THE INVESTMENT ASSOCIATION

THE INVESTMENT ASSOCIATION'S CONSULTATION ON SUSTAINABILITY AND RESPONSIBLE INVESTMENT

January 2019

PURPOSE OF THE CONSULTATION

THE ASSET MANAGEMENT INDUSTRY IS AT A CRITICAL JUNCTURE IN EMBRACING SUSTAINABILITY AS A DEFINING FEATURE OF THE INVESTMENT LANDSCAPE.

SOCIAL AND ENVIRONMENTAL CHANGE IS HAPPENING FASTER THAN EVER. CLIMATE CHANGE, SHIFTING DEMOGRAPHICS AND TECHNOLOGICAL REVOLUTION ARE RESHAPING OUR PLANET AND URGENT INDUSTRY ACTION IS NEEDED TO COMPREHEND THE IMPACT OF THESE FORCES.

Policy makers are also increasingly looking to the private sector to play its role in delivering a more sustainable world and there is evidence of greater consumer engagement and demand for sustainable investment products than ever before.[1]

Following significant work by the Investment Association's Sustainability & Responsible Investment Committee, **the IA is now reaching out to members more widely to shape our future policy efforts and to seek industry' views on key components of the debate**, including:

- Industry-agreed definitions;
- Proposed retail product label; and
- A clearer view on asset managers' use of disclosure frameworks on sustainability.

This document consists of three sections:

- Introduction – covering Sustainability and Responsible Investment at the IA, Policy Backdrop & the Key Themes that have informed our work;
- Part 1 – Consultation on A) Proposed Standard Definitions and B) Proposed UK Label;
- Part 2 – Survey on Current Disclosure Practices

We invite members views [https://www.surveygizmo.com/s3/4659078/IA-Member-Survey-Sustainability-and-Responsible-Investment] and by 1 March 2019 .

[1] Morgan Stanley Report, 9 August 2017, "Millennials Drive Growth in Sustainable Investing" <https://www.morganstanley.com/ideas/sustainable-socially-responsible-investing-millennials-drive-growth>

INTRODUCTION

SUSTAINABILITY AND RESPONSIBLE INVESTMENT AT THE IA

At the start of 2018, the Investment Association (IA) identified sustainability and responsible investment as a dedicated policy area in its own right to assist firms in thinking about their wider role in society and on the environment and to promote all forms of responsible investment.

The IA Sustainability and Responsible Investment Committee was established to provide strategic direction to this new policy area and has a broad mandate to consider and lead on all issues affecting member firms in sustainability and responsible investment.

Today, over 35 firms are represented on the Committee, making it one of the largest at the IA. The following key areas have formed the backbone of the Committee's work programme for 2018:

1. Develop Industry Positions

   Develop industry positions on national and international public policy initiatives, including the European Commission's Action Plan on Sustainable Finance

2. Support the development of Standard Definitions and Standards

   Support the development of standards to indicate product integrity and create suitable labels

3. Improve Disclosure

   Promote consistency, comparability and timeliness of sustainability disclosure by asset managers

4. Progress Social Impact Investing

   Take forward the relevant recommendations from the "Growing Social Impact Investment Report"[2]

The second and third priorities have been progressed by two dedicated working groups on behalf of the Committee. Having spent the last year developing its policy positions around key components of sustainability and responsible investment, the Committee would like to share its proposals with the wider membership for feedback. This is intended to strengthen the strategic direction of this work in the interests of member firms, their clients and the broader economy.

POLICY BACKDROP

Our industry-led work is taking place against a fast-moving and multi-faceted policy and regulatory backdrop. The following non-exhaustive list of key policy developments illustrates the range and diversity of current initiatives:

- A global focus on the private sector role in helping governments to deliver on the UN Sustainable Development Goals[3];
- The European Commission's Sustainable Finance Package[4]
- Revisions to the EU's Shareholder Rights Directive[5]
- Delivery of "non-financial objectives" in relation to the FCA Asset Management Market Study[6]
- FCA Discussion Paper on Climate Change and Green Finance[7]
- The UK Department for Work and Pension's work clarifying and strengthening trustees' investment duties[8]

