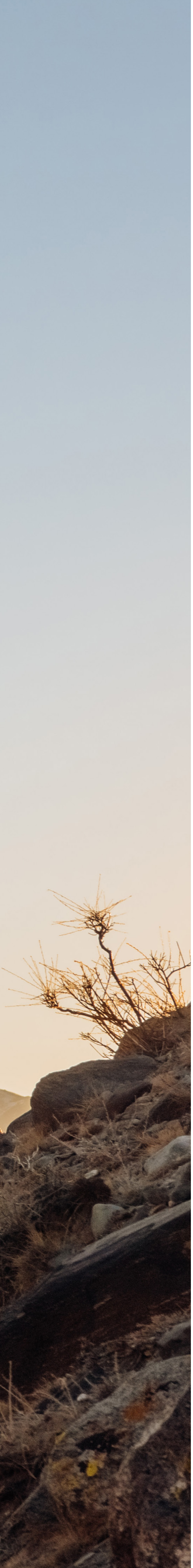
RESPONSIBLE INVESTING

INVESTING WITH PURPOSE

RAYMOND JAMES


Building wealth for the future is important...
...but your investments can do more than make money.



IN THIS GUIDE

"In this day and age, it's impossible to make sound long-term investments without due consideration for sustainability."

PARIS JORDAN | HEAD OF RESPONSIBLE INVESTING AT RAYMOND JAMES

A decade ago, sustainability was seen as nice to have. Now, it's firmly part of the mainstream.

No wealth manager can claim a complete service offering without responsible products. Clients increasingly expect their money to be managed the right way – and we expect higher standards from the companies we invest in and recommend. But responsible investing (RI) can mean different things to different people, with a range of terms reflecting different approaches.

This brochure is a guide to how successful responsible investing is achieved at Raymond James.

You're at the heart of everything we do, including one-to-one conversations to understand your preferences and explain how responsible investing works. Our highly-personalised investment services allow you to work with a professional to create a bespoke investment plan so that they can invest in a way that truly aligns with your values and long-term financial goals.

Our approach is firmly centred on solutions and opportunities for positive outcomes. What we offer is evolving with our capabilities to identify true sustainability, see where risks are hiding, and uncover compelling opportunities.

WHY IT MATTERS - AND WHY NOW

Capital as a force for change

Investment capital plays a key role in shaping the world. The decisions investors make affect which businesses grow, which technologies develop, and which standards become widely adopted. Responsible investing starts from the idea that capital allocation has consequences, and that, when done thoughtfully, investment capital can be a catalyst for positive change.

A shift in attitudes

A monumental intergenerational transfer of wealth is underway, and younger generations tend to place greater emphasis on how money is invested. They increasingly want to understand the broader impact of their capital, alongside its financial performance. This reflects a growing awareness that looking after both people and planet is essential for capitalism to exist successfully and long-term returns to be achieved.

More in the toolbox

Approaches to responsible investing have come a long way in a short space of time. Investors now have several ways to stick to their values while being in the market to achieve strong returns. RI has progressed beyond simple exclusions of controversial sectors. Now, environmental, social and governance considerations are part of investment analysis, and we can engage with companies. Many new capabilities allow investors to be more active and deliberate about how money is invested.

Following regulation

As new risks emerge, regulators do their best to keep up. Rules are tightening to support consumer trust, and it's important we stay attuned to these developments. When a company falls short of standards in its sector, it can face real-world consequences.

Part of our role as your wealth manager is to shield you from risk. Beyond seizing opportunities, responsible investing at Raymond James is about oversight and accountability. To make this easier, in this brochure, we stick by terminology and definitions recognised by the Financial Conduct Authority (FCA).

HOW YOUR INVESTMENT MANAGER CAN SUPPORT YOU

We understand that your responsible investing preferences are personal to you. Raymond James extends a lot of trust to investment managers to think and act as truly independent professionals, making it easier for them to find solutions to serve your exact needs.

You may care about addressing climate change, healthcare access and innovation, or impacts on people and communities. You may simply want reassurance that your portfolio is being managed with a fuller view of risk.

Your investment manager is there to learn what really matters to you – to get to know you, what you want your money to support, and any business activities you'd rather steer clear of. That starts with a personal, guided conversation.

