PRI Principles for Responsible Investment

RI TRANSPARENCY REPORT

2013/14

Kleinwort Benson Investors

UNEP Finance Initiative Changing finance, financing change | United Nations Global Compact

An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the PRI website, ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2013-14 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six Principles for Responsible Investment. It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted. This results in some Principles not being explicitly highlighted. For instance, Principle 1 and 2 cannot be implemented without implementing Principle 3, but there are cases when Principle 3 is not explicitly highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
🏳	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

PRI disclaimer

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Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	n/a							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	🔒	n/a							✓
OO 08	Breakdown of AUM by market	✓	Private							✓
OO 09	Additional information about organisation	✓	Private							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	🔒	n/a							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public						✓	
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	🔒	n/a							✓
OA 07	Governance, management structures and RI processes	✓	Private							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Private	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Private	✓						
OA 15	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Private							✓
OA 19	Internal and external review and assurance of responses	✓	Private							✓

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Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private	✓						
LEI 02	Description of ESG incorporation	✓	Private	✓						
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Private	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	✓	Private	✓						
LEI 06	Types of screening applied	✓	Public	✓						
LEI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 08	Processes to ensure fund criteria are not breached	✓	Private	✓						
LEI 09	Types of sustainability thematic funds/mandates	✓	Public	✓						
LEI 10	Description of ESG integration	✓	Private	✓						
LEI 11	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 12	Processes to ensure integration is based on robust analysis	✓	Private	✓						
LEI 13	Aspects of analysis ESG information is integrated into	✓	Private	✓						
LEI 14	ESG issues in index construction	🔒	n/a	✓						
LEI 15	How ESG incorporation has influenced portfolio composition	✓	Private	✓						
LEI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Private	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	-	n/a	✓						
LEI 18	Disclosure of approach to ESG incorporation	✓	Public		✓				✓	

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PRI Principles for Responsible Investment

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	🔒	n/a		✓					
LEA 02	Reasoning for interaction on ESG issues	🔒	n/a	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	🔒	n/a		✓					
LEA 04	Objectives for engagement activities	🔒	n/a		✓					
LEA 05	Process for identifying and prioritising engagement activities	🔒	n/a		✓					
LEA 06	Objectives for engagement activities	🔒	n/a		✓					
LEA 07	Role in engagement process	🔒	n/a		✓		✓			
LEA 08	Monitor / discuss service provider information	🔒	n/a		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	🔒	n/a	✓	✓					
LEA 10	Tracking number of engagements	🔒	n/a		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	🔒	n/a		✓					
LEA 12	Engagements on E, S and/or G issues	🔒	n/a		✓					
LEA 13	Companies changing practices / behaviour following engagement	🔒	n/a		✓					
LEA 14	Examples of ESG engagements	🔒	n/a		✓					
LEA 15	Disclosure of approach to ESG engagements	🔒	n/a		✓				✓	
LEA 16	Description of approach to (proxy) voting	✓	Private		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	✓	Public		✓					
LEA 19	Confirmation of votes	✓	Private		✓					
LEA 20	Securities lending programme	✓	Private		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	✓	Private		✓					
LEA 24	Shareholder resolutions	✓	Private		✓					
LEA 25	Examples of (proxy) voting activities	-	n/a		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

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Reported Information

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Organisational Overview

PRI disclaimer

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PRI Principles for Responsible Investment

Basic Information

OO 01 | Mandatory | Gateway/Peering | General

OO 01.1 Select the services you offer.

☑ Fund management

% of assets under management (AUM) in ranges

- ○ <10%
- ○ 10-50%
- ◉ >50%

☐ Fund of funds, manager of managers, sub-advised products

☐ Other, specify

☐ Execution and advisory only services

OO 02 | Mandatory | Peering | General

OO 02.1 Select the location of your organisation's headquarters.

Ireland

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- ○ 1
- ◉ 2-5
- ○ 6-10
- ○ >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

51

OO 03 | Mandatory | Descriptive | General

OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- ○ Yes
- ◉ No

OO 04 | Mandatory | Gateway/Peering | General

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PRI Principles for Responsible Investment

OO 04.1 Indicate the year end date for your reporting year.