[2] https://www.gov.uk/government/publications/growing-a-culture-of-social-impact-investing-in-the-uk
[3] The United Nations Sustainable Development Goals are a collection of 17 global goals set by the United Nations General Assembly in 2015 and adopted by more than 150 jurisdictions. They include "No poverty", "Industry, Innovation and Infrastructure" and "Climate Action" and form part of the 2030 Agenda for Sustainable Development.
[4] <https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance_en>
[5] <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32017L0828>
[6] <https://www.fca.org.uk/publication/consultation/cp18-09.pdf> p.8 of Non-Handbook guidance for consultation
[7] <https://www.fca.org.uk/publications/discussion-papers/dp18-8-climate-change-and-green-finance>
[8] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/739331/response-clarifying-and-strengthening-trustees-investment-duties.pdf

KEY THEMES THAT HAVE INFORMED OUR WORK AND NEED FOR INDUSTRY CONSULTATION

In our capacity as stewards of our clients' assets, asset managers have undertaken responsible investment approaches for many years, taking into account environmental, social and governance (ESG) criteria into investment analysis and decisions with the intention of delivering better long term returns for clients.

More recently, a number of key drivers have emerged drawing increasing attention to sustainable and responsible investment solutions that deliver on particular sustainability objectives alongside the generation of long term returns. Three key drivers in this debate are:

1. Our clients' diverse objectives
2. Breadth of sustainability and responsible investment approaches
3. Articulation of the wider role and contribution of asset managers in society and environment

1. Client Objectives

As asset managers, it is our fundamental role to help investors – individuals or institutions – achieve their investment objectives.

These objectives can be financial (for example, to retire with enough money to live on), and also non-financial (such as to invest in companies and projects that have a specific social or environmental benefit).

In particular, asset managers' role in delivering on clients' non-financial objectives has attracted growing interest from policy makers.

This can be seen for example in the increased focus on the role of the private sector in delivering the Sustainable Development Goals, and the FCA's focus on non-financial objectives in the context of the FCA Market Study on Asset Management. Furthermore, the work of the UK Government's Department for Work and Pensions (DWP) into clarifying trustees' investment duties has also focused on the question of alignment with clients' financial and non-financial preferences. Whilst not yet a mandatory requirement, the Government response to the DWP's consultation on clarifying trustee's duties, recommends that trustees prepare an optional policy on how non-financial factors, including pension scheme members' ethical concerns, social and environmental impact matters and quality of life considerations are ascertained and then taken into account in scheme investment strategies.[9]

2. Breadth of Sustainability and Responsible Investment Approaches

There is no one size fits all approach to responsible investment. This is an evolving, growing and dynamic market encompassing a range of diverse approaches, investment strategies, and a variety of investment products designed to meet our clients' varied responsible investing objectives.

Certain public policy initiatives are focussed on particular elements of the sustainable and responsible investment landscape. However, it is of key importance to the industry that any initiative focusses on promoting and developing the entire landscape in as wide a sense as possible to ensure that all investor objectives can be met. In particular, it is important to highlight that sustainable and responsible finance extends far beyond environmental concerns alone.

[9] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/739331/response-clarifying-and-strengthening-trustees-investment-duties.pdf p.21

3. *Articulating the Wider Role & Contribution of Asset Managers in Society and Environment*

Increasingly, asset managers are encouraged and in some instances expected to disclose the "non-financial outcomes" or "environmental and social impacts" of their investments. There is a growing number of international frameworks which are helpful in communicating these wider impacts to clients and other stakeholders. There are also calls from senior policy makers to disclose such impacts or outcomes.

Firms may be expected to demonstrate the outcomes of an investment approach against specified non-financial objectives. However, increasingly, it has also meant that asset managers are asked to articulate the "non-financial outcomes" or "impacts" of their investments against sustainability indicators or metrics on a wide range of (non sustainability-focussed) investment strategies. This expectation comes from the position that all investments will have some form of impact on society and environment – whether negative or positive, intentional or incidental.

THE IA CONSULTATION WITH MEMBERS

This package of consultations is seeking to bring greater clarity and comparability to these key debates in relation to the multiple investment approaches relating to sustainability and responsible investment. It is also seeking to assess how the industry currently discloses and reports on the outcomes of these various investment approaches, in particular, which international standards and frameworks are most commonly used.

