SUSTAINABLE
IMPACT CAPITAL
LTD

Company brochure

sic-limited.com

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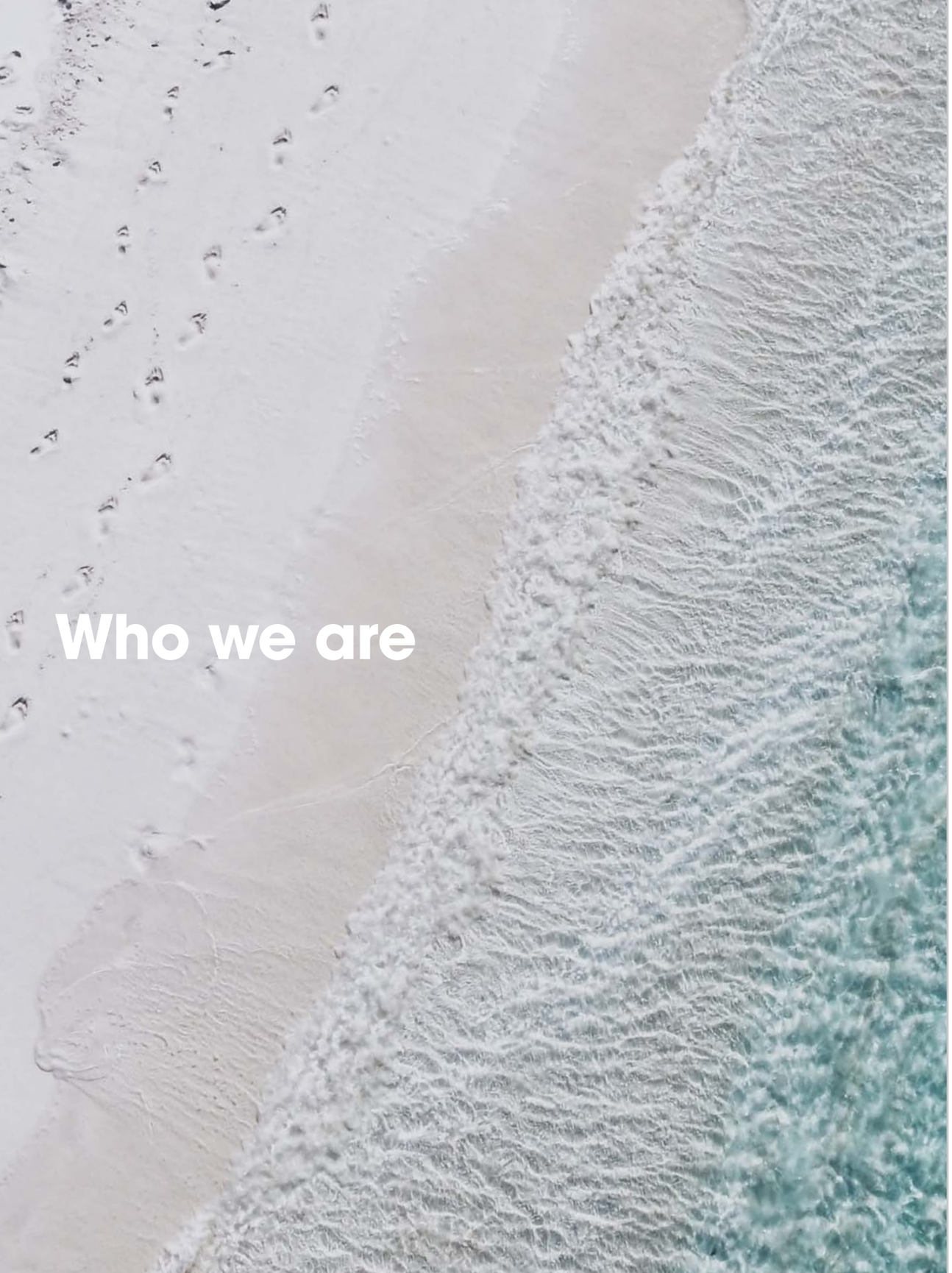

Who we are

Sustainable Impact Capital have one of the most experienced teams in the sustainable investment field. We have been helping to drive change in finance, business and society through ethical and sustainable investment for +30 years.

We were created by people passionate about the use of finance as a force for good and this remains central to our purpose. Our team continues to grow, with people who share our vision.

We strive to be the natural home for investors seeking to align their investments with the change they want to see in the world, providing sustainable investment as standard, not as an add on.

It's an approach founded on the belief that companies have a responsibility to society and that they should act in a way that, at the very least, causes no harm through their activities, products, or services. But beyond this we see sustainable investment as a way to deliver positive change.

The world faces huge challenges – climate change, biodiversity loss, growing global populations, and resource scarcity amongst many others. Companies addressing these issues sit at the heart of our portfolios. Selecting such investments isn't simply an ethical choice. We believe that companies that demonstrate strong social and environmental management and good corporate governance, whilst providing products and services that meet the needs of a changing world, are likely to be good long-term investments.

The value of investments and the income from them may go down as well as up and you may not get back what you originally invested.

What we do

For +30 years, our team has been at the forefront of creating ethical and sustainable investment portfolios. We aim to generate the financial returns our clients need, without compromising their values.

We consider the risks and opportunities that environmental, social and governance (ESG) issues present. We also look beyond the financial aspects to examine how the investments we make will impact society and the environment. And we've set out a series of robust minimum standards that investments must meet before they are even considered for investment.

Our investment managers then use their specialist experience to create individual portfolios that are carefully constructed to match individual values and financial goals. Their aim is to generate long-term value for our clients through our ethical and sustainable investment expertise.

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Our timeline

Sustainable Impact Capital

Company milestones and investment examples

1986

Company incorporation

Incorporated on 4 September 1986. Company number 02052321.

2019

Current company name

The legal entity adopted the Sustainable Impact Capital Limited name in October 2019.

