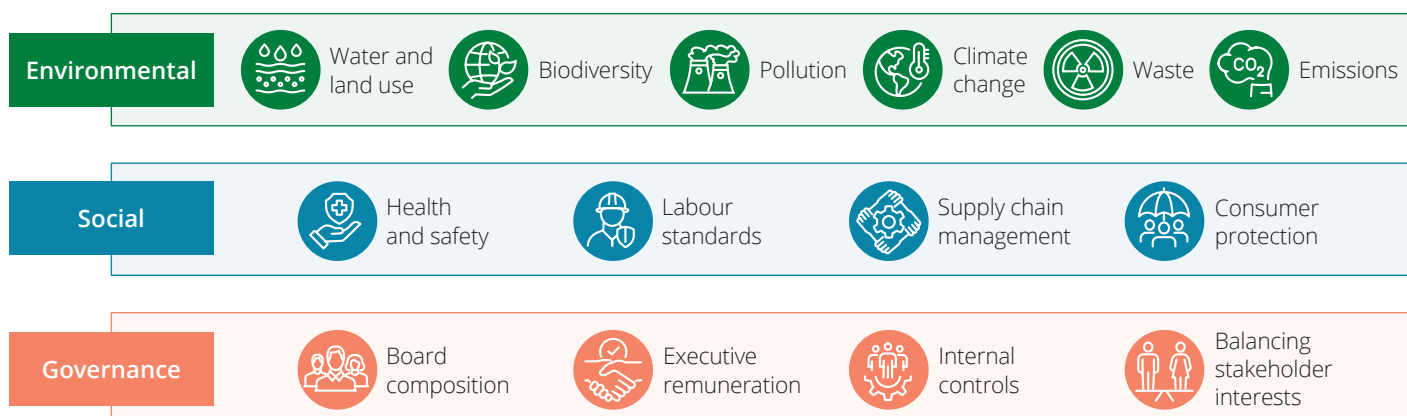


# Responsible investment and what it means to you

*Responsible investment is an area of growing importance for many investors. It's only natural that we should each want to consider the impact of the companies and funds that we invest in on the world around us.*

## What is responsible investment?

'Responsible investment' is an investment strategy or practice which incorporates environmental, social and governance (ESG) factors. The term ESG makes us initially think of environmental factors but environmental factors constitute only the 'E' of ESG. There are also social and governance factors to consider.



There are a variety of ways responsible investing can be applied. Below are the five core industry recognised approaches

Stewardship	ESG Integration	Exclusions	Sustainability Focus	Impact investing
Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.	The inclusion of ESG factors alongside financial analysis of assets by investment managers.	Excluding entire sectors, companies or countries from a fund or portfolio based on ESG criteria, moral or ethical views, or religious beliefs.	Investment approaches that select and include investments on the basis of their fulfilling certain sustainability criteria and/or delivering on specific and measurable sustainability outcomes.	Investing in companies, organisations and funds which have the commercial purpose of solving social or environmental problems.
<b>Examples include:</b> setting expectations, oversight of assets, engaging with issuers, voting.	<b>Examples include:</b> statement of commitment, firm-wide policies, investment process with ESG embedded.	<b>Examples include:</b> ethical, values-based or religious exclusions.	<b>Examples include:</b> sustainability themed, positive tilt, best in class.	<b>Examples include:</b> social bond funds, private impact investing.

## How important is responsible investment to you?

Your adviser will take the time to understand your feelings about responsible investment and its importance to you.

**We find most people fall into one of three categories:**

1. <i>ESG Aware</i>	2. <i>ESG Focused</i>	3. <i>ESG Dedicated</i>
Interested in mainstream investments and aware of what responsible investment means.	Interested in mainstream investments, aware of what responsible investment means and would like to know more about how it applies to your portfolio.	A dedicated requirement for, or a specific focus on, responsible investment.

Your adviser will discuss the options with you before recording your views and tailoring their advice to meet your preferences.

## ESG ratings

In order to make it easy for you to understand how your investments are managed, each of the solutions on our investment panel has ESG ratings provided by Square Mile.

Square Mile is an independent investment research and consulting business which uses in-depth, qualitative fund research to analyse and rate how an investment manager incorporates ESG considerations into their activity at two levels:

- 1. At a company level** – they seek to understand if and how an asset manager integrates the consideration of ESG factors in its investment processes
- 2. At a fund level** – they seek to understand if and how ESG factors are considered in the management of individual funds.

**The ratings provided by Square Mile work in the following way:**

<i>Company scores</i>	<i>Fund level scores</i>	<i>Square Mile</i>
Scale of 0-3, (0 indicating no integration and 3 showing full integration) giving you an idea of how far along the journey of ESG integration the company is, and how committed it is to future improvement.	Scale of 0-3, (0 indicating no integration and 3 showing full integration) highlighting how much the manager uses ESG as an integrated part of their fund management process.	<div><div>Company</div><div>0 1 2 3</div></div> <div><div>Fund</div><div>0 1 2 3</div></div>

### *ESG Aware*

If you are an 'ESG Aware' investor, then your adviser will make recommendations from our investment panel and inform you of the ESG ratings of each of the investment solutions they recommend.

### *ESG Focused*

If you are an 'ESG Focused' investor, then your adviser will work with you to understand your ESG requirements. When selecting solutions from our investment panel they will use the ESG ratings to help refine the recommendations they make in order to meet your requirements.

### *ESG Dedicated*

If you are an 'ESG Dedicated' investor, your adviser will work with you to understand how you want the management of your portfolio to reflect ESG factors.

There are of course, lots of factors to consider and your adviser will help you to decide which options are right for you. Once they have understood your preferences, they will then look at the dedicated ESG solutions available to you on our investment panel. In the unlikely case that they can't meet your specific needs and preferences, they have the option of searching the wider market for you.

## A service designed with you in mind

We believe our approach to responsible investment provides you with the perfect blend of insight, choice and value. Whether responsible investment is fundamentally important to you, or you're simply curious, our service has been designed with you in mind. Your adviser will be able to provide you with all the information and advice you need to make a truly informed decision.

[www.quilter.com](http://www.quilter.com)

Approver: Quilter Wealth Limited, Quilter Financial Limited, Quilter Financial Services Limited & Quilter Mortgage Planning Limited. February 2024.

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