Part 1 of the consultation contains 15 questions (3 on background; 5 on the proposal for standard definitions; and 7 on the proposal for a UK label)

Part 2 contains 17 questions (6 on ESG considerations; 7 on disclosure against wider sustainability indicators; and 4 on the UN Sustainable Development Goals)

We invite member views by 1 March 2019.

Firms can respond in the following ways:

- Complete the online response form https://www.surveygizmo.com/s3/4659078/IA-Member-Survey-Sustainability-and-Responsible-Investment

- Alternatively, email: jess.foulds@theia.org

PART 1: STANDARDS AND DEFINITIONS

Today, there are no IA-endorsed definitions for sustainability and responsible investment.

Of course, a number of different sets of definitions are in existence and in many ways, these have provided the de facto standard for industry in the past decade.

One notable example is the Global Sustainable Investment Alliance definitions,[10] which the IA used as a starting point to gather data on AUM in sustainability and responsible investment approaches for the Investment Management Annual 2017-2018 Survey.

More recently, there have been attempts to develop further iterations of the GSIA definitions that can more accurately reflect the current landscape and which might be future-proofed.[11]

In large part, these attempts have stemmed from concerns around mainstream ESG integration approaches and Stewardship being conflated with specialist green or impact products and strategies, particularly, in the context of trying to capture growth in the market.

The proposal in this consultation (and as set out below) takes the GSIA definitions as a starting point, tweaking the language in places, and re-arranging the terminology in a framework which categorises approaches primarily by firm or fund level approach.

Expected Output:

A. To set out industry-endorsed standard definitions, applicable to all asset classes, of the most common approaches to sustainability and responsible investment carried out by the IA membership.

These definitions would be intended for:

- General use by IA members;
- Used in our industry narrative as we articulate how asset managers deliver sustainability and responsible investment for their clients;
- The IA's own particular use, as appropriate, in industry statistics[12] and IA Sectors.

B. Recommendations for a possible UK label for sustainable investing.

[10] Global Sustainable Investment Alliance (2016) Global Sustainable Investment Review 2016, p.6 <http://www.gsi-alliance.org/wp-content/uploads/2017/03/GSIR_Review2016.F.pdf>

[11] The German-speaking sustainable investment forum (FNG); EFAMA; and certain individual firms are also taking the GSIA definitions as a starting point from which to develop revised approaches.

[12] Note that the IA Static form (circulated January 2019) has been circulated using the GSIA definitions, in the absence of IA-agreed definitions.

BACKGROUND QUESTIONS

1. What is your firm name? (For de-duplicating purposes. Under no circumstances will the data gathered be linked to your firm name for publication.)