2023

Agricarbon financing

A £9m Series A announced in December included participation by Barclays Sustainable Impact Capital.

2024

Climate technology financing

Historical announcements identify participation in GeoPura?s £56m round and ZeroAvia?s $150m Series C.

Sources: Companies House (02052321); Agricarbon, National Wealth Fund and ZeroAvia announcements. Historical round totals are not company-only investment amounts or confirmation of current holdings.

Our investment process

We have a well-defined investment process, which is fundamental to the service we provide. This process creates a strong yet flexible framework for our investment professionals to work together, sharing ideas and challenging each other's views. It is constantly evolving and we continue to invest in the resources required to ensure it remains robust.

Investment managers participate in our investment process, from company visits and internal discussions to analysing external broker research and assessing investment themes. The process informs their decisions, but our clients' individual requirements remain paramount.

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Understanding client objectives

- Comprehensive understanding of our clients' financial, ethical and sustainability objectives
- Ongoing relationship management with a dedicated investment manager

Asset allocation

- Working with industry experts and thought leaders to understand how the world is currently positioned and how the outlook may impact our investment decisions
- Grouping assets according to how they behave rather than what they are called
- Regular reviewing to ensure allocations remain relevant

Investment selection

- Leveraging the best of internal and external research to identify opportunities through our thematic research approach
- Meeting company management to go beyond the financials to really understand company values and how these align to our clients' objectives

Portfolio construction and ongoing monitoring

- Constructing an investment portfolio for each client based on a holistic assessment of their financial, ethical and sustainability goals
- Using ongoing robust risk management practices that aim to protect client portfolios during market downturns
- Adhering to our sustainability goals and net zero ambitions

Active ownership

- Engaging on thematic and company-specific issues
- Collaborating with Non-Governmental Organisations (NGOs) and other members of the responsible investment community to improve our reach

Asset allocation

Our asset allocation framework is forward looking. It is dynamic and not based solely on backward-looking statistics. In order to construct portfolios effectively and manage risk, we divide assets into three building blocks, which play complementary roles:

Liquidity

Assets that can be sold easily, have low credit risk but may carry interest rate and currency risk.

- cash
- government bonds: conventional, index linked, UK and overseas
- high-quality investment grade

Equity-type risk

Equities and all assets highly correlated with equities.

- corporate bonds: investment grade, high yield
- emerging market debt
- equities: UK, US/Europe/Japan/Asia/emerging markets, private equity
- property equities: UK and overseas
- commodities sensitive to the economic cycle, i.e. industrial metals/energy

Diversifiers

Assets with diversification potential demonstrated by low correlation to equities.

- renewable energy and infrastructure funds
- bricks and mortar property funds and social housing
- Liquid alternatives
- Long-short ESG equity funds
- alternative assets
- sustainable agriculture and impact first investments

Strategies and risk frameworks

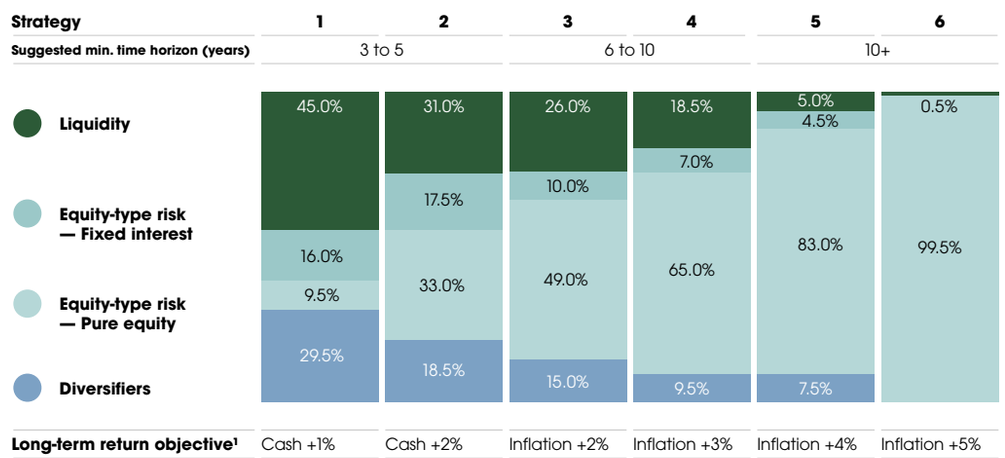
We have a range of risk-rated portfolios to guide our investment managers who work with our clients to determine the most appropriate level of risk for a portfolio based upon their personal circumstances (such as their requirement for income or capital growth) and their appetite and capacity for risk.

Bespoke portfolios

There are six levels of portfolio risk:

Lower risk
Relatively low risk
Medium risk (lower)
Medium risk (higher)
Relatively high risk
Higher risk

These correspond to six strategies which reflect our risk framework (see diagram on the next page). They set out the high-level structure of a portfolio for that risk level and serve as a useful way to illustrate and measure our investment framework and process. Within the asset allocation parameters of these strategies, we can tailor portfolios according to a client's individual situation and financial objectives, taking into account any personal preferences they may have.



The asset allocation shown for each strategy reflects the neutral weighting for each asset class range.

Inflation is measured as the Consumer Price Index (CPI) from the UK's Office for National Statistics

Sterling cash is measured as SONIA (sterling overnight index average) from the Bank of England. Prior to 1 January 2021 cash was measured as 3-month UK LIBOR from the Intercontinental Exchange (ICE)

[1]The long-term return objectives for each strategy are based on the suggested minimum time horizon and are shown relative to the returns from cash (as measured by short-term interest rates) or the annual rate of inflation (as measured by the Consumer Price Index). They are based upon long-term inflation forecasts

See the **Our investment strategies** and **Understanding investment risk and return** documents for further details and explanations of how we manage portfolio risk.

