



# What does it mean to be a responsible investor?

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# Agenda

What does it mean to be a responsible investor?

We will explore:

- The different approaches to responsible investment and what they mean.
- Why the approach should be more than just your investments.
- How do you ensure you are acting in the best interests of the charity and not being driven by trustees' personal views.
- The new regulation covering sustainable investment and what it means for your organisation.
- Case studies of how this works in reality.

# Questions?

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- Who has set a net zero policy for their charity portfolio?
- What are your expectations on reporting from your investment manager?
- How well do you think the Board / investment committee understands this topic?

# Approaches to responsible investment

Stewardship	ESG Integration	Exclusions	Sustainability Focus	Impact Investing
<p>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. (Financial Reporting Council)</p>	<p>The systematic and explicit inclusion of material ESG factors into investment analysis and investment decisions.  (UN Principles for Responsible Investment)</p>	<p>Excluding entire sectors, activities, companies or countries from a fund or portfolio based on ESG criteria, moral or ethical views, or religious beliefs.</p>	<p>Investment approaches that select and include investments on the basis of their fulfilling certain sustainability criteria and / or delivering on specific and measurable sustainability outcome(s). Investments are chosen on the basis of their economic activity (what they produce/what services they deliver) and on their business conduct (how they deliver their products and services). (Investment Association)</p>	<p>Impact investments are investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return.  (Global Impact Investing Network)</p>
<p><b>What does this mean?</b></p> <ul style="list-style-type: none"> <li>• Ongoing engagement with the companies and funds we invest in to discuss their handling and disclosure of ESG related issues.</li> <li>• Engagement may be undertaken individually or in collaboration with other investors.</li> <li>• Using voting rights where applicable to further our engagement.</li> </ul>	<p><b>What does this mean?</b></p> <ul style="list-style-type: none"> <li>• It is not about excluding certain activities, but it is understanding the ESG related challenges and opportunities.</li> <li>• It is about risk mitigation.</li> <li>• The approach depending on the asset class.</li> </ul>	<p><b>What does this mean?</b></p> <ul style="list-style-type: none"> <li>• Across Quilter we have a firm-wide restriction on investing in controversial weapons directly or indirectly through actively managed funds.</li> <li>• Some of the strategies or products we offer have specific exclusions as part of the investment mandate.</li> <li>• Within our DPS offering clients are able to set their own exclusions.</li> </ul>	<p><b>What does this mean?</b></p> <ul style="list-style-type: none"> <li>• Different strategies will set different sustainability outcomes.</li> <li>• For many strategies this will be linked to supporting the UN Sustainable Development Goals.</li> </ul>	<p><b>What does this mean?</b></p> <ul style="list-style-type: none"> <li>• Investing in different asset classes to intentionally achieve positive social and environmental outcomes.</li> <li>• Lower financial returns may be accepted to achieve social / environmental returns.</li> </ul>

# Divest or engage?



Source: iStock

# Not your personal view and not just the investments

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**‘ESG’ is woke**

**‘ESG’ funds and portfolios underperform**

**“We don’t want to invest in fracking – there’s a site proposed near me ...”**

**‘ESG’ funds out-performed prior to early 2022**

**“ We can’t take money from pharmaceutical companies”**

**‘ESG’ funds and portfolios are homogeneous**

**“We don’t have any exposure to oil & gas – why?”**

**“ We’ve got an investment exclusion on XYZ company, but we’re in a partnership with them”**

# SDR – what charities need to know

**SDR**  
(Sustainability Disclosure  
Requirements)

**Anti-greenwashing Rule (AGR)**

**Product and entity reporting**

**Fund labels**

**Portfolio management services**



## Backing up a label

- Sustainability objective
- Investment policy and strategy
- KPIs
- Resources and governance
- Stewardship

*An independent assessment of the above must be undertaken.*

# Case Studies – Environmental Engagement Rather Than Divestment



Voted against the re-election of the chair and the company's advisory vote on climate strategy progress. We believe that the balance between distributions and the opportunity to accelerate low carbon capital expenditure was not being met.



ConocoPhillips



We voted against re-electing the chair of the board/ the lead independent director at Chevron, Exxon and ConocoPhillips. The companies have failed to set net zero 2050 targets that cover all of Scope 1 and 2 emissions and the most relevant Scope 3 emissions. Capital allocations are also not aligned with a meaningful decarbonisation trajectory.



We supported votes encouraging companies reporting on climate lobbying activities. We believe shareholders would benefit from greater transparency of the company's direct and indirect climate lobbying activities.

Goldman Sachs



BERKSHIRE  
HATHAWAY INC.



We supported votes encouraging companies reporting on fossil fuel financing activities. We believe shareholders would benefit from greater transparency on how financial institutions are addressing any misalignments between financing activities and greenhouse gas emission reduction targets.



## Case Studies – Challenging Restrictions

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Alcohol/tobacco sales



Social media access and online searches



Junk food production:  
Wall's ice cream/Pot Noodle



Alcohol

# Contact us

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