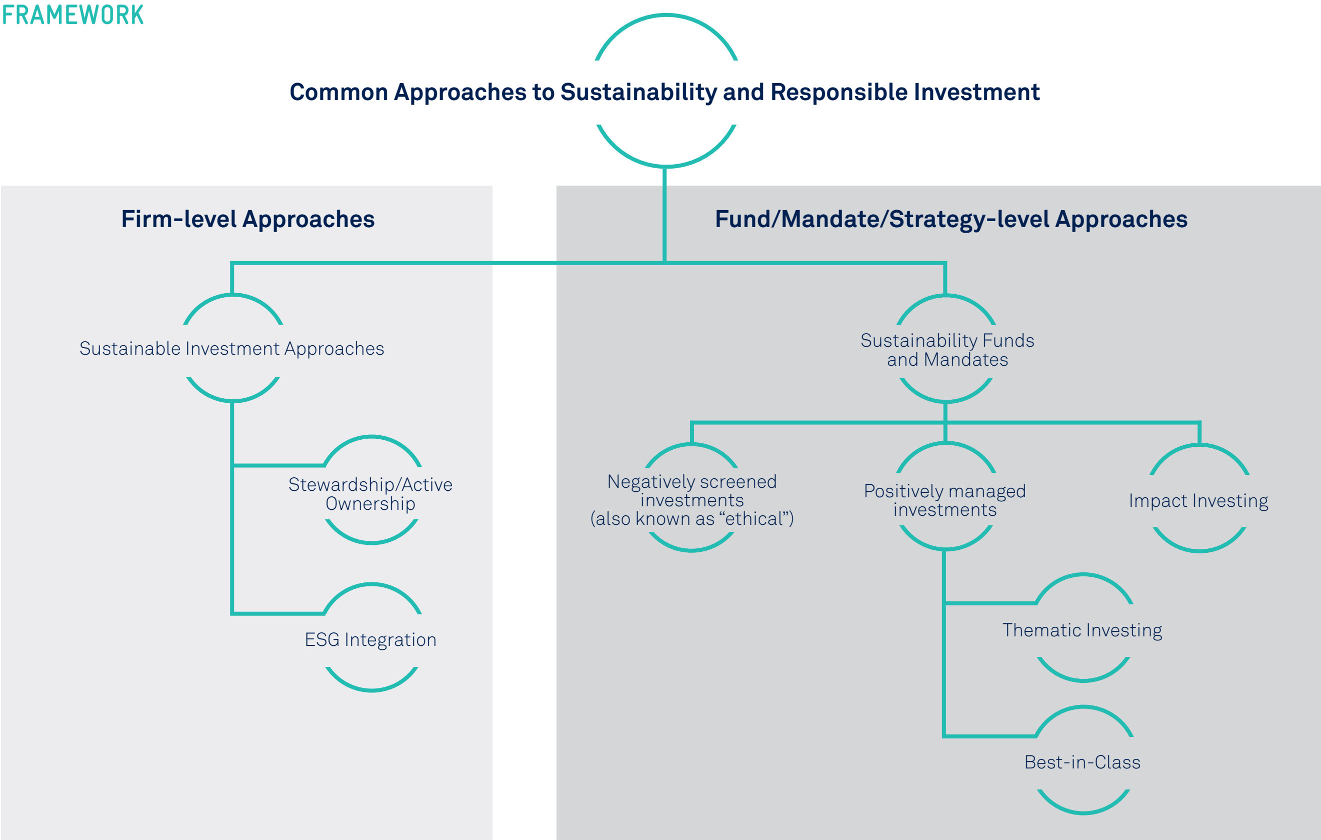
2. What is your firm's AUM?
   - Less than USD1bn
   - USD1-10bn
   - USD11bn-100bn
   - USD100bn+

3. What is your role/what part of the business do you work in?
   - Responsible investment/ESG specialist
   - Compliance
   - Chief Investment Officer
   - Sales and distribution
   - Other (please explain)

A. PROPOSAL FOR DEFINITIONS

The schematic below illustrates our current understanding of the most common approaches to sustainability and responsible investment:

FRAMEWORK



DEFINITIONS

A. SUSTAINABLE INVESTMENT APPROACHES

These approaches have as their objective the integration of environmental, social and corporate governance (ESG) criteria in the belief that they constitute sources of risk and return and that they contribute to the generation of sustainable returns for investors though long term value creation.

This is most commonly used across all asset classes as an enhancement to risk management processes.

This will typically be articulated as a policy at a firm-level.

1. Stewardship / Active Ownership

Asset managers play a key role as stewards of their client's money, ensuring that it's invested for the long-term to deliver good returns for savers and investors. To help ensure these sustainable, long-term outcomes, asset managers undertake a range of activities to understand and engage with their investee companies.

The Financial Reporting Council (FRC) sets out a definition of "Stewardship" in its Stewardship Code. It is important that our industry's definition is aligned and consistent with this. The current definition of Stewardship in the Stewardship Code is:

Stewardship aims to promote the long term success of companies in such a way that the ultimate providers of capital also prosper. Effective stewardship benefits companies, investors and the economy as a whole. For investors, stewardship is more than just voting. Activities may include monitoring and engaging with companies on matters such as strategy, performance, risk, capital structure, and corporate governance, including culture and remuneration. Engagement is purposeful dialogue with companies on these matters as well as on issues that are the immediate subject of votes at general meetings.

The FRC will shortly commence a consultation on a new Stewardship Code which will have a new and more wide-ranging definition of "stewardship". Ideally, there should be consistency between this definition and what is adopted by the IA."