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Managed portfolios

The funds-based portfolios have five strategies reflecting different risk levels and time horizons. Four of these strategies (Strategies 2-5) are invested in the actively managed Sustainable Impact Capital multi-asset funds, with Strategy 6 invested in a single strategy fund (Sustainable Impact Capital Global Sustainability fund).

The Sustainable Impact Capital funds are managed by the the investment management team highly experienced and expert fund management team.

The strategies and the funds they invest in

Strategy name	Sustainable Impact Capital risk level	Strategy invests in	Long term objectives		Time horizon (minimum)
			Return[1]	Risk[2]	
Strategy 6	**6**	**Sustainable Impact Capital Global Sustainability**	Inflation +5%	Up to 100% equity risk	**5 years +**
Strategy 5	**5**	**Sustainable Impact Capital Multi-Asset Dynamic Growth Portfolio**	Inflation +4%	Up to 83% equity risk	**5 years +**
Strategy 4	**4**	**Sustainable Impact Capital Multi-Asset Strategic Growth Portfolio**	Inflation +3%	Up to 66% equity risk	**5 years +**
Strategy 3	**3**	**Sustainable Impact Capital Multi-Asset Defensive Growth Portfolio**	Inflation +2%	Up to 50% equity risk	**5 years +**
Strategy 2	**2**	**Sustainable Impact Capital Multi-Asset Total Return Portfolio**	Cash +2%	Up to 33% equity risk	**3 years +**

[1] Each strategy has a target return in excess of inflation (as measured by the UK Consumer Price index) or cash (as measured by the Bank of England Base Rate)

[2] Each strategy has a maximum volatility target measured against the volatility of equity markets, as represented by the FTSE Developed World Index

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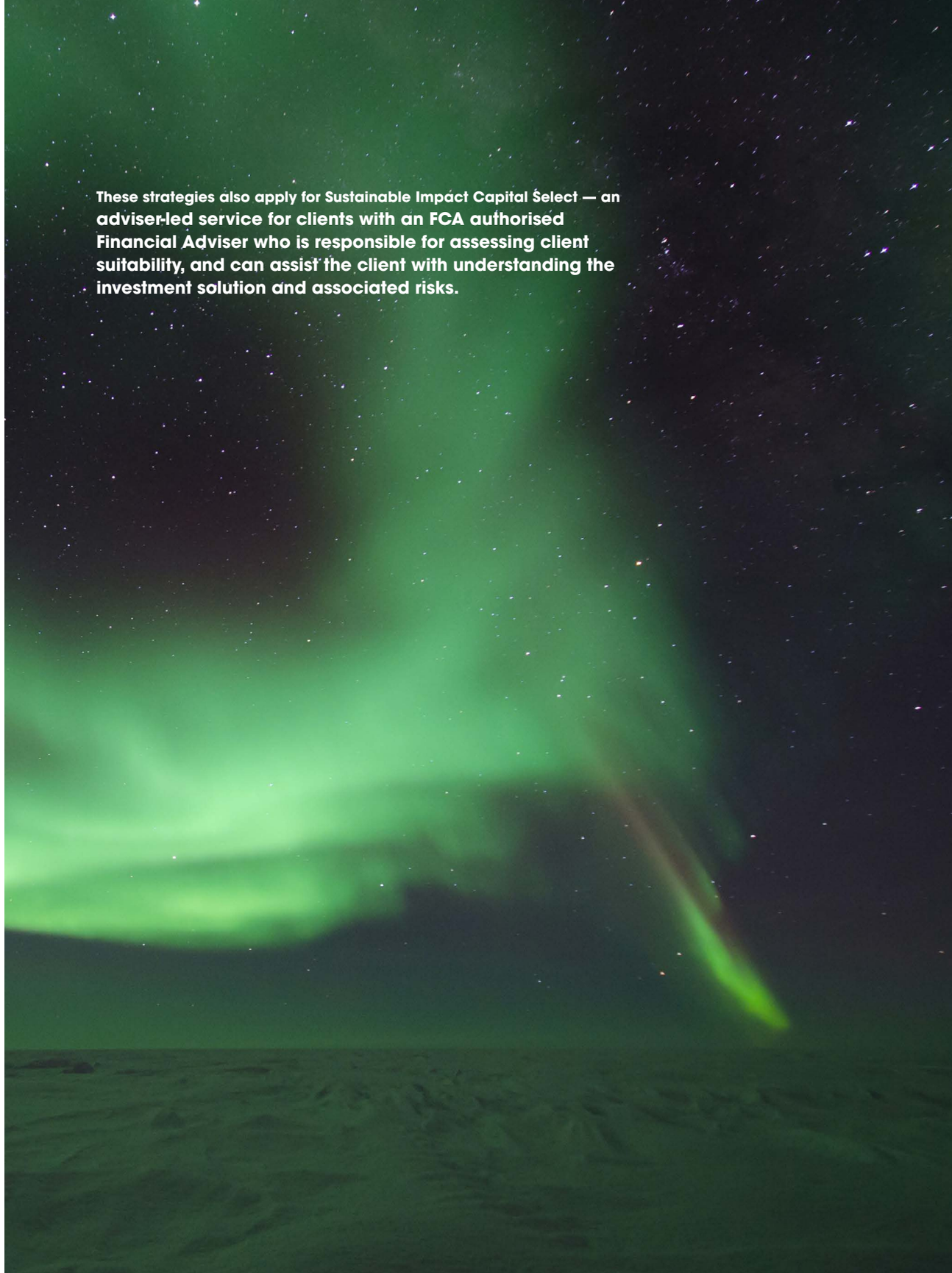

These strategies also apply for Sustainable Impact Capital Select — an adviser-led service for clients with an FCA authorised Financial Adviser who is responsible for assessing client suitability, and can assist the client with understanding the investment solution and associated risks.

Integrated research process

Our investment process centres around identifying high quality investments that we believe will deliver good long-term value for shareholders, while meeting high standards of sustainable business practice.

