



SARASIN
& PARTNERS

Adviser guide to ethical exclusions

2026

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Introduction

Many of your clients may have some form of ethical screening operating across their investment portfolios, or may be considering whether ethical exclusions are appropriate for their individual circumstances, values and objectives.

This guide is designed to support you in discussions with clients around ethical investing. It aims to help you explain the available ethical screening options, explore clients' preferences and priorities, and determine the most appropriate approach for their portfolios.

We have extensive experience working with advisers and their clients to implement ethical considerations within investment portfolios. Our approach is informed by detailed research on each ethical issue, drawing on data provided by companies themselves alongside information from independent third-party sources, to support the judgements required when applying exclusions.

While we are able to operate on a bespoke basis where appropriate, we have developed a clearly defined set of parameters for each ethical issue. These definitions are designed to help advisers implement clients' ethical preferences accurately and consistently.

Our approach is both quantitative and qualitative and considers the materiality of each exclusion based upon the percentage of revenues for the overall business involved in the production and distribution of ethically unacceptable products, such as gambling, tobacco, alcohol, adult entertainment, armaments and the extraction of thermal coal or the production of oil from tar sands.

We have pre- and post-trade systems that allow us to manage portfolios within these defined parameters. Excluded stocks are reviewed on an ongoing basis to ensure that portfolios continue to align with the agreed ethical criteria.

The exclusionary policies described in this document apply across a range of Sarasin & Partners investment strategies available to retail clients. A summary matrix is included on page 3.

X Exclusionary policy applied

Ethical restrictions



Responsible Corporate Bond

X	X	X	X	X	X	X	X	X	X	X	X	X
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Responsible Strategic Bond

X	X	X	X	X	X	X		X	X	X	X	
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Responsible Global Equity

X	X	X	X	X	X	X	X	X	X	X	X	X
---	---	---	---	---	---	---	---	---	---	---	---	---

Responsible Multi Asset

X	X	X	X	X	X	X	X	X	X	X	X	X
---	---	---	---	---	---	---	---	---	---	---	---	---

Food & Agriculture Opportunities

X	X	X		X	X	X		X				
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Responsible Model Portfolio Service

X	X	X		X	X	X ¹	X	X	X	X	X	X
---	---	---	--	---	---	----------------	---	---	---	---	---	---

Responsible Bespoke Portfolio Service²

X	X	X	X	X	X	X ¹	X	X	X	X	X	X	X
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The value of investments and any income derived from them can fall as well as rise and investors may not get back the amount originally invested.

Where an exclusion applies, please refer to the relevant pages of this guide for the applicable definitions and revenue threshold tolerances. In certain instances, exposure to activities referenced in this guide may fall outside the defined investable universe of the underlying strategy and are therefore not held within the portfolio, even where not separately hard-coded as a restriction within portfolio management systems.

¹ For externally managed tracker or index funds held within the Sarasin Responsible Model Portfolios and Responsible Bespoke Portfolio Service, complete exclusion of gambling exposure

may not always be operationally possible due to index replication. In such cases, we apply a de minimis threshold to determine whether a fund remains permissible. Specifically, if the sum of the portfolio weights of companies involved in gambling, multiplied by their percentage of revenue derived from gambling, is less than 1% of the total fund, the exposure is deemed de minimis and the fund may be held.

² For clients with specific ethical requirements, exclusions shown in this guide can be mapped to a bespoke client proposition via Sarasin's Responsible Bespoke Portfolio Service. Portfolios are constructed to reflect the client's individual values, objectives and constraints, subject to feasibility, regulatory requirements and ongoing portfolio management considerations.

Cluster bombs and landmines

Prohibited under international treaties



The United Nations Convention on Cluster Munitions is an international treaty that prohibits the use of cluster bombs, a type of explosive weapon which scatters sub-munitions (bomblets) over an area. The convention was adopted in 2008.

The Ottawa Treaty (Anti-Personnel Mine Ban Convention) aims to eliminate anti-personnel landmines (AP-mines) around the world. To date, there are 162 States party to the treaty while 34 UN states including the United States, Russia and China are non-signatories.

Restrictions

	Restriction	Definitions used
Cluster munitions (manufacturer)	Excluded for all portfolios managed by Sarasin & Partners.	Companies that manufacture cluster munitions, whole weapon systems, components or delivery platforms.
Landmines (manufacturer)		Companies that manufacture landmines, whole systems or components.

Excluded for all portfolios managed by Sarasin & Partners.

Adult entertainment



The adult entertainment exclusion policy applies a wide definition to exclude all producer, distributor, retailer and ownership categories of adult entertainment. We apply a materiality threshold at 5% of revenues.

Restrictions

	Restriction	Definitions used
Adult entertainment-related revenues	5% of revenues for activities connected to adult entertainment.	Companies with industry-related revenues, including producer, distributor, retailer and ownership categories.
Adult entertainment producer		Companies that produce, direct or publish adult entertainment materials that fall into the following categories: producer of X-rated films, producer of pay-per-view programming or channels, producer of sexually explicit video games, producer of books or magazines with adult content, live entertainment of an adult nature, producer of adults-only material on the internet.
Adult entertainment distributor		Companies that distribute sexually explicit products and services, including X-rated movies and videos, printed materials, television programmes, and online products. This includes companies providing cable channels and television for adult viewing only. Companies in the hospitality industry are also included if they offer 'adults-only' films for in-room viewing through pay-per-view services.