2. ESG Integration

ESG Integration involves the systematic and explicit assessment and evaluation by investment managers of environmental, social and governance factors into and alongside traditional financial analysis.

B. SUSTAINABILITY FUNDS AND MANDATES

These approaches are categorised by having an explicit sustainability objective (which can be non-financial) and will typically be marketed on this basis.

This would typically apply at a strategy or product level.

1. Negatively Screened Investment Approaches (may also be known as applying an "exclusion policy" or as "ethical investing")

An investment approach which excludes specific sectors, business activities or companies, on the basis that their activities are deemed to be in breach of international norms and standards and/or ethical, legal and sustainable business conduct practices. It should be noted that this approach is defined by excluding certain activities, as in – it is characterised by not doing certain things, as opposed to proactively allocating capital to specific assets.

Examples include excluding the tobacco, weapons and/or pornography sectors from an investment portfolio.[13]

2. Positively Managed Investment Approaches

An investment approach which includes investments on the basis of their fulfilling certain sustainability criteria. This might include positive screen but it can similarly include altering the weightings of different investments to target a certain sustainability objective.

Below is a short, non-exhaustive list of examples.

a. Thematic Investing

An investment approach that includes investments on the basis of a specific theme/themes.

Examples include investing for clean energy, energy efficiency solutions, healthcare solutions, financial inclusion etc.

[13] It should be noted that some asset managers have included a negative sector screen at firm level (i.e. not only as product-level).

b. Best in Class

An investment approach that includes investments based on certain sustainability criteria to capture sector-leading companies. Unlike a negatively screened approach to a certain sector, Best-in-Class would not be looking to exclude all companies in a sector.

Examples include investing in the lowest carbon/ most energy efficient energy producer, mining companies that are transitioning their business models for a lower carbon future, or in a tobacco company with strong labour and supply chain standards, with a lower than average environmental footprint.

3. Impact Investing

An investment approach where investments are made with two explicit investment objectives: 1) to generate positive and measureable social and/ or environmental impact 2) alongside traditional financial return. Impact investing approaches can deliver market-rate returns but they might also deliver below-market rate returns, dependent on the particular (balance of) objectives (financial and non-financial) expressed by the client.[14]

Note: Asset managers might use a combination of approaches.

CONSULTATION QUESTIONS

4. Do you have any comments on any of the definitions as set out in this consultation document?

   a. In particular, we invite member views on the proposed definition of "impact investing".

5. Do you agree with the top-level split between "sustainable investment approaches" and "sustainability funds and mandates"?

6. Do you agree with categories as they appear at the next level i.e. "Stewardship/Active Ownership", "ESG Integration", "Negatively screened investments", "positively managed investments" and "impact investing"?

7. Do you agree with the categories as they appear below "positively managed investments", i.e. "thematic investing" and "best-in-class"?

8. Please provide any other additional comments you may have.

[14] It can be helpful to think of asset management firms being on a journey to impact. All investments will have some form of impact (which we explore in more detail in Part 2B on this package). Putting methodologies in place that effectively and meaningfully measure and report on impact will be a continuous journey for most firms at this point in time.

B. POSSIBLE PRODUCT LABEL

Alongside a definitional framework, a key priority for the IA – and the wider industry – is helping our clients (especially retail) to navigate the UK fund universe effectively.

Some of this will be achieved by clear language, including objectives, and work is taking place on this issue through the Investment Association's Investor Communications Working Group.

With particular regard to sustainability and responsible investment, there are a variety of options available to help provide effective signposts.

These include the creation of specific IA sector(s), but the sector option is not straightforward given that many funds with a responsible or sustainable approach will already have a place in asset-based sectors.

Therefore, the IA would instead initially like to explore the possibility of a label system. Our working assumption is that it would be issued by the IA with appropriate governance involving users.

The goal of a label would be to provide a shortcut to understanding whether an individual fund is adopting a specific investment approach, based on the IA-endorsed definitions and an oversight regime agreed across the industry.

The label would also be intended to draw attention to sustainability and responsible investment expertise based in the UK for global exportation.