Sustainable Impact Capital's integrated research process allows us to focus on sustainable returns, combining strong financial analysis with ethical, sustainable and impact principles.

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Identifying opportunities

Financial analysis

Financial capital markets assessments

- Macro economic trends
  e.g. changing demographics, technology, geopolitics
- Long-term economic forecasts
  e.g. GDP growth, inflation, interest rates

Fundamental stock valuation

- Company quality
  e.g. cash flow, earnings growth, management quality
- Price valuations
  e.g. relative valuations, sector valuations

Asset allocation

Investment selection

Sustainable Impact Capital
investment universe

Ethical, sustainable and impact analysis

Sustainability thematic trends

- Mega sustainability trends
  e.g. climate change and the green transition, biodiversity, decarbonisation, resource efficiency, social equality
- Regulation and policy
  e.g. environmental, social, governance

Sustainability valuation

- Risk and opportunities
  e.g. transitions/ transformations in power, transport, manufacturing, agriculture
- Impacts on valuations
  e.g. impact of a rising price for carbon emissions, risk of fines for pollution or safety incidents, assets becoming 'stranded' and losing value, due to tightening environmental standards

Client financial objectives → **Client portfolios** ← **Client sustainable preferences**

The role of our in-house ESI Research Team

Our ethical, sustainable and impact (ESI) research team is one of Sustainable Impact Capital's core strengths. The team conducts detailed analysis of investments, reviews how sustainable development themes impact and are impacted by our investments and undertakes engagement activities to stimulate wider dialogue and action across the investment community.

The team works closely with Sustainable Impact Capital's investment specialists to seek risk-appropriate investments that we believe will deliver benefits for people and planet and be resilient in the long term. The ESI research team maintains a proprietary database covering over 1,000 global companies. It helps them assess not only what these companies do, but also how they operate. Our research experience that spans +30 years gives us authenticity in the complex and confusing world of ESI investment.

Our ESI team members bring a wealth of thematic knowledge to our framework of eight sustainable development themes. A combination of academic excellence and strong personal and professional ties to global sustainability issues makes for a unique research team — people with the passion and expertise for making finance a force for good.

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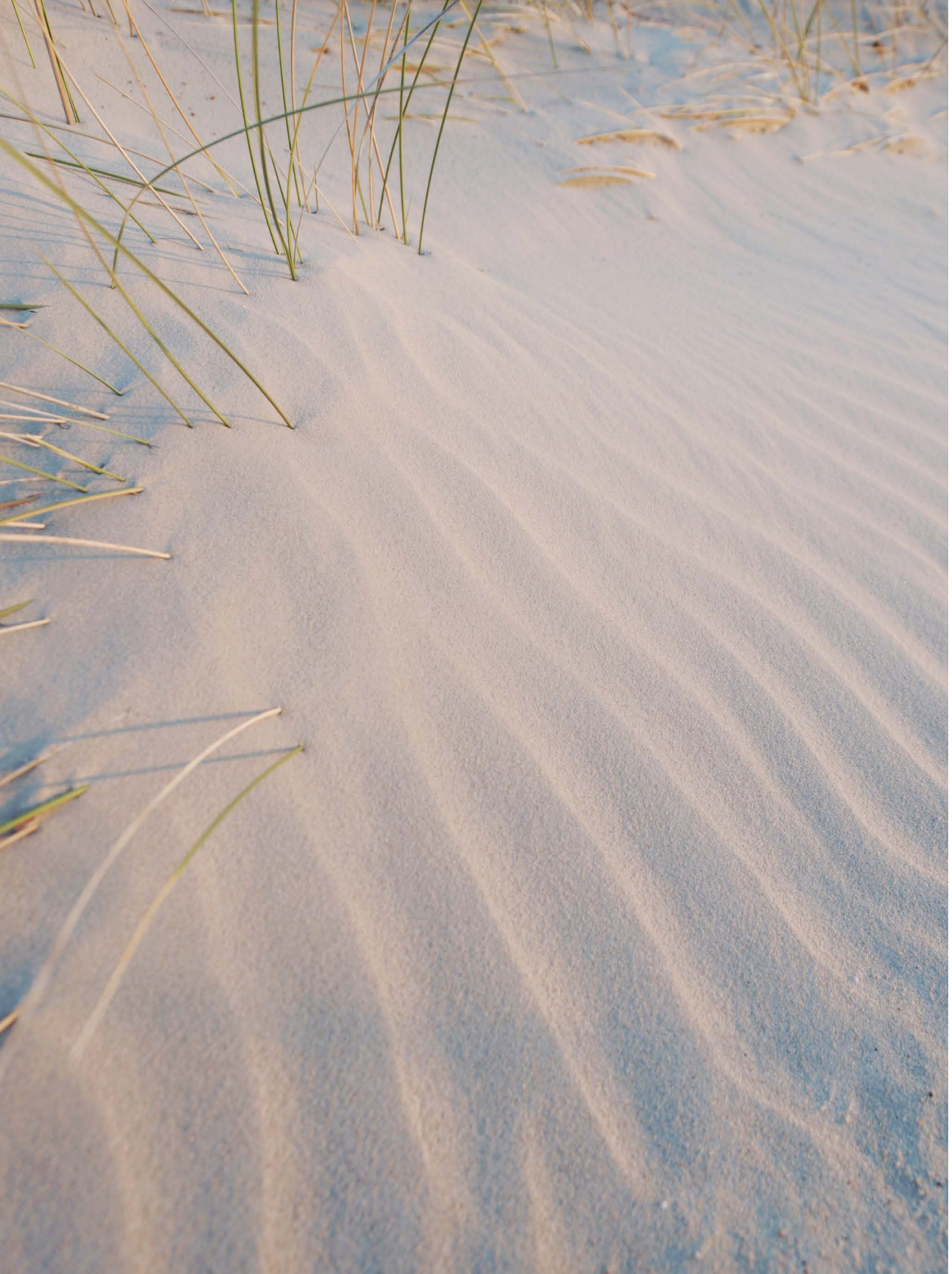
Our eight sustainable development themes

We have devised eight sustainable development themes that guide how we invest and engage at Sustainable Impact Capital. The United Nations Sustainable Development Goals (SDGs)* can be mapped across them. We have defined our own long-term environmental and social goals for each of these themes.