0.0% of MSCI AC World Index excluded if these exclusions are applied

Alcohol



The alcohol exclusion policy excludes both alcohol producers and companies with alcohol-related revenues using the definitions below. We apply a materiality threshold set at 5% of revenues for producers and 10% of revenues for any company with alcohol-related activities.

Restrictions

	Restriction	Definitions used
Alcohol producers	5% of revenues from alcohol producers.	Companies that manufacture alcoholic products including brewers, distillers, and vintners. This also includes companies that own or operate wine vineyards.
Alcohol-related revenues	10% of revenues for any company with alcohol-related products or services.	Companies with alcohol-related revenues, including producer, distributor, retailer, licensor or supplier categories.

1.0% of MSCI AC World Index excluded if these exclusions are applied

Armaments



The armaments exclusion policy distinguishes between the manufacture of whole weapon systems (zero exposure) and companies with revenues related to weapons production, where a 10% materiality threshold is applied.

Restrictions

	Restriction	Definitions used
Weapons producers	Zero exposure to the manufacture of whole weapon systems.	Companies that produce conventional, biological/chemical or nuclear weapons. Excludes companies that manufacture components of weapons systems and support services and systems.
Weapons-related revenues	10% of revenues from any company with activities connected to weapons systems, including components and services designed for weapons use products or services designed for weapons use.	Companies that derive revenues from components of weapon systems, support systems and services designed for weapons use.

2.1% of MSCI AC World Index excluded if these exclusions are applied

Civilian firearms



The civilian firearms exclusion policy excludes producers of automatic and semi-automatic firearms. It excludes companies with revenues related to civilian firearm production and related revenues, where a 5% materiality threshold is applied.

Restrictions

	Restriction	Definitions used
Automatic or semi-automatic firearm producer	Zero exposure to the manufacture of automatic and semi-automatic civilian firearms.	Companies that manufacture firearms which automatically eject the cartridge case of a fired shot and load the next cartridge from the magazine allowing the gun user to fire more than one round of ammunition for every pull of the trigger. The screen includes all types of weapons that are automatic or fully automatic, as well as weapons that allow selective fire.
Civilian firearm producers and related revenues	5% of revenues from any company with activities related to the manufacture, production or distribution of firearms or small arms ammunition intended for civilian use.	Companies that derive revenue from the manufacture, production or distribution of firearms or small arms ammunition intended for civilian use.

1.6% of MSCI AC World Index excluded if these exclusions are applied

Gambling



The gambling exclusion policy excludes exposure to gambling using the definitions given below. We set the materiality threshold at 5% of revenues for direct gambling operations and 10% of revenues for any gambling-related activities.

Restrictions

	Restriction	Definitions used
Gambling operations	5% of revenues from gambling operations.	Companies that own or operate gambling facilities such as casinos, racetracks, bingo parlours, or other betting establishments, including: horse, dog, or other racing events that permit wagering; lottery operations; online gambling; pari-mutuel wagering facilities; bingo; pachislot and pachinko parlors; slot machines; jai-alai; mobile gambling; and sporting events that permit wagering.
Gambling-related revenues	10% of revenues for any company with gambling.	Companies with gambling-related revenues through the operation, support, licensing or ownership categories.

0.4% of MSCI AC World Index excluded if these exclusions are applied

Predatory lending



The predatory lending exclusion policy excludes companies that generate revenues from the provision of controversial lending activities. We apply a materiality threshold set at 5% of revenues.

Restrictions

	Restriction	Definitions used
Predatory lending related revenues	5% of revenues for activities connected to predatory lending	Predatory lending is defined as the “imposition of unfair and abusive loan terms on borrowers” by engaging in deception, fraud or manipulation through aggressive sales tactics, and taking unfair advantage of a borrower’s lack of understanding about complicated transactions. Examples of products and services associated with predatory lending include payday loans, instalment loans, pawn loans, title loans, tax refund anticipation loans, doorstep loans and check cashing.

0.0% of MSCI AC World Index excluded if these exclusions are applied

Tobacco



The tobacco exclusion policy applies a zero tolerance approach to tobacco producers. It excludes all tobacco producers and applies a materiality threshold of 10% of revenues for any company with tobacco-related activities, such as distributors, retailers and suppliers.

Restrictions

	Restriction	Definitions used
Tobacco producers	Zero exposure to any revenues from tobacco producers.	Companies that manufacture tobacco products, such as cigars, blunts, cigarettes, e-cigarettes, inhalers, beedis, kreteks, smokeless tobacco, snuff, snus, dissolvable and chewing tobacco. This also includes companies that grow or process raw tobacco leaves.
Tobacco-related revenues	10% of revenues for any company with tobacco-related products or services.	Companies with tobacco-related revenues, such as distributors, licensors, retailers or suppliers (e.g. machinery, paper, filters).

