



IMPORTANT CHANGES TO THE RLP UK ETHICAL PENSION FUND

We're making some changes to the RLP UK Ethical pension fund. This guide explains how the new investment and stock selection process will work.

HOW DOES THE CURRENT PROCESS WORK?

The RLP UK Ethical fund currently excludes companies involved in armaments, nuclear, fur, animal testing and those companies that derive greater than 33% of turnover from tobacco.

Companies that pass this test are then screened against a broad range of ethical criteria on both a negative and positive basis. Stocks with lower than average scores are excluded and a portfolio is constructed from the remaining holdings.

HOW WILL THE NEW PROCESS DIFFER?

The new RLP Sustainable Leaders Fund will continue to screen and exclude companies from certain sectors, particularly those believed to expose investors to unacceptable financial risk resulting from poor management of environmental, social and governance (ESG) issues. These being:

- Manufacturers of armaments or sells torture equipment
- Manufacturers of tobacco
- Companies that generate nuclear power
- Companies demonstrating unacceptable corporate governance

In addition, the fund will exclude companies that derive more than 10% of their turnover from the following activities:

- Military applications or weaponry
- Animal fur products
- Pornography
- Gambling

The fund will avoid investing in companies with extremely high environmental impacts where there are no strong mitigating factors and will also avoid companies who carry out animal testing (other than for human health research purposes where legal alternatives are not available).

The final stage is a detailed stock analysis focussed on understanding long term industry trends, and bespoke ESG analysis on each company with an emphasis on investing in those companies with above average ESG performance. Potential holdings are then scrutinised by both an internal and external advisory committee before the careful construction of a portfolio of between 40 and 50 stocks.

The RLP UK Ethical fund currently invests in 40 stocks. 25 of these stocks, representing 60% of the current stocks held, will continue to be held in the new RLP Sustainable Leaders fund, under the new investment process.



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