From there, your investment manager has four levers to pull at Raymond James to shape a responsible investing strategy around your needs – ESG integration, sustainable investing, stewardship, and in specific cases, negative screening. They can recommend Raymond James own established portfolios, build on the best ideas of our dedicated Responsible Investment Team, or create a new bespoke portfolio utilising specialised data and analytics tools.

Whether you're looking to better understand the realm of the possible or already know what you'd like your portfolio to achieve, our investment managers are well-equipped to support you in your responsible investing journey.

ESG-INTEGRATED RESEARCH

'Environmental, Social and Governance' (ESG) was coined over 20 years ago by the United Nations. The three words describe the modern risk areas that determine how responsibly a company is run and how resilient it is. At a broad level, the ESG framework guides companies and investors to the evolving risks they need to focus on.

Environmental

How a company interacts with the planet. This could cover everything from energy use to emissions, water and waste.

A data centre may need water access for cooling. If it's built in the Californian desert, that environment is going to be a risk factor.

Social

How a company treats people – employees, customers, suppliers and communities; their safety, pay, wellbeing.

A tech company might be innovative, but if it mishandles customer data, a social risk is created for the company.

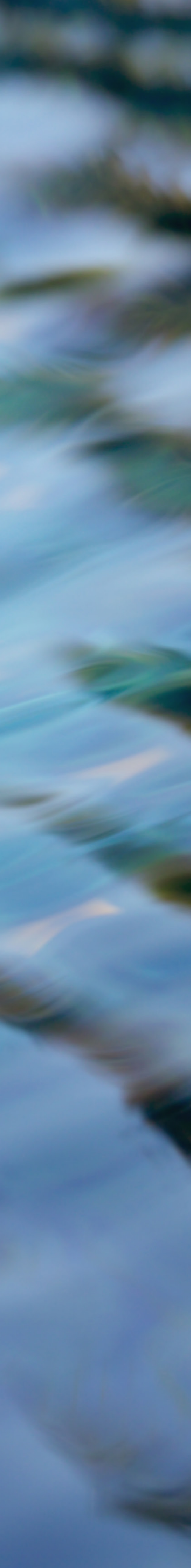
Governance

How a company is managed – the structure of the board, executive pay, shareholder rights, and transparency.

If a bank doesn't have an effective whistleblowing policy, fraud can go unchecked, creating an invisible governance risk.

Investment decisions are influenced by more than financial data alone. Factors such as environmental risks, workforce management and corporate governance can all affect a company's long-term prospects.

Considering these alongside traditional financial analysis can help investors gain a more complete picture of potential risks and opportunities.



When we talk about ESG integration at Raymond James, we mean bringing these factors into the analysis of a company. We do this not only to judge how well it's managing risk, but also how well it's positioned to take opportunities over the long-term. Done properly, ESG integration steers your money to resilient businesses.

How we analyse equities

When we look at individual shares, our research analysts and investment managers focus on the issues most relevant to each company. Different businesses face different exposures, so our research considers which environmental, social or governance-based factors are likely to have a meaningful financial impact. It's then about understanding how a company is prepared for, and mitigates against, those potential risks.

It should be clear that ESG integration doesn't focus on how 'moral', 'right', or 'good' a company is. It focuses on how well it manages certain critical areas that could affect its performance and stability.

How we analyse funds

Each of our collective fund research notes includes a section on responsible investing. It assesses the quality of a given manager's approach to ESG risk management and how often they make investments for positive non-financial outcomes.

Sustainable investing gives you the opportunity to align your portfolio with the future you want to see.

That could mean backing companies that lead the way in sustainable practices, investing in responsible themes, supporting improving businesses or investing in funds set up to deliver real world impacts.

Here at Raymond James, we can invest in sustainability in a way that suits you.

What sustainable investing looks like at Raymond James:

1. Investing in sustainable companies

You can access funds that invest in companies that already demonstrate strong sustainability practices

2. Capturing sustainable themes

Many investment opportunities are linked to the way the world is changing. Specialist funds allow you to gain exposure to themes such as climate and the energy transition, biodiversity, and more.

3. Investing to improve companies

In certain cases, you can invest to support progress through funds that use active engagement to encourage companies to adopt more sustainable practices.

4. Investing for impact

Some investments are designed to deliver measurable positive outcomes alongside financial returns. You can access funds that invest in businesses with a strong impact outcome in mind.

75%

according to the recent “Sustainable Signals 2026” report by Morgan Stanley three quarters of private clients hold some form of sustainable fund.

How it works

Your money is invested in a fund of companies with the aim of positive real-world outcomes.