31/12/2013

OO 04.2 Indicate your total AUM at the end of your reporting year.

	trillions	billions	millions	thousands	hundreds
Total AUM		7	468	000	000
Currency	USD				
Assets in USD		7	468	000	000

OO 04.3 Indicate the level of detail you would like to provide about your asset class mix.

○ Approximate percentage breakdown to the nearest 5% (e.g. 45%)

◉ Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06 | **Mandatory** | **Descriptive** | **General**

OO 06.1 To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

◉ Publish our asset class mix as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	>50%	0
Fixed income – corporate	0	0
Fixed income – government	0	0
Fixed income – other	0	0
Private debt	0	0
Private equity	0	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0

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Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	0	0
Other (2), specify	0	0

○ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png,.bmp and .gif)

Gateway asset class implementation indicators

OO 10 | **Mandatory** | **Gateway** | **General**

OO 10.1 Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.

☑ We incorporate ESG issues into investment decisions on our internally managed assets

☐ We engage with companies on ESG issues via our staff, collaborations or service providers

☑ We cast our (proxy) votes directly or via service providers

☐ None of the above

OO 10.3 Additional information. [Optional]

We incorporate ESG factors in our current strategies where we believe they are material to investment decisions for the particular strategy. Environmental factors are foundational for the Environmental Strategies as are the Social factors of an increasing global population and changing world demographics. Governance is a consideration in evaluation of company management and management structures. Our Global Equity Strategies are grounded in the consideration of the Social factor of the demographic of an ageing population's increasing demand for income. It has also been our experience that a focus on companies with a sustained ability to pay dividends results in a portfolio of companies that sustainably deploys capital and has a higher Governance profile. In our view such a profile ultimately is to long term benefit of shareholders.

As a specialist boutique asset manager with focused resources, we endeavour to leverage relationships to engage in collective engagement when appropriate, but it is not a primary focus. Additionally, the PMs on our Environmental Strategies regularly meet with management teams of the companies we own and have the opportunity to raise issues related to governance and shareowner value.

OO 12 | **Mandatory** | **Gateway** | **General**

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OO 12.1	The modules and sections that you will be required to complete are listed below. They are based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. Note, you are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Direct - Fixed Income and Infrastructure are always voluntary.

Core modules

☑ Organisational Overview

☑ Overarching Approach (including assets which do not have a separate module)

RI implementation directly or via service providers

Direct - Listed Equity incorporation

☑ Listed Equity incorporation

Direct - Listed Equity active ownership

☑ (Proxy) voting

Closing module

☑ Closing module

Note: Please make sure your response to this indicator is complete and confirmed before you progress. Your response will determine which tailored modules and sections you will be presented with.

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Overarching Approach

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Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General

OA 01.1 Indicate if you have a responsible investment policy.

- (●) Yes
- ( ) No

OA 01.2 Indicate if you have other guidance documents or more specific policies related to responsible investment.

- (●) Yes
- ( ) No

OA 02	Mandatory	Core Assessed	PRI 6

OA 02.1 Indicate if your responsible investment policy is publicly available.

- (●) Yes

OA 02.2 Provide a URL to your responsible investment policy.

URL

http://www.kleinwortbensoninvestors.com/ucits-key-investor-information-documents-kiids-other-languages/responsible-investment-at-kleinwort-benson-investment.450.html

- ( ) No

OA 02.3 Indicate if your other policies or guidance documents related to responsible investment are publicly available.