	Habitats and ecosystems	Resource efficiency	Decent work	Inclusive economies	Energy and climate	Health and wellbeing	Innovation and infrastructure	Resilient institutions	
Ambition for action	Preserve and enhance natural systems by encouraging companies to have a net positive impact on biodiversity.	Promote a circular economy that supports sustainable levels of consumption.	Ensure proper emphasis on the quality of jobs being created and maintained alongside their quantity.	Promote an equitable economy in which there is expanded opportunity for shared prosperity.	Support decarbonisation aligned to the goals of the Paris Agreement on climate change.	Ensure companies do not undermine the health of their beneficiaries and encourage improved health outcomes.	Support infrastructure that is fit to achieve broader planetary and societal goals.	Strengthen well-functioning institutions that protect the rule of law and fundamental rights.	Ambition for action
	6 Clean Water and Sanitation; 14 Life Below Water; 15 Life on Land	6 Clean Water and Sanitation; 12 Responsible Consumption and Production	5 Gender Equality; 8 Decent Work and Economic Growth	1 No Poverty; 4 Quality Education; 5 Gender Equality; 6 Clean Water and Sanitation; 7 Affordable and Clean Energy; 8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure; 10 Reduced Inequalities; 11 Sustainable Cities and Communities	7 Affordable and Clean Energy; 13 Climate Action	2 Zero Hunger; 3 Good Health and Well-Being; 12 Responsible Consumption and Production	3 Good Health and Well-Being; 8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure; 11 Sustainable Cities and Communities	10 Reduced Inequalities; 16 Peace, Justice and Strong Institutions	

*to find out more visit: **sdgs.un.org/goals**



Minimum sustainability threshold

All our investments are required to meet a minimum sustainability threshold, which is linked to our framework of eight sustainable development themes. They are also selected (or excluded) based on a client's financial objectives and ethical and sustainability preferences.

See Appendix A for sustainability standards for our Sustainable Impact Capital Bespoke portfolios and Appendix B for sustainability standards for our Sustainable Impact Capital Managed portfolios.

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Stewardship and Engagement

Engagement with companies and policymakers is a vital part of our role as ethical and sustainable investors. It's an effective lever to bring about positive social and environmental outcomes. Engaging at this level also enhances our ability to mitigate sustainability risks, empowering our clients to use their money as a force for good.

Our active approach to engagement is a core part of our service. It complements our investment analysis and enables us to advocate for positive and lasting change on our clients' behalf. Our clients recognise that our engagement on their behalf allows them to be part of a bigger movement for change.

The projects we choose must present a clear strategy for achieving effective outcomes and are considered against factors such as:

— alignment to our eight sustainable development themes and the long-term changes we aim for in each
— the level of exposure across Sustainable Impact Capital client portfolios and the extent to which individual issues are important to clients
— the prospect for deeper engagement on a more focused range of issues
— opportunities to 'prime the market' and act as a catalyst for further investor engagement by drawing attention to overlooked issues and building consensus on how to best address them.

Voting for change

Over the last +30 years, Sustainable Impact Capital's engagement with companies on sustainability has led to positive change on a diverse range of issues, from modern slavery to biodiversity and nutrition. Voting at shareholder meetings is an important means of exerting influence with companies on behalf of our clients. Together with the Group we actively vote in a manner that allows us to focus our resources where we believe we can make the most difference.

Because we recognise the power of partnerships where appropriate, we will collaborate with Non-Governmental Organisations and other members of the sustainable investment community to increase the reach and impact of our engagement activities.

We engage at company-specific and thematic levels, and activity is set in the context of long-term dialogue and ownership. We always aim for open and constructive dialogue, in a spirit of longer-term partnership and support, but we are never reticent in asking searching questions.

We agree objectives and review progress against them each quarter. We can then opt to escalate our discussions and activities if necessary. While we aim to stay invested and make effective use of our shareholder voice and voting rights, divestment is always an option.

Escalation

Divest

Formal correspondence to explain the rationale for divestment

Public announcement of divestment decision via our website

Vote against the whole Board

Public statements and letters to the Board, sharing our concerns and details of a lack of progress through our website and media channels