Your investment supports their market value.

Higher valuations can make it easier to raise money.

That money can fund growth and innovation.

Continued growth helps to deliver positive real-world outcomes.

STEWARDSHIP: TAKING OUR ROLE AS ACTIVE OWNERS SERIOUSLY

As responsible owners, we take an active interest in the companies our clients are invested in.

Our starting point is always our responsibility to act in your best interests. This includes finding high-quality investment opportunities, monitoring them closely over time, and taking decisive action when we are no longer confident in a company's direction. Stewardship forms part of this ongoing oversight.

It involves using our position as a long-term investor to engage with management, ask the right questions and encourage improvements.

This stewardship practice is also fundamentally at odds with what many people believe about investing – that you just make your selections and sit back. At Raymond James, investing is hands-on and proactive.

Climate Action 100+

THE INVESTOR AGENDA
ACCELERATING ACTION FOR A NET-ZERO EMISSIONS ECONOMY

Signatory of:
PRI | Principles for Responsible Investment

Exercising your vote

We can exercise voting rights on your behalf, using independent proxy voting research to inform our decisions. While we value external recommendations, we retain discretion to vote differently when we believe this better reflects your interests.

When we need to go further

We also engage directly with companies when deeper insight or change is needed. This may involve dialogue with management teams, attendance at shareholder meetings, or ongoing engagement on specific environmental, social or governance matters.

Many sustainability issues require collective action. Through our membership of the UN Principles of Responsible Investment and their Collaborative Engagement Platform, we join forces with industry peers and regulators to promote better practices in companies.

Funds selected by your investment manager that are managed outside Raymond James will not be covered by our stewardship activities. In these cases, stewardship may only be carried out by external fund managers responsible for those investments.

NEGATIVE SCREENING: AVOIDING HARMFUL SECTORS

What is it?

Quakers laid the groundwork for what we know today as negative screening. The best way to think about it is by imagining a giant filter. There are tens of thousands of equities in the investable universe – not all align with your values, so we use negative screening to identify companies that contravene certain ethical criteria. It's effectively a giant filter that stops the "sin stocks" getting through.

What can be filtered out?

Ethical issues and social impacts: alcohol, gambling, pornography, tobacco and cannabis.

Human rights, labour and communities: direct and indirect, product responsibility and sanctity of life.

Environmental impacts and climate change: environment, nuclear and fossil fuels.

Animal welfare: animal testing, animals for food, and non-food use of animals such as labour or collecting hides and fur.

Other issues: weapons, consumer credit, genetics and palm oil.

What to consider

You can choose to screen out businesses with either minor or major involvement in certain activities.
But it's worth noting that some "minor involvement" criteria apply to a surprisingly wide range of companies.

For example, excluding all businesses with a connection to palm oil narrows your investable universe by 10%.

Because negative screening reduces the pool of available investments, it can make it harder to build a fully-diversified portfolio. With fewer companies to choose from, your returns may be more volatile.

We recommend talking through your ethical preferences with an investment manager to fully understand the implications of ethical screening on your long-term returns.

MOVING FORWARDS TOGETHER

For more than 200 years, we've adapted to the world around us and to the demands of our clients. Our commitment to responsible investing is a commitment to stewarding your family's wealth with care for the next 200 years.

Through ESG integration, sustainable investing, stewardship, and negative screening where sensible, we strive to ensure your investments are reflective of your needs and preferences.

If you would like to discuss responsible investing in more detail, your investment manager will be happy to talk through the options available to you.

GLOSSARY

Responsible investing – an umbrella term that encompasses various approaches, including ESG integration, stewardship, negative screening, and sustainable investing approaches.

ESG integration – incorporating environmental, social, and governance factors into fundamental analysis as part of reviewing a company's risk and opportunity.

Sustainable investing – backing companies that support positive outcomes in the world while still aiming to deliver strong investment performance.

Stewardship – taking an active role as shareholders to encourage responsible behaviour from investee companies.

Negative screening – excludes firms in "sinful" sectors. We often hear this approach being referred to as 'ethical investing' or 'exclusionary screening' and it tends to be popular with charities and endowment funds.

Sustainable portfolios – professionally-managed investment portfolios that bring together a mix of sustainability-focused funds.

Bespoke – a tailored investment service designed from the ground up around an individual client's circumstances and long-term goals.

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WITH INVESTING, YOUR CAPITAL IS AT RISK