- ( ) Yes
- (●) No

OA 03	Mandatory	Core Assessed	PRI 1,2

OA 03.1 Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

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PRI Principles for Responsible Investment

Policy components/types	Coverage by AUM
☑ Policy setting out your overall approach ☑ (Proxy) voting policy ☑ Engagement/active ownership policy ☐ Specific guidelines on corporate governance ☐ Specific guidelines on environmental issues ☐ Specific guidelines on social issues ☐ Asset class-specific guidelines ☑ Screening/exclusion policy ☐ Other, specify ☐ Other, specify	○ Applicable policies cover all AUM ◉ Applicable policies cover a majority of AUM ○ Applicable policies cover a minority of AUM

OA 03.2 Comment on any variations or exceptions in the coverage of your responsible investment policy. [Optional]

Proxy voting and land mine and cluster bomb screening components of the RI policy apply to all assets, ESG Integration and Engagement (too a much lesser degree) is currently focused on in our Environmental Strategies, which are less than 50% of the assets.

OA 04 | Mandatory | Core Assessed | General

OA 04.1 Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

◉ Yes

OA 04.2 Describe your policy on managing potential conflicts of interest in the investment process. [Optional]

Kleinwort Benson Investors always endeavours to act in the best interests of its clients. The firm has a robust Conflicts of Interests policy in place which is made available to all staff. Where conflicts do arise they are always reviewed bearing the client's best interests in mind

○ No

Objectives and strategies

OA 05 | Mandatory | Gateway/Core Assessed | General

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OA 05.1	Indicate if your organisation sets objectives for its responsible investment activities.

○ Yes

◉ No

Governance and human resources

OA 08	Mandatory	Gateway/Core Assessed	General

OA 08.1	Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

	Roles present in your organisation

☐ Board members or trustees

☑ Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee

- ☑ Oversight/accountability for responsible investment
- ☐ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment

☑ Other Chief-level staff or head of department, specify

CIO

- ☑ Oversight/accountability for responsible investment
- ☑ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment

☑ Portfolio managers

- ☐ Oversight/accountability for responsible investment
- ☑ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment

☐ Investment analysts

☑ Dedicated responsible investment staff

- ☑ Oversight/accountability for responsible investment
- ☐ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment

☐ External managers or service providers

☐ Other role, specify

☐ Other role, specify

OA 08.2	Indicate the number of dedicated responsible investment staff your organisation has. [Optional]

	Number

1

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PRI Principles for Responsible Investment

Promoting responsible investment

OA 10	Mandatory	Core Assessed	PRI 4,5

OA 10.1

Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.

◉ Yes

OA 10.2

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Select all that apply

☐ Asian Corporate Governance Association

☐ Association for Sustainable & Responsible Investment in Asia

☐ Australian Council of Superannuation Investors

☑ CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

☑ Basic

☐ Moderate

☐ Advanced

☐ CDP Forests

☑ CDP Water

Your organisation's role in the initiative during the reporting period (see definitions)

☑ Basic

☐ Moderate

☐ Advanced

☐ CFA Institute Centre for Financial Market Integrity

☐ Council of Institutional Investors (CII)

☐ Eumedion

☐ Extractive Industries Transparency Initiative (EITI)

☐ Global Investors Governance Network (GIGN)

☐ Global Real Estate Sustainability Benchmark (GRESB)

☑ Institutional Investors Group on Climate Change (IIGCC)

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PRI Principles for Responsible Investment

	Your organisation's role in the initiative during the reporting period (see definitions)
	☑ Basic
	☐ Moderate
	☐ Advanced

☐ Interfaith Center on Corporate Responsibility (ICCR)

☐ International Corporate Governance Network (ICGN)

☐ Investor Group on Climate Change, Australia/New Zealand (IGCC)

☐ Investor Network on Climate Risk (INCR)/CERES

☐ Local Authority Pension Fund Forum

☑ Principles for Responsible Investment

	Your organisation's role in the initiative during the reporting period (see definitions)
	☑ Basic
	☐ Moderate
	☐ Advanced

☐ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify

☐ Shareholder Association for Research and Education (Share)

☐ United Nations Environmental Program Finance Initiative (UNEP FI)

☐ United Nations Global Compact

☑ Other collaborative organisation/initiative, specify

Global Impact Investment Network (GIIN)

	Your organisation's role in the initiative during the reporting year (see definitions)
	☐ Basic
	☑ Moderate
	☐ Advanced