Vote against Chair and Independent Lead Director

Escalate engagement to more senior levels, including Chair

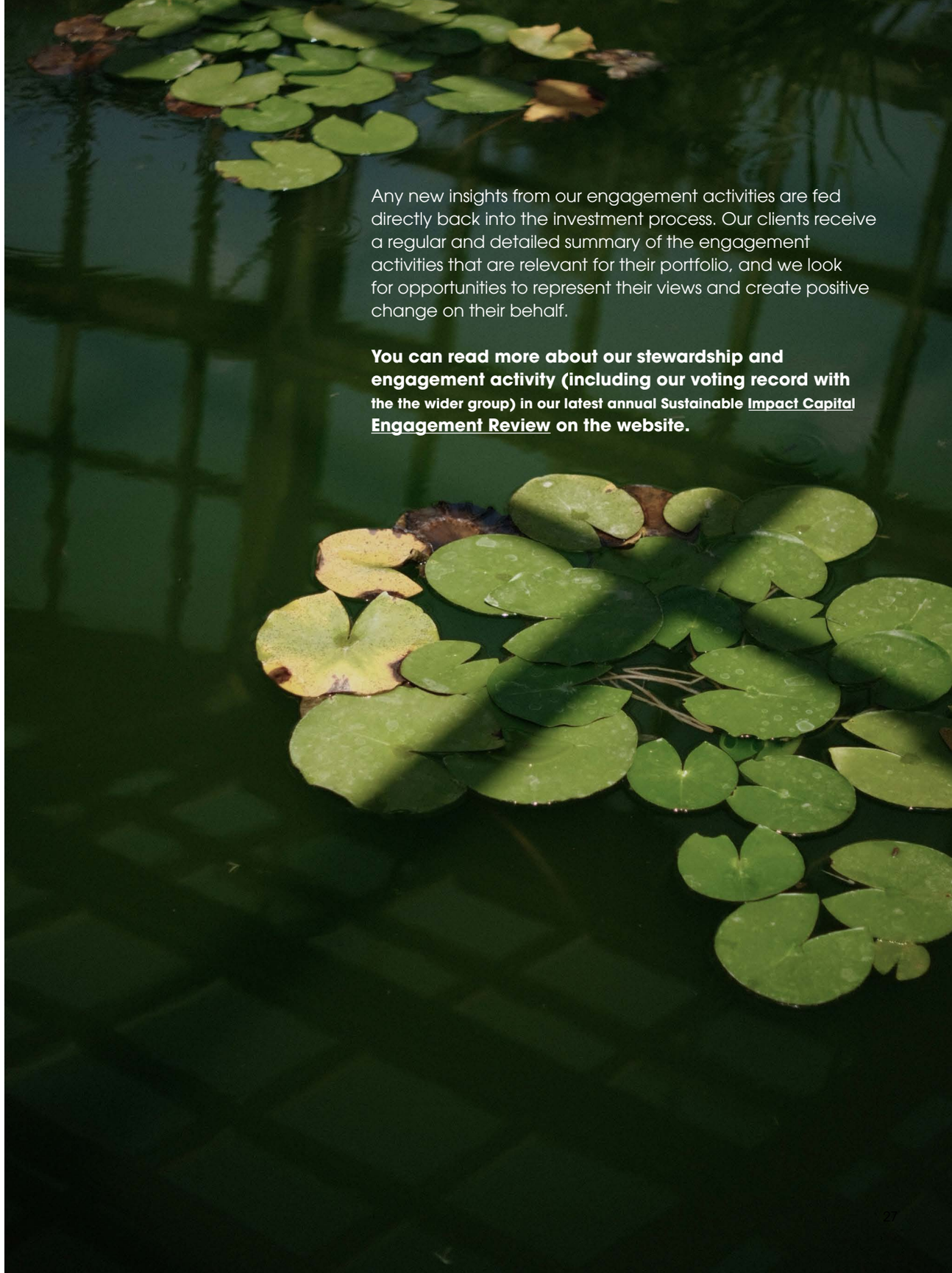
File or co-file resolutions

Questions and statements at AGMs

Collaborative engagement with other investors

Formal correspondence

Engagement meetings



Any new insights from our engagement activities are fed directly back into the investment process. Our clients receive a regular and detailed summary of the engagement activities that are relevant for their portfolio, and we look for opportunities to represent their views and create positive change on their behalf.

You can read more about our stewardship and engagement activity (including our voting record with the the wider group) in our latest annual Sustainable Impact Capital Engagement Review on the website.

Magnifying our impact through partnerships

We are able to magnify our positive impact through our partnerships, memberships and affiliations with different members of the sustainable investment community.

Investor engagement initiative ensuring world's largest corporate GHG emitters take action on climate change; engagement streams focus on climate scenarios, lobbying, disclosure and executive pay (member since 2017; joined 'Aiming for A' precursor in 2012).

Provides annual analysis of how 20 of the largest global pharmaceutical companies are addressing access to medicine in low to middle income countries (collaborating since 2018).

Thomson Reuters Foundation initiative seeking to improve quantity and quality of corporate disclosures on employment and supply chains (signatory since 2017).

Independent organisation working to change food policy and business practice to ensure food access and healthy diet for all (collaborating since 2019).

Encourages disclosure of meaningful and consistent environmental information; focused on measurement of risks and opportunities associated with climate change but expanded to include water security and deforestation (signatory since 2002; investor member since 2015).

A UK charity that is building a movement for responsible investment among savers and investors and shaping public policy around the issue (collaborating since 2010).

Dedicated to assessing and improving contributions of the private sector to global nutrition challenges; conducts independent ranking of companies' nutrition-related commitments, practices and performance (signatory since 2017).

A group of financial institutions committed to assessing the impact of their investments on biodiversity and to collaborating and sharing knowledge with other institutions (signatory since 2020).

The UK Stewardship Code 2020 sets high stewardship standards for those investing money on behalf of UK savers and pensioners, and those that support them. (the wider group has been a signatory since 2021).

Global network of investors addressing ESG issues in protein supply chains; engagement work has covered issues such as antibiotic use and sustainable protein supply chains (member since 2018).

Collaborative platform for investors to encourage public policies, investment practice and corporate behaviour addressing long-term risks and opportunities associated with climate change (member since 2015).

Membership organisation for those in the UK finance industry committed to growing sustainable and responsible finance (member since 1998).

Global network of investors which promotes the incorporation of ESG factors into investment decisions. It also has a collaboration platform which facilitates large-scale engagement projects (signatory since 2009).

Leading global measure of farm animal welfare management, policy commitment, performance and disclosure in food companies (supporter since 2011).

World Benchmarking Alliance (the wider group has been an Ally since 2022). Sustainable Impact Capital are also members of the Collective Impact Coalition for Ethical AI (since 2024).

Faith-based investor coalition involved in advocacy and raising awareness on issues of business, human rights and environmental stewardship (member since 1998).

UK campaigning organisation aiming to persuade employers to pay a 'real' living wage; also engaging with portfolio companies to encourage wider adoption (accredited employer since 2012).

The CCLA Mental Health Benchmark tracks and evaluates the UK's largest listed companies' approaches to workplace mental health (signatory since 2022).

