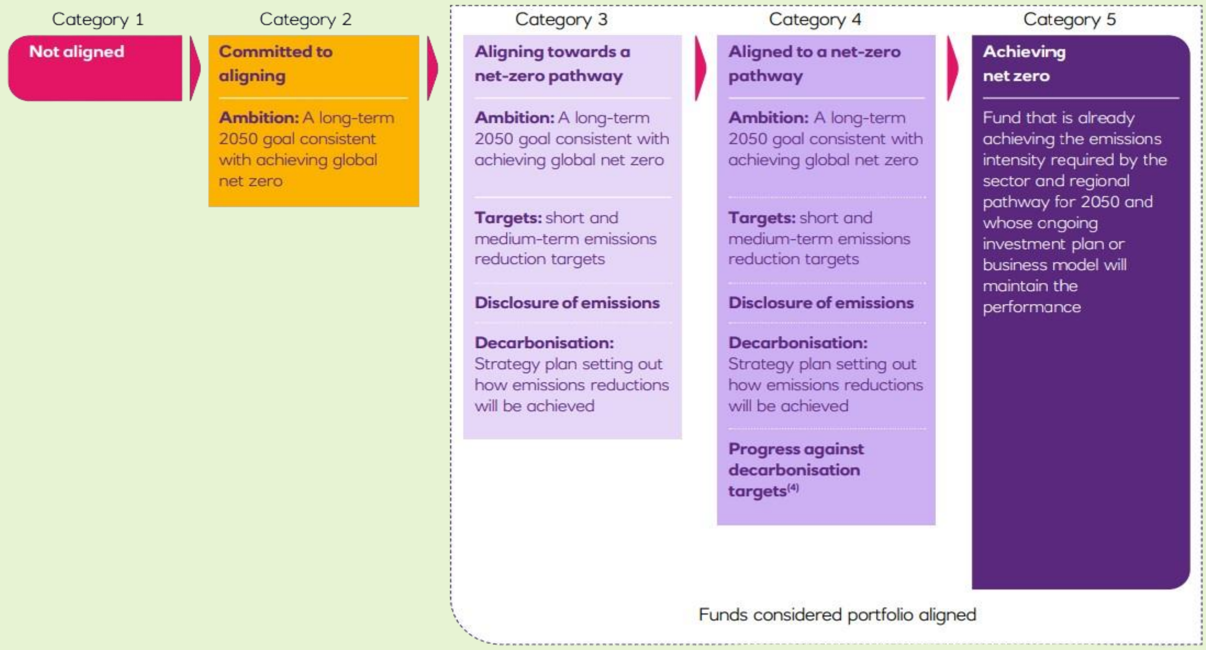
[5] 84% of Assets under Management (AuM) are considered in-scope to be managed in line with net zero. This includes all core managed funds and discretionary portfolios, which includes our Personal Portfolio Funds (PPF), Coutts

Portfolio Alignment

As most of our investments are in funds, we assess the alignment to a Net zero trajectory on a fund level. As part of our fund due diligence and review process we will assess funds based on the presence and robustness of their net zero strategy.

This is important because, while a Net zero target reflects a company/fund's end goal of reaching Net zero emissions by 2050, it does not guarantee it. Therefore, it is crucial that a Net zero target is accompanied by a strategy that demonstrates that the company/fund is on a credible 'Net zero trajectory' and reducing its emissions sufficiently and in a timely manner to keep the 1.5C limit within reach.

The chart below shows our net-zero investment framework, which is used to determine portfolio alignment:



Carbon Intensity

Weighted Average Carbon Intensity is the average greenhouse gas generated as against the revenue across all in-scope investments. It is helpful in assessing exposure to climate change-related risks.

As an asset manager, carbon intensity metrics can drive our engagement with third party fund managers, encourage processes around their own company engagement practices and improve their understanding of downside risk.

For more information on how we address climate factors in our investment selection, please see section 6, the Asset Management section of the NatWest Group Climate Report (TCFD), available on coutts.com

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Managed Fund (CMAF) range and our discretionary (non-bespoke) portfolios. The reduction of weighted average carbon intensity is against a 2019 baseline.

ADDITIONAL INFORMATION

The following documents, alongside others, are publicly available on our website:

Document	Additional Topics Covered
Stewardship Policy	• Conflicts of Interest
Cautionary Note on Climate Data	• Data Usage • Data Limitations • Data Providers
Climate Related Disclosure Report (TCFD)	• Risk Management • Governance • Metrics and Methodologies • Cautionary Statements

For more information, please contact your private banker or wealth manager or visit coutts.com.

Last Updated: April 2024