☐ Other collaborative organisation/initiative, specify

☐ Other collaborative organisation/initiative, specify

☐ Other collaborative organisation/initiative, specify

○ No

OA 11	Mandatory	Core Assessed	PRI 4

OA 11.1	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

◉ Yes

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OA 11.2	Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

☐ Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations

☐ Provided financial support for academic or industry research on responsible investment

☐ Encouraged better transparency and disclosure of responsible investment practices across the investment industry

☑ Spoke publicly at events and conferences to promote responsible investment

☑ Wrote and published in-house research papers on responsible investment

☐ Encouraged the adoption of the PRI

☑ Other, specify

Supported the efforts of the Green IFSC in Ireland through speaking at conferences, writing articles and guest lecturing at graduate programs in sustainable/environmental finance.

○ No

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PRI Principles for Responsible Investment

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Direct - Listed Equity Incorporation

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PRI Principles for Responsible Investment

ESG incorporation in actively managed listed equities

Implementation processes

LEI 03	Mandatory	Gateway/Core Assessed	PRI 1

LEI 03.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies.

ESG incorporation strategy (select all that apply)

☑ Screening alone (i.e. not combined with any other strategies)

Percentage of active listed equity to which the strategy is applied (estimate +/- 10%)	% 10

☐ Thematic alone (i.e. not combined with any other strategies)

☐ Integration alone (i.e. not combined with any other strategies)

☐ Screening + Integration strategies

☑ Thematic + integration strategies

Percentage of active listed equity to which the strategy is applied (estimate +/- 10%)	% 25

☐ Screening + thematic strategies

☐ All three strategies combined

☑ No incorporation strategies applied

Percentage of active listed equity to which no incorporation strategy is applied (estimate +/- 10%)	% 65

Total actively managed listed equities

100%

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LEI 03.2	Describe your primary reasons for choosing a particular ESG incorporation strategy.

ESG factors are a fundamental underpinning of our Environmental Strategies, grounding the investment premise for our Water, Energy Solutions and Agribusiness Strategies. Our team applies their expertise in evaluating the investment implications of environmental challenges, evolving world demographics, opportunities in environmental solutions and strong knowledge of emerging environmental technologies and then integrating these assessments into the overall fundamental assessment of companies. Corporate governance is reviewed as part of our fundamental analysis of a company. Where governance risks are identified, they can be the basis for conversations with management and/or an adjustment to the risk premium we use in our valuation of the company.

On a separate account basis, SRI screening is available for clients who wish to avoid stocks based on ethical criteria. We currently run an ethically screened version of our Global Equity Product. Two clients in our thematic, integrated Water and Energy Solutions strategies also chooses to include negative screening, and we manage those portfolios with screens.

(A) Implementation: Screening

LEI 06	Mandatory	Descriptive	PRI 1

LEI 06.1	Indicate and describe the type of screening you apply to your internally managed active listed equities.

Type of screening

☑ Negative/exclusionary screening

Screened by

☐ Product
☑ Activity
☐ Sector
☑ Country/geographic region
☑ Environmental and social practices and performance
☐ Corporate governance

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	Description

All portfolios are screened for companies involved in the manufacture of landmines and cluster bombs.

We run an ethically screened version of our Global Equity Strategy for a number of clients. We manage SRI screened versions of our Water and Energy Solutions Strategies for 2 sub-advised clients based on their criteria. For another subset of clients, we also screen on countries that these clients wish to avoid based on support for objectionable activities.

☐ Positive/best-in-class screening

☐ Norms-based screening

LEI 06.2	Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.

The screening criteria are established by clients and we have appropriate systems in place to assure that the screens are adhered to.

LEI 07	Mandatory	Core Assessed	PRI 1

LEI 07.1	Indicate which processes your organisation uses to ensure that screening is based on robust analysis.

☑ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.

☐ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies

☐ External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar

☐ Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies

☐ A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions

☑ A periodic review of the quality of the research undertaken or provided is carried out

☐ Other, specify

☐ None of the above

(B) Implementation: Thematic

LEI 09	Mandatory	Descriptive	PRI 1

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LEI 09.1	Indicate the type of sustainability thematic funds or mandates that your organisation manages.