A group of investors committed to harness the power of the investment community to engage with governments on food-related issues, with the aim of building a healthy, sustainable and affordable food system (founder and Chair since 2021).

The Coalition brings together businesses and financial institutions committed to supporting the development of an ambitious, effective and legally binding UN treaty to end plastic pollution. The coalition is convened by the Ellen MacArthur Foundation and World Wildlife Fund (member since 2024).

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Appendix

Appendix A
Sustainability standards for

Sustainable Impact Capital Bespoke portfolios

Sustainable Impact Capital's sustainable investment framework

At Sustainable Impact Capital, we can tailor portfolios to meet the specific requirements of each client, not only in terms of their financial objectives, but also through the investment exclusions we apply and the areas of positive focus we prioritise.

Our overall sustainable investment philosophy and research process ensures that certain minimum thresholds of ESG and sustainability performance must be reached before a stock is considered for inclusion in our investment portfolios.

Habitats and ecosystems	Resource efficiency	Decent work	Inclusive economies	Energy and climate	Health and wellbeing	Innovation and infrastructure	Resilient institutions
Preserve and enhance natural systems by encouraging companies to have a net positive impact on biodiversity.	Promote a circular economy that supports sustainable levels of consumption.	Ensure proper emphasis on the quality of jobs being created and maintained alongside their quantity.	Promote an equitable economy in which there is expanded opportunity for shared prosperity.	Support decarbonisation aligned to the goals of the Paris Agreement on climate change.	Ensure companies do not undermine the health of their beneficiaries and encourage improved health outcomes.	Support infrastructure that is fit to achieve broader planetary and societal goals.	Strengthen well-functioning institutions that protect the rule of law and fundamental rights.

Avoiding harm

Investments which have a serious and unmitigated negative impact on one or more of our sustainable development themes will not be eligible for inclusion in our portfolios. The only exception to this is investments where companies are primarily acting in a way which is sustainable, and have a clear management commitment to improve any areas of weakness. We may then consider investment, backed by a robust engagement plan to ensure progress and improvements remain on track.

Delivering positive impact

Equities and corporate bonds are expected to have a positive impact on one or more sustainable development themes via their products and services or way of operating.

Collectives must apply ethical screening criteria and/or a sustainability overlay, or be focused on a particular sustainability theme.

Government debt is assessed against four measures of sustainability of the issuing nation covering civil and political freedoms, corruption, defence spending and climate change. Debt issued by countries that fail all four tests will not be eligible for investment.

For each theme, we outline activities or behaviours that would automatically exclude a company from our investment portfolios. We also set out conditions that would indicate an exclusion is advised (red flags). A company displaying one or more red flags would be subject to further investigation and an assessment of the overall positive/negative impact of the organisation on sustainability.

Theme	Automatic exclusions	Red flags
Habitats and ecosystems	— Activities that directly threaten the special characteristics of natural World Heritage Sites	— Direct involvement in mining and mineral extraction. — >10% revenue from strategic products and services supplied to the mining industry. — Serious or repeated pollution incidents and/or demonstrating a material failure to manage their environmental impacts. — Links to widespread habitat destruction or serious and unabated impacts on biodiversity. — Extraction of renewable natural resources at rates significantly and consistently beyond nature's ability to regenerate them.
Resource efficiency		— Significant involvement in activities that are reliant on linear and wasteful use of resources for non-essential purposes or where alternatives exist (e.g. fast fashion, non-recyclable packaging).
Decent work	— Serious or repeated breaches of the International Labour Organisation (ILO) core conventions on labour rights	— Serious or repeated failings related to health and safety, labour relations or diversity and equal opportunities. — Widespread use of insecure employment arrangements (e.g. gig work, zero-hours contracts).
Inclusive economies	— Any revenue from predatory lending practices — >1% revenue from production of sexually explicit material. — >25% revenue from betting and gambling activities	— >10% revenue from betting and gambling activities. — Restricting access or affordability of basic necessities solely to generate higher profits.

Theme	Automatic exclusions	Red flags
Energy and climate	— Operation of thermal coal mines — Expansion of coal-fired energy generation or thermal coal mines	— Direct involvement in oil and gas production. — >10% revenue from strategic products and services supplied to the oil, gas or coal industries. — >10% revenue or >10% electricity output generated from thermal coal. — Companies operating in high-carbon industries without evidence of a credible strategy to align their activities with a net zero pathway. — Companies that, over time, fail to align with Sustainable Impact Capital's ambition to reach net zero emissions across our investment portfolios by 2040 or sooner.
Health and wellbeing	— Any revenue from the production of tobacco or tobacco products	— Involvement in serious or repeated breaches of guidelines to prevent the irresponsible marketing of alcohol or harmful drinking. — Significant exposure to production or sale of unhealthy food and beverage products without a credible nutrition strategy in place. — Serious or repeated instances of suppression of adverse safety data or testing results in relation to products manufactured or sold. — >5% revenue from the sale of tobacco products or the provision of specialist machinery or packaging to the tobacco industry.
Innovation and infrastructure	— Construction or operation of airports	— Infrastructure projects with potential significant adverse environmental or social risks and/or impacts that are diverse, irreversible, or unprecedented.
Resilient institutions	— Any revenue from the manufacture or sale of strategic weapons systems, munitions or combat platforms. — Any revenue from the production of controversial weapons (cluster munitions, nuclear weapons, landmines).	— Serious or repeated breaches of international human rights standards, including direct use of child, forced or bonded labour. — Operations in high-risk locations without implementing appropriate controls for the management of potential human rights risks. — Repeated and widespread use of artificial and aggressive tax optimisation/avoidance strategies. — Serious or repeated bribery and corruption incidents. — Direct facilitation of the occupation of disputed territories, ethnic cleansing or genocide via: —sale of military or surveillance equipment to the occupying nation —involvement in the construction of infrastructure in occupied lands —operation of prisons or detention centres

Appendix B

Sustainability standards for Sustainable Impact Capital

Managed multi-asset portfolios

How is sustainability evaluated for the Sustainable Impact Capital funds?