0.6% of MSCI AC World Index excluded if these exclusions are applied

Extraction of thermal coal



Thermal coal is mainly used in power generation. It is burned for steam to run turbines to generate electricity. Emissions from burning coal are seen as the single greatest threat to climate change. Coal mining is also a source of methane, another global warming gas.

We set the materiality threshold to this activity at 5% of revenues.

We do not exclude metallurgical coal (coking coal), which is used in the process of iron and steel production. We do not exclude companies that buy electricity generated from thermal coal.

Restrictions

	Restriction	Definitions used
Thermal coal	5% of revenues from the extraction of thermal coal.	Any company that derives more than 5% of revenues from the mining of thermal coal (including lignite, bituminous, anthracite and steam coal) and its sale to external parties. It excludes: revenue from metallurgical coal; coal mined for internal power generation (e.g. in the case of vertically integrated power producers) and revenue from coal trading.

0.5% of MSCI AC World Index excluded if these exclusions are applied

Production of oil from tar sands



Some oil companies have expanded the scope of their operations to search for oil from less conventional sources with higher pollution, such as oil from tar sands. We set the materiality threshold to this activity at 5% of revenues. We do not exclude companies that derive revenue from non-extraction activities (e.g. exploration, surveying, processing, refining), ownership of oil sands reserves with no associated extraction revenues or revenue from intra-company sales. We do not exclude companies that buy electricity generated from tar sands.

Restrictions

	Restriction	Definitions used
Tar sands	5% of revenues from the production of oil from tar sands.	Companies that own oil sands reserves and disclose evidence of deriving revenue from oil sands extraction. This factor does not include revenue from non-extraction activities (e.g. exploration, surveying, processing, refining); ownership of oil sands reserves with no associated extraction revenues; or revenue from intra-company sales.

0.2% of MSCI AC World Index excluded if these exclusions are applied

Fossil fuel extraction



Fossil fuels are carbon-rich deposits which are formed from geological processes acting on the remains of organic matter. The four fossil fuels are petroleum, natural gas, coal and Orimulsion.

In the presence of oxygen, fossil fuels can be burned to generate energy. A by-product of their combustion is carbon dioxide (CO₂). The increasing volume of CO₂ in the earth's atmosphere is a major contributing factor to human-induced global warming. As of 2020, fossil fuels supplied 84% of the world's energy.

Aside from climate change, there are diverse externalities associated with fossil fuels. These include: damage to terrestrial and marine ecosystems; the production of hazardous waste; premature deaths among human populations from air pollution and employee safety issues.

Restrictions

	Restriction	Definitions used
Oil and gas extraction	5% of revenues from the extraction and production of oil and gas.	Companies that derive revenues from the extraction and production of oil and gas.
Oil and gas refining	5% of revenues derived from refining oil and gas.	Companies that derive revenues from refining oil and gas.
Oil and gas sectors	Zero exposure to companies in the oil and gas sector.	Using GICS sectors, companies that are classified in the oil & gas sector.

4.1% of MSCI AC World Index excluded if these exclusions are applied

Sanctity of life



The sanctity of life is fundamental to the teachings of a number of religions. Many religions state that human life is sacred, holy and precious and man has no right to destroy life. Abortifacients are substances or medications that cause abortions but also carry health risks.

Contraceptives prevent pregnancy. We do not exclude companies that engage in stem cell research using cells derived from fetal cell lines or with cells derived from adults.

Restrictions

	Restriction	Definitions used
Abortion providers	Zero exposure to companies that provide abortions.	Companies that own or operate a facility where an abortion has been performed within the last three fiscal years.
Abortifacients – Intended and multiple use	Zero exposure to companies that manufacture abortifacients marketed for their ability to induce abortions. 5% of revenues derived from multiple use abortifacient products.	Companies that manufacture abortifacients that are specifically marketed for their ability to induce abortions.
Contraceptives	5% of revenues derived from contraceptives.	Companies that derive revenues from the manufacturing or licensing of contraceptives.
Stem cell research	Zero exposure to companies that engage in stem cell research.	Companies that engage in stem cell research using human embryos or fetal tissues but not companies that engage in research using fetal cell lines or adult stem cells.

4.4% of MSCI AC World Index excluded if these exclusions are applied

Guidance notes

All exclusions are monitored on a best endeavours basis.

Restricted stocks are coded into our pre-trade compliance system to prevent portfolio managers from buying them.

Each restriction is monitored and applied separately. It is not possible to apply a percentage threshold to revenues in respect of an amalgamation of ethical categories, as accurate data is not disclosed to allow meaningful analysis to take place.

We use external agencies for data provision.

The Sarasin & Partners Ethical Committee reviews the data and discusses all securities that the raw data suggests are excluded or close to exclusionary thresholds. The Ethical Committee investigates the data further as it deems appropriate and makes the final decision as to whether each security is restricted or permitted for investment.

The exclusions, criteria and thresholds set out in this document form part of a dynamic and flexible approach to ethical screening, and are therefore subject to change at any time without notice.

We review criteria at each quarterly meeting.



Important information

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