INTERACTION WITH OTHER RELEVANT INITIATIVES

A number of related work streams exist in this space.

A notable example is the work of the British Standards Institute (BSI). In the first instance, the BSI will produce two Publicly Available Specifications (PAS) to be issued for public consultation between March and May 2019 on Sustainable Finance and Sustainable Investment Management. UK Government has co-funded half the cost on this work in partnership with industry. The BSI is also acting as the Secretariat for the International Organisation for Standardization (ISO) Technical Committee on Sustainable Finance which is seeking to produce a set of global standards for sustainable finance. It is important to point out that the "sustainable investment management" PAS as it is currently scoped is intended to apply as a firm level – not a product level.

Output from the IA's package of consultations certainly does not exist in a vacuum. Following responses to the package of consultations, industry will be better informed to make decisions on any opportunities to collaborate and to share industry-wide insights with existing initiatives and contribute toward their progress.

PROPOSAL FOR A UK PRODUCT LABEL

Below is the proposed approach to a UK product label for your review. It is the result of extensive discussion and consultation with the Standards and Definitions Working Group.

Target Audience

Identified as the target audience with greatest difficulty navigating the current landscape of investment approaches and the greatest underserved need, it is proposed that any UK label should focus on assisting retail clients, including but not limited to:

- Improving visibility of breadth of offering;
- Improving clarity and comprehension of objectives;
- Greater confidence in what clients are buying; and
- Stimulation of interest in sustainable investment approaches.

Retail would cover end consumers, platform providers and Independent Financial Advisers.

Asset Type

Any UK label should be able to be applied across all asset classes in the longer term. As a starting point it is proposed that work is initially focussed on listed equities.

Approach

It is proposed that two labels would be beneficial.

One label would be used to demonstrate the investment approaches under Part A: Sustainable Investment Approaches. This would be intended to demonstrate those investment approaches that have as their objective to generate sustainable returns for investors through long term value creation.

The other label would be used to demonstrate that a strategy or product follows one of the investment approaches under Part B: Sustainability Funds and Mandates. This is intended to demonstrate investment approaches with an explicit sustainability objective.

Mandatory versus Voluntary

With the intention of allowing the market to be a good judge of the label's effectiveness, any label should be voluntary with the additional option of having the label verified by an independent third-party.

Measures of Success

Two measures of success are proposed.

The first is intended to be an initial measure of success to be used within the first 18 months of any label's launch. It is proposed that any label's initial success is measured on the basis of the number of funds engaging with and adopting it.

The second measure of success is intended for 24months+ after launch of any label. It is proposed that success is measured on the basis of asset flows into products with the label.

The IA is aware that the wide spread adoption of a label would depend upon a number of other points, including:

- The governance process behind the creation of labels and their ongoing evolution;
- The compliance and verification process for use of the label;
- Where the label could or should be displayed by fund management companies (i.e. in regulatory documents such as the KIID/KID, factsheets, websites) and by intermediaries and other third parties.
- Success measures, which would determine further development of a label system.

CONSULTATION QUESTIONS

9. Do you think the UK market needs a label? Please give your reasons.

10. Do you support the IA producing such a label? Please give your reasons.

11. Do you agree that any label should be voluntary with the possibility of an additional optional verification process? If not, please outline your reasons and, if possible, suggest an alternative approach.

12. Do you agree that the UK retail market should be the target audience? If not, please outline your reasons and, if possible, suggest an alternative approach.

13. Do you agree that we should develop two separate labels – one for Sustainable Investment Approaches and one for Sustainability funds and mandates? If not, please outline your reasons and, if possible, suggest an alternative approach.

14. Given the proliferation of labels across Europe, what would make you choose this label over another? (competing labels from other European countries)

15. Do you agree with the measures of success as we have outlined them?

PART 2: DISCLOSURE

This part of the consultation is split into two sections. The two sections are intended to address ESG and sustainability-related disclosure through two different frames of reference.

The first section addresses how firms disclose how they have embedded environmental, social and governance considerations into their investment process using long term value creation as the frame of reference.

