



Our Role as Custodians

At TAM, we view ourselves first and foremost as custodians of our clients' capital. Our responsibility is to reflect the values and conversations that matter to our clients, not to impose our own views of what "sustainability" should look like.

We see our role as an intermediary between investors, fund managers, and companies, listening to our clients, interpreting their expectations, and ensuring that the capital we manage acts responsibly in their name. Through our Sustainable World portfolios, we seek to balance financial performance with the environmental and social outcomes our clients care about most.

Sustainability is not about moral judgement or perfection. It is about representation, ensuring that our portfolios express clients' intent to make a positive contribution while safeguarding their wealth for the future. This principle underpins our entire approach to avoiding harm.

What "Avoiding Harm" Really Means

"Avoiding harm" is one of TAM's four pillars, alongside doing good, driving change, and delivering returns. It means managing risk and responsibility by identifying activities or behaviours that could cause environmental or social damage and assessing how they can be mitigated or offset by positive outcomes.

We recognise that industries and companies sit along a spectrum of impact, requiring careful judgement rather than simple exclusion. Avoiding harm therefore does not mean blanket bans or rigid "yes/no" rules. Sustainability is multi-dimensional and dynamic. Instead, we focus on context, direction of travel, and intentionality.

In doing so, we assess:

- Where potential harm exists
- Whether a company or fund manager is addressing that harm responsibly
- Whether the positive impact generated outweighs residual negatives



Negative Screening

"Negative screening," as defined in TAM's Sustainability Jargon Buster, refers to excluding companies or sectors from the investable universe based on set rules such as involvement in controversial activities or severe controversies.

TAM applies this selectively, preferring a pragmatic approach that adapts to circumstance and intent. Rather than imposing our own exclusions, we engage fund managers in open discussion:

- How do they define "harm" within their process?
- What thresholds or tolerances have they set, and why?
- How do they balance the scale of potential harm against measurable positive outcomes?

This dialogue allows us to capture diversity of thought and avoid the homogeneity that often results from rigid exclusion lists. For TAM, sustainability should encourage pluralism and learning, not uniformity.

The Issue with Blanket Exclusions

Blanket exclusions, while offering moral clarity, present three key challenges for responsible investors.



They restrict the ability to influence change. Excluding a sector entirely can feel ethical but limits investors' ability to engage and support credible transition plans such as utilities shifting to renewables or manufacturers decarbonising supply chains.



They simplify what is inherently complex. Sustainability requires context. In healthcare, for example, animal testing is sometimes legally required before life-saving treatments can proceed. The goal is not zero exposure but ensuring strong welfare standards and meaningful social benefit.



They narrow opportunity and diversity. Blanket bans can reduce diversification and exclude managers who think differently about sustainability. TAM values this diversity of thought; it's how innovation and balanced outcomes emerge.

For these reasons, TAM does not prescribe exclusion thresholds but there are key areas where we do not budge.



Our Minimum Standards Framework

To make this philosophy tangible, we maintain a Minimum Standards Framework outlining themes where we expect fund managers to demonstrate thought leadership, justification, and accountability.

We seek harm minimisation within these areas. Whether exposure is capped at 10%, 5%, or 0%, managers must justify their approach through a clear thesis explaining how their policy avoids harm and promotes positive environmental and social outcomes.

Our Areas of Scrutiny

- **Fossil Fuels and Energy Transition:** We examine how much exposure is allowed, how “transition assets” are defined, and whether capital expenditure aligns with net-zero pathways.
- **Weapons and Defence:** We assess whether managers differentiate between prohibited weapons under international law and defensive industries supporting national security.
- **Tobacco, Alcohol, and Gambling:** We discuss how managers define company participation (e.g. a supermarket selling cigarettes) vs actual production.
- **Animal Welfare:** We expect clarity on animal testing whether it's the nuance between welfare and cruelty including detail on sourcing, and supply chains.
- **Human Welfare:** we assess adherence to the UN Global Compact, OECD Guidelines, and labour rights frameworks.
- **Environmental Management:** We evaluate policies on pollution, chemicals of concern, biodiversity, and waste reduction, ensuring measurable progress over time.
- **Corporate Governance and Conduct:** We engage in conversations on diversity, pay alignment, tax transparency, and escalation processes for controversies.
- **Technology, Data, and Society:** We want the manager to be considering data privacy, AI ethics, and misinformation risks within digital platforms.

We also look for signs of genuine environmental and social leadership, signalling that the asset manager has the right intentions:

- PRI signatories demonstrating global accountability
- UKSIF membership showing advocacy for responsible finance
- ACT Culture Framework showing commitment to strong governance practices, diversity and inclusion



Beyond affiliation, we value managers who lead conversations, not follow them, questioning industry norms, publishing original research, and contributing to the evolution of sustainable investing.

The Role of Culture and Thought Leadership

Culture is the foundation of credible sustainability. It defines how a firm thinks, learns, and responds to new evidence.

When TAM engages with fund managers, we look beyond policy documents to understand how ESG thinking is embedded culturally, whether sustainability is owned across teams or siloed within a department. We ask how decisions are challenged internally, how dissent is handled, and how stewardship outcomes are measured.

We particularly value intellectually curious firms that publish research, challenge accepted wisdom, and test new sustainability frameworks. No one has the right answer to sustainability; it is an evolving conversation. We seek managers who are helping to write the next chapter, not simply follow the last one.

Applying It in Practice

Our harm-avoidance process runs through every stage of the investment lifecycle:



Manager Assessment

We evaluate each fund's harm-avoidance philosophy and question how thresholds are set and justified.



Engagement and Dialogue

We seek transparent reasoning, asking where managers tolerate exposure and how they intend to reduce harm or improve outcomes.



Data Validation

We use Bloomberg ESG data, and controversy tracking to ensure objectivity and accountability.



Ongoing Oversight

We meet our managers twice a year, with a view to monitoring changes in behaviour, culture, and disclosure quality.

Each investment must meet a clear financial case while aligning with a responsible sustainability trajectory.

Case Study: Animal Testing and Healthcare

A practical example of this philosophy lies in our approach to animal testing within healthcare investing.

TAM's Sustainable World portfolios include exposure to companies like Novo Nordisk, a global leader in diabetes and obesity treatment. Animal testing is a highly emotive issue that, on the surface, may seem incompatible with a sustainability mandate.

However, regulation requires animal testing before life-saving medical treatments reach human trials.

The moral and scientific balance is nuanced: while we advocate for the minimisation of animal testing, we recognise that some testing is legally required to advance human health. Novo Nordisk's therapies have helped combat chronic disease and reduce obesity-related illnesses worldwide. The positive social impact, measured in lives improved and health burdens reduced, outweighs the unavoidable but regulated harm.

In this case study, we reached out to all our fund managers asking their process, assessed if it was strong enough and then held them to account against their process by quantifying their exposure through a third-party database.



Our Responsibility as Custodians

Our responsibility extends beyond performance metrics. As custodians, we aim to protect both financial and reputational capital on behalf of our clients. Our affiliations with PRI, UKSIF, AdviserAction, and our Carbon Neutral Plus certification reflect this commitment.

We use our platform to share research, convene discussions, and challenge complacency across the investment industry.

Avoiding harm is not about exclusion, it is about discernment, dialogue, and evolution. By asking difficult questions and partnering with managers who are willing to do the same, we strive to reflect the values of our clients while driving real-world progress responsibly, transparently, and with conviction.