All potential investments are put forward by the the investment management team fund managers, with the ESI research team at Sustainable Impact Capital undertaking the necessary sustainability analysis and making the final decision about an investment's eligibility for inclusion in the funds.

Asset	Permissible	Criteria outline
Government bonds	Yes	Must meet three of: — The country must respect people's right to political and civil liberty — The country must meet high standards regarding bribery and corruption — Must not exceed global average on military spending — The country must be committed to reducing its contribution to climate change
Green bonds	Yes	Approval granted in the context of the specific use of bond's proceeds, rather than the issuer's principal activity, and only if intended for a specific social or environmental purpose
Corporate bonds	Yes	Must meet the Sustainable Impact Capital criteria for negative screening and positive alignment analysis (outlined later in this document)
Equities	Yes	Must meet the Sustainable Impact Capital criteria for negative screening and positive alignment analysis (outlined later in this document)
Property	Yes	Open-ended funds are not eligible for these funds. Real estate investment trusts (REITs) are subject to the same criteria as equities and corporate bonds
Commodities	Some	Does not invest directly in fossil fuels. Wider commodities in general not explicitly excluded. Supply chain will be subject to sustainability analysis
Structured products and portfolio protection	Yes	Underlying long credit or equity exposure must meet the same criteria as equities. Rates, volatility and foreign exchange (FX) are permissible, as are products that provide short exposure to equity and credit (for hedging). Structured product counterparties must meet the sustainability criteria used for corporate bonds

Sustainable Impact Capital sustainability analysis

Potential investments in equities, corporate bonds and government bonds are assessed against a number of positive and negative top-level social and environmental criteria, comprising of more than 300 distinct sub-criteria.

The specific merits of a company or entity's individual activities are analysed in detail. Specific attention is paid to how a company addresses corporate responsibility issues, as well as the range of corporate responsibility issues covered and the quality of its response.

Negative screening

The Sustainable Impact Capital funds avoid investing in companies that create significant negative impacts or are considered to be incompatible with sustainable development. The funds will exclude companies in breach of one or more of the following criteria:

Ethical issues	Criteria for exclusion
Alcohol	**The funds shall exclude companies:** — Deriving over 10% of revenue from the manufacture of alcoholic beverages. — Deriving over 25% of revenue from the retail of alcoholic beverages. — Involved in serious or repeated breaches of guidelines to prevent the irresponsible marketing of alcohol or harmful drinking.
Animal welfare violations: animal testing	**The funds shall exclude companies:** — Conducting animal testing without an appropriate animal welfare violations policy, referencing the '3Rs' principles of refinement, reduction and replacement.
Animal welfare violations: fur	**The funds shall exclude companies:** — Deriving any revenue from the production of fur or exotic animal skins. — Deriving any revenue from the production or sale of products containing fur or exotic animal skins (either wild or farmed).
Animal welfare violations: intensive livestock farming	**The funds shall exclude companies:** — Rearing or processing of animals for food and operating without evidence of policies, management and reporting on farm animal welfare violations issues.
Armaments	**The funds shall exclude companies:** — Deriving any revenue from the manufacture or sale of strategic weapons systems, munitions or combat platforms.
Gambling	**The funds shall exclude companies:** — Deriving over 5% of revenue from the operation of betting or gambling services (including casinos, betting shops, websites or mobile apps).
Pornography	**The funds shall exclude companies:** — Deriving any revenue from the production of sexually explicit material. — Deriving over 5% of revenue from the distribution or sale of sexually explicit material. — Failing to implement safeguards to prevent minors from accessing adult content.
Tobacco	**The funds shall exclude companies:** — Deriving any revenue from the manufacture of tobacco products. — Deriving over 5% of revenue from the sale of tobacco products or the provision of specialist machinery or packaging to the tobacco industry.

Environmental issues	Criteria for exclusion
Climate change	**The funds shall exclude companies:** — Operating oil and gas fields or thermal coal mines. — Operating in high-impact industries without evidence of a credible strategy to align their activities with a low-carbon transition.
Environment	**The funds shall exclude companies:** — Deriving any revenue from mining and mineral extraction. — Involved in serious or repeated pollution incidents and/or demonstrating a material failure to manage their environmental impacts. — Linked to widespread habitat destruction or serious and unabated impacts on biodiversity.
Nuclear power	**The funds shall exclude companies:** — Deriving any revenue from the construction of nuclear power plants. — Generating over 10% of their total electricity output from nuclear power. — Deriving over 5% of revenue from the supply of equipment or services to the nuclear power industry, unless related to safety or environmental management.

Social issues	Criteria for exclusion
Employment	**The funds shall exclude companies:** — Showing serious or repeated failings related to health and safety, labour relations or diversity and equal opportunities.
Human rights	**The funds shall exclude companies:** — Involved in serious or repeated breaches of international human rights standards, including direct use of child, forced or bonded labour. — Operating in high-risk locations without implementing appropriate controls for the management of potential human rights risks.

In order to qualify for inclusion in the funds, it is not enough for companies to only do no harm – all companies must also be actively doing good.

This means companies and entities that pass the negative screen must also display leading or well-developed business practices and policies, and/or allocate capital towards the provision of products or services aligned with sustainable development. This is because we believe companies that have these qualities are well-positioned to deliver long-term value creation for investors.

The funds use Sustainable Impact Capital's eight sustainable development themes to determine how successful individual companies are at translating aspirations into tangible results.

Contact us

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Company information

Sustainable Impact Capital Limited is registered in England and Wales under company number 02052321. Companies House records Barclays Equity Holdings Limited as the active person with significant control.

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The value of investments and income can fall as well as rise. This draft is not a company-approved financial promotion. Product names, return objectives, exclusions and partnership claims require company confirmation before publication.

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