The second section looks at how firms disclose against a framework of environmental or social indicators and metrics. This kind of assessment extends beyond the long term value creation of an investment. Instead, it seeks to communicate explicitly the impact that an investment has on of environmental and/or social sustainability, e.g. against a particular Sustainable Development Goal.

All investments will have some form of impact on society and environment – whether positive, negative, intentional or incidental. Above, we highlight that many mainstream firms will typically be on a "journey" to impact investing. Articulating the impacts of sustainable investment approaches, funds, mandates or products that are not impact investments is an important step on this journey.

Expected Output:

Immediate

Survey the membership to carry out a "stock-take" of disclosure practices in relation to sustainability considerations.

Longer Term

1. Better understanding of the reporting landscape with respect to sustainability

2. Possibility of further guidance, framework(s) and/or revisions to existing framework(s) to improve consistency and comparability

A. DISCLOSURE AGAINST ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONSIDERATIONS

The following section seeks to understand how firms disclose ESG considerations where they are deemed to be financially material to a particular investment strategy.

16. For which products/service do you disclose how you have integrated ESG considerations into your investment process today?

    a) All investments/at a firm level

    b) Funds/services that are marketed on the basis of having a non-financial objective

    c) Impact investing funds/strategies only (impact investing directs capital into investments that seek both returns and a measurable positive environmental and/or social impact)

    d) None

    e) other (please explain)

17. Is this expected to change in the next three years? If so, how?

    [Free text answer]

18. Where do you disclose your policies on how you integrate ESG considerations into your investment process today? (tick all that apply)

    a) Responsible Investment/Stewardship Policies

    b) KIDs

    c) Funds prospectus

    d) Fund fact sheets

    e) Other (please explain)

19. Where do you disclose the activities you carry out to integrate ESG considerations into your investment process today? (tick all that apply)

    a) Responsible Investment/Stewardship/ Sustainability Report/Annual Review

    b) KIDs

    c) Fund prospectus

    d) Fund fact sheets

    e) Other (please explain)

20. What do you see as the main drivers behind the disclosure of how you have integrated financially material environmental, social and governance considerations into the investment process?

	Not important at all	Not important	Some influence	Important	Very important
Client demand					
Regulation					
Policy makers					
Role and Reputation of Industry					
Improved returns					
Other (explain)					

21. Please indicate on the grid below what frameworks, if any, you, as a firm use:

a) to assess ESG considerations in your investments;

b) to disclose ESG considerations to clients;

c) to disclose ESG considerations publicly; and/or

d) to disclose your firm specific climate related-risks.

		a) to assess ESG considerations in your investments;	b) to disclose ESG considerations to clients;	c) to disclose ESG considerations publicly;	d) to disclose your firm specific climate related-risks.
Frameworks intended for investor use	1. Investment Association Stewardship Reporting Framework				
	2. Taskforce for Climate-Related Disclosure Recommendations				
Corporate Reporting Frameworks	3. Accounting for Sustainability				
	4. International Integrated Reporting Framework				
	5. UN Principles for Responsible Investment				
	6. Sustainability Accounting Standards Board Standards (SASB)				
	7. Natural Capital Protocol				
	8. CDP (Carbon Disclosures Project)				
	9. Corporate Human Rights Benchmark				
	10. Global Reporting Initiative				
	11. Bespoke in-house framework				
	12. Other (add)				

B. DISCLOSURE AGAINST WIDER SUSTAINABILITY INDICATORS

As a reminder, this section looks at how firms disclose against a framework of environmental or social indicators and metrics.

This kind of assessment extends beyond the long term value creation of an investment. Instead, it seeks to communicate explicitly the impact that an investment has on environmental and/or social sustainability, e.g. against a particular Sustainable Development Goal.

22. For which products/service do you disclose the impact of your investments against wider sustainability indicators or metrics today?

- All investments / at a firm level
- Funds/services that are marketed on the basis of having a non-financial objective
- Impact investing funds/strategies only (impact investing directs capital into investments that seek both returns and a measurable positive environmental and/or social impact)
- None
- other (please explain)

23. Is this expected to change in the next three years? If so, how?

[Free text response]

24. Where do you disclose the impacts of your investments against wider sustainability indicators or metrics today?

a) KIDs

b) Fund prospectus

c) Fund fact sheets

d) Responsible Investment/Stewardship Policy

e) Responsible Investment/Stewardship/ Sustainability Report/Annual Review

f) Other (please explain)

25. What do you see as the main drivers behind the disclosure of the impact of your investments against wider sustainability indicators or metrics?