☑ Environmentally themed funds

☐ Socially themed funds

☐ Combination of themes

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LEI 09.2	Describe your organisation's processes for sustainability thematic funds. [Optional]

Kleinwort Benson has been managing global, long-only, Environmental Equity strategies since 2000 and we currently offer the following comprehensive suite of products in that space:

- The KBI Water Strategy
- The KBI Energy Solutions Strategy
- The KBI Agribusiness Strategy
- Multi-theme solutions

Kleinwort Benson Investors' Environmental Strategies provide investors with the opportunity to achieve strong long term returns and potential portfolio diversification from investing in companies providing solutions to our greatest global sustainability challenges. Investment across the spectrum of environmental strategies is grounded in three dominant global trends that support strong secular growth in a number of key sectors:

- **World's changing demographic profile.** Population growth, industrialization, economic growth and urbanization will continue to test the limits of our ecosystem and will require investment in innovation and infrastructure on an unprecedented scale.
- **Natural resources constraints.** A growing, more affluent global population has and will continue to put increasing pressure on the supply of natural resources. Meeting the needs for energy, water and food is a major challenge of the 21st century.
- **Increasing Waste and Pollution.** As the world continues to grow, it produces increasingly harmful levels of waste and pollution. Investments in cleaner, more efficient resource use are essential to mitigating these harmful outputs.

We believe that by harnessing the long-term growth opportunities that exist in companies that are focused on addressing and providing solutions to these important global problems, investors benefit from the return opportunities that are present from an investment perspective. The performance objective of the Environmental Strategies is 3% - 5% outperformance over the MSCI World Index over rolling 3 and 5 year periods.

The Kleinwort Benson Investors Water, Energy Solutions and Agribusiness Strategies are high conviction, global, long only equity portfolios that invests in 40-50 publicly traded companies providing value-added solutions to meet the vital, global need for water, food and clean energy. The primary drivers of investment across all three themes are:

1.**Insufficient Supply**: The supply of water is finite and impacted by increased pollution. With 38% of the earth's land already used for farming, supply of arable land is limited. Traditional high carbon energy sources like oil and coal will need to be limited and replaced by an increased supply from renewable sources.

2.**Increasing Demand:** A growing population and increasingly urbanization and industrialization is accelerating the demand for food, water and energy.

3.**Increasing Regulation**: Regulatory drivers to support water quality, encourage resource efficiency, and support cleaner energy solutions continue to gain momentum.

4.**Increasing Infrastructure Spending**: Massive spending on infrastructure will be required to meet the need for energy, water and food.

5.**Increasing Technology**: Innovative technologies continue to facilitate the more efficient use of inputs, delivery, quality and provision of these three vital resources.

We believe that specialist active management can not only deliver strong returns over the long run, but also best position the strategies across the investment cycle. Our

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investment process across the range of environmental investment themes (Water, Energy Solutions, Agribusiness, and Multi-Themed Solutions) is identical. We seek to use our specialist knowledge of the environmental themes and our experience in analysing companies operating in these sectors, together with the most up-to-date financial analysis that integrates relevant ESG information, to create the optimum portfolios from a risk/return perspective, with an emphasis on pure-play companies in each thematic area.

(C) Implementation: Integration of ESG issues

LEI 11	Mandatory	Core Assessed	PRI 1

LEI 11.1 Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

ESG issues	Coverage/extent of review on these issues
Environmental	◉ We systematically review the potential significance of environmental issues and investigate them accordingly ○ We occasionally review the potential significance of environmental issues and investigate them accordingly ○ We do not review environmental issues
Social	○ We systematically review the potential significance of social issues and investigate them accordingly ◉ We occasionally review the potential significance of social issues and investigate them accordingly ○ We do not review social issues
Corporate Governance	◉ We systematically review the potential significance of corporate governance issues and investigate them accordingly ○ We occasionally review the potential significance of corporate governance issues and investigate them accordingly ○ We do not review corporate governance issues

Communication

LEI 18	Mandatory	Core Assessed	PRI 2,6

LEI 18.1 Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.

