



SARASIN
& PARTNERS

CHARITIES GUIDE TO ETHICAL EXCLUSIONS 2025

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INTRODUCTION

Many of our clients have some form of ethical screening policy operating over their investment portfolio, and you may well be considering whether ethical exclusions are right for you.

This guide is designed to help you discuss and navigate the ethical options and decide the best course of action for your portfolio.

We have long experience of working with our clients to implement their ethical concerns in investment portfolios. We undertake research on each issue and consider the data provided by the companies themselves, together with data from third parties to inform us on the judgements that have to be made.

While we are able to operate on a bespoke basis, we have developed a set of parameters with clear definitions for each ethical issue to help clients implement their policies accurately.

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 and we regularly review the stocks excluded for each factor.

The exclusionary policies described in this document apply to a range of Sarasin & Partners investment strategies. A summary matrix is included on page 15.

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

| | EXCLUSION | DEFINITIONS USED |
|---|---|---|
| Adult entertainment-related revenues | | Companies with industry-related revenues, including producer, distributor, retailer and ownership categories. |
| Adult entertainment producer | 5% of revenues for activities connected to adult entertainment. | 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

| | EXCLUSION | 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

| | EXCLUSION | 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

| | EXCLUSION | 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

| | EXCLUSION | 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

| | EXCLUSION | 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

| | EXCLUSION | 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

| | EXCLUSION | 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

| | EXCLUSION | 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

| | EXCLUSION | DEFINITIONS USED |
|---------------------------------|---|---|
| Oil & 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 & gas refining | 5% of revenues derived from refining oil and gas. | Companies that derive revenues from refining oil and gas. |
| Oil & 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

| | EXCLUSION | 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

ETHICAL RESTRICTIONS

| |  NUCLEAR POWER |  ALCOHOL |  GAMBLING |  TOBACCO |  WEAPONS |  MILITARY |  NUCLEAR |  NUCLEAR |  NUCLEAR |  NUCLEAR |  NUCLEAR |  NUCLEAR |  NUCLEAR |
|---|---|---|--|---|---|--|---|--|---|---|---|---|---|
| Responsible Corporate Bond | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Responsible Global Equity | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Endowments CALP ¹ | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Income & Reserves CALP ¹ | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Climate Active Endowments CALP ¹ | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| IE Diversified Endowments ¹ | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Core Endowments CALP ¹ | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

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. Please refer to the prospectuses and the KIIDs before making any final investment decisions.

Exclusionary policy applied

Excludes retailers of civilian firearms but not producers

¹ These funds are for registered charity investors only

² Excluding oil and gas sectors exclusion

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.

FUND INFORMATION

The funds referenced in this document (bar the Sarasin IE Diversified Endowments Fund – see below) are managed by Sarasin Investment Funds Limited, which is authorised and regulated by the Financial Conduct Authority (FRN: 122244). Sarasin Investment Funds Limited has delegated its administration and registrar functions to Northern Trust Global Services SE, UK Branch. Sarasin Investment Funds Limited has appointed Sarasin & Partners LLP as the Investment Manager of the funds.

The CAIFs referenced in this document are for investment by for charities as defined within the meaning of Section 1 of the Charities Act 2011 and/ or paragraph 1(1) of Schedule 6 of the Finance Act 2010; which are organised, incorporated or resident in the UK.

The Sarasin IE Diversified Endowments Fund is domiciled in Ireland and authorised by the Central Bank of Ireland. It is not authorised in the UK, but is recognised under the Financial Conduct Authority's Overseas Funds Regime and section 271A of the Financial Services and Markets Act 2000. The Sarasin IE Diversified Endowments Fund is managed by Waystone Management Company (IE) Limited, which is incorporated in Ireland and authorised by the Central Bank of Ireland. Northern Trust Fiduciary Services (Ireland) Limited is the appointed Trustee pursuant to the relevant Trust Deeds and is incorporated in Ireland and authorised by the Central Bank of Ireland. Waystone Management Company (IE) Limited has appointed the Investment Manager, Sarasin & Partners LLP as the UK representative of the Sarasin IE Diversified Endowments Fund. UK investors should be aware that if they invest in the Sarasin IE Diversified Endowments Fund, they will not be able to refer a complaint against Waystone Management Company (IE) Limited or Northern Trust Fiduciary Services (Ireland) Limited to the UK Financial Ombudsman Service. Any claims for losses relating to Waystone Management Company (IE) Limited or Northern Trust Fiduciary Services (Ireland) Limited will not be covered by the UK Financial Services Compensation Scheme, in the event that either entity should become unable to meet its liabilities to investors. Prospective investors should consider obtaining financial advice from a professional adviser before deciding to invest.

The funds may not be appropriate for investors who plan to withdraw their money within five years. Prospective investors should review the prospectuses carefully, including the section on 'Risk Factors', prior to making any final investment decisions. The prospectuses, the Key Investor

Information Documents for the relevant classes, as well as the annual and half-yearly reports, are available in English free of charge via the relevant product pages on our website or upon request. The funds may not be distributed to investors in jurisdictions where such distribution would be unlawful. Sarasin Investment Funds Limited and Waystone Management Company (IE) Limited reserve the right to reject any applications from investors outside of the jurisdictions where the funds are registered for sale. US Persons are not permitted to subscribe for shares/units in the funds.

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