	Not important at all	Not important	Some influence	Important	Very important
Client demand					
Regulation					
Policy makers					
Role and Reputation of Industry					
Improved returns					
Other (explain)					

26. Do your clients request information on sustainability indicators/metrics?

		Nearly always	Frequently	Infrequently	Never
Retail	IFAs				
	Platforms				
	End investors				
Institutional	Pension funds				
	Other institutional				

27. Please indicate on the grid below which frameworks, if any, you , as firm, use to

a) assess performance of investments against sustainability indicators/metrics;

b) disclose performance against wider sustainability indicators/metrics to clients and/or

c) disclose performance against wider sustainability indicators/metrics publicly?

		a) Assess impact of investments	b) Disclose performance against wider sustainability indicators/metrics to clients	c) Disclose performance against wider sustainability indicators/metrics publicly
Corporate Reporting Frameworks	1. B Impact Assessment			
	2. CDP (Carbon Disclosures Project)			
	3. Natural Capital Protocol			
	4. UN Global Compact Communication on Progress			
Frameworks intended for investor use	5. Big Society Capital Outcomes Matrix			
	6. Cambridge Institute for Sustainability Leadership (CISL) Impact Fact Sheet			
	7. Global Impact Investing Network's IRIS Metrics			
	8. Impact Management Project			
	9. MSCI ESG Impact Monitor			
	10. Social Value UK Guide to Social Return on Investment			
	11. UN PRI Impact Investing Market Map			
	12. UN Sustainable Development Goals			
	13. Bespoke in-house framework			
	14. Other (add)			

28. Please rate the following challenges with respect to existing approaches to the disclosure of performance against sustainability indicators/metrics.

	Not important at all	Not important	Some influence	Important	Very important
1. They give disproportionate importance to certain investment approaches, such as SRI or impact investments					
2. They are overly prescriptive in their approach					
3. They require a level of data that we are unable to obtain					
4. They are qualitative, subjective and/or non-quantifiable outcomes					
5. They present information in a way that is unsuitable to our clients					
6. Clients do not ask for this type of data					
7. They are restrictive in the kinds of non-financial outcomes they display e.g. only climate-related					
8. The benefits of reporting this do not match the effort and time needed to collect the data					
9. One particular framework is not used widely enough across industry to allow appropriate comparison					
10. They lack continuity in reported information					
11. Other (please describe)					

UN SUSTAINABLE DEVELOPMENT GOALS

This section looks in more detail at the use of the UN Sustainable Development Goals as an emerging method of communication for investee companies, investors and policy makers around the world.

The Sustainable Development Goals are a collection of 17 global goals set by the United Nations General Assembly in 2015 and adopted by more than 150 jurisdictions. They include "No poverty", "Industry, Innovation and Infrastructure" and "Climate Action" and form part of the 2030 Agenda for Sustainable Development.

29. Do you use the Sustainable Development Goals (SDGs) to inform your investment approach with regard to sustainability and responsible investment?

    - Yes, we already do that
    - No, but we are actively trying to work out how to do that in the short term
    - It's something we expect to do in the next three years
    - No, we have no plans to do so

30. Are you using the Sustainable Development Goals (SDGs) as a means of reporting?

    - Yes, we already do that
    - No, but we are actively trying to work out how to do that in the short term
    - It's something we expect to do in the next three years
    - Undecided
    - No, we have no plans to do so

31. If yes to Questions 1 and/or 2, how are you using the goals when it comes to retail funds?

    - We use all the goals as a holistic framework
    - We group the goals by theme
    - We use selected goals which we consider most material
    - Depends on client
    - Other (please describe)

32. If yes to Questions 1 and/or 2, how are you using the goals when it comes to institutional mandates?

    - We use all the goals as a holistic framework
    - We group the goals by theme
    - We use selected goals which we consider most material
    - Depends on client (e.g. as agreed in IMA)
    - Other (please describe)

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