○ We disclose it publicly

◉ We disclose it to clients and/or beneficiaries only

LEI 18.3 Indicate the information your organisation proactively discloses to clients/ beneficiaries regarding your approach to ESG incorporation.

◉ Broad approach to ESG incorporation

○ Detailed explanation of ESG incorporation strategy used

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LEI 18.4	Indicate how frequently you typically report this information.

- ○ Quarterly or more frequently
- ○ Between quarterly and annually
- ○ Less frequently than annually
- ◉ Other, specify

  As required

- ○ We do not proactively disclose it to the public and/or clients/beneficiaries

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Kleinwort Benson Investors

Reported Information

Public version

Direct - Listed Equity Active Ownership

PRI disclaimer

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(Proxy) voting and shareholder resolutions

Process

LEA 17	Mandatory	Descriptive	PRI 2

LEA 17.1 Indicate how you typically make your (proxy) voting decisions and what this approach is based on.

Approach

○ We use our own research or voting team and make our own voting decisions without the use of service providers.

○ We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.

◉ We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.

Based primarily on

◉ the service provider voting policy signed off by us

○ our own voting policy

○ our clients requests or policy

○ other, explain

○ We hire service provider(s) which make voting decisions on our behalf.

LEA 18	Mandatory	Descriptive	PRI 2

LEA 18.1 Of the voting recommendations that your service provider made in the reporting year, indicate what percentage your organisation reviewed, and the reasons for the review.

Percentage of voting recommendations your organisation reviewed

○ >20%

◉ 5-20%

○ 1-5%

○ <1%

Reasons for review

☐ Specific ESG issues

☑ Votes where a significant level of ownership is held

☐ Votes against management or abstentions

☐ Conflicts of interest

☑ Corporate actions such as M&A, disposal, etc.

☐ Other, explain

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LEA 21	Mandatory	Core Assessed	PRI 2

LEA 21.1 Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.

- ○ Yes, in most cases
- ○ Sometimes, in the following cases:
- ◉ No
- ○ Not applicable as we and/or our service providers do not abstain or vote against management recommendations

Outputs and outcomes

LEA 22	Mandatory	Core Assessed	PRI 2

LEA 22.1 For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.

- ◉ We do track or collect this information

Votes cast (to the nearest 1%)

%

90%

Specify the basis on which this percentage is calculated

- ◉ of the total number of ballot items on which you could have issued instructions
- ○ of the total number of company meetings at which you could have voted
- ○ of the total value of your listed equity holdings on which you could have voted

LEA 22.2 If there are specific reasons why you did not vote certain holdings, explain these, and if possible, indicate the percentage of holdings affected by these factors. [Optional]

10%. Votes not exercised were as a result of the shares being blocked for voting or were for votes in markets where Power of Attorneys to vote were required.

- ○ We do not track or collect this information

Communication

LEA 26	Mandatory	Core Assessed	PRI 2,6

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LEA 26.1 Indicate if your organisation proactively discloses information on your voting activities.

- ○ We disclose it publicly
- ◉ We disclose it to clients/beneficiaries only

LEA 26.3 Indicate the voting information your organisation proactively discloses to clients/beneficiaries.

Indicate how much of your voting record you disclose

- ◉ All voting decisions
- ○ Some voting decisions
- ○ Only abstentions and opposing vote decisions
- ○ Summary of votes only

Indicate what level of explanation you provide

- ○ Explain all voting decisions
- ◉ Explain some voting decisions
- ○ Only explain abstentions and votes against management
- ○ No explanations provided

LEA 26.4 Indicate how frequently you typically report voting information.

- ○ Continuously (primarily before meetings)
- ○ Continuously (soon after votes are cast)
- ○ Quarterly or more frequently
- ◉ Between quarterly and annually
- ○ Less frequently than annually
- ○ Other, specify

- ○ We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

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