

# Responsible Investment Policy

## WHY WE HAVE A RESPONSIBLE INVESTMENT POLICY

Our responsible investment philosophy is rooted in our objective to help our clients meet their financial goals by being an active and effective steward of their capital.

We seek to protect our clients' investments and to capitalise on opportunities to increase their wealth. These risks and opportunities include Environmental, Social and Governance (ESG) related issues, that is, the risks and opportunities that may arise from how entities in our investment universe interact with their stakeholders and the societies and environments in which they operate.

ESG issues are material risks and opportunities for our investors so we have built an assessment of these factors into our investment process. We see this as part of our duty of care. Our [Stewardship and Shareholder Engagement Policy](#) considers the Financial Reporting Council (FRC) UK Stewardship Code and the Shareholder Rights Directive II (SRD II) and aims to meet their disclosure criteria.

## HOW WE DEFINE RESPONSIBLE INVESTMENT

We define responsible investment as an investment approach which takes note of a company's behaviour when considering including it in our investment portfolios. We recognise that there is a potential impact on an investment's value from a company's interaction with its stakeholders; including employees, customers, suppliers, the environments in which it operates, as well as investors.

Our approach to responsible investment is therefore to integrate the evaluation of ESG factors within our investment research process, and to reinforce the focus on ESG issues through active engagement.

We also offer our Sustainable Fund range, ethical screening, and our Socially Responsible Investment Service for clients who wish to further align their investments to specific values and sustainability characteristics or themes.

## SCOPE OF THE POLICY

Our responsible investment policy sets out our approach to ESG on a firm-wide level. Our Investment Management business is constituted of two core units: one offering fund solutions, and the other offering customised account ('portfolios') investment solutions where clients may request that we reflect their values.

As active investors, we endeavour to understand the opportunities and risks for all our direct investments across all asset classes, and geographies. Our responsible investment policy is integral to all of our investment decisions.

## WHO IS ACCOUNTABLE FOR THE POLICY

We take our duty of care very seriously.

The Chief Investment Officer (CIO) is responsible for the governance framework for all investment solutions, including socially responsible investments and the implementation of our Responsible Investment Policy's commitments. The CIO is also responsible for upholding the standards set within this policy, including the integration of ESG considerations within the firm's investment process, proxy voting, and our engagement activities with investee companies.

The ESG Investment Committee oversees the firm's Responsible Investment Policy and monitors ESG considerations of the firm's investment process. It consists of the Head of Responsible Investment, investment managers representing all products and services, and research analysts, and is chaired by the CIO.

## IMPLEMENTATION AND INTEGRATION OF THE POLICY

As long-term prudent investors, a review of ESG factors is helpful to selecting investments. We believe that investments that have strong ESG qualities are less likely to be impacted by negative events that could ultimately lead to substantial falls in their valuations.

Our in-house equity and fixed income research incorporates ESG analysis as an integral part of the security selection process. Our fundamental analysis focuses on financial and non-financial risks and opportunities, including the relevant ESG factors, and contains a review of the fundamentals of good governance and management quality. Also, our in-house manager research team identifies where external fund managers are running an Ethical, ESG and/or Impact strategy.

The Head of Responsible Investment guides our analysts in the integration of ESG in their research process and provides our investment team with on-going education about key ESG issues. Material ESG factors, such as risks due to climate change, are discussed in detail within our analysts' research reports and considered in the investment case. We currently use research from third party ESG data providers, as well as other relevant sources to inform our investment analysis.

## HOW WE ENCOURAGE COMPANIES TO IMPROVE ESG RISK MANAGEMENT AND DEVELOP MORE SUSTAINABLE BUSINESS PRACTICES

Engaging with companies is integral to our investment process as active managers. Not only does it increase common understanding between us and our investee companies, but it also gives our clients a voice.

### IMPORTANT INFORMATION:

Close Brothers Asset Management is a trading name of Close Asset Management Limited (Registered number: 01644127) and Close Asset Management (UK) Limited (Registered number: 02998803). Both companies are part of Close Brothers Group plc, are registered in England and Wales and are authorised and regulated by the Financial Conduct Authority. Registered office: 10 Crown Place, London EC2A 4FT. VAT registration number: 245 5013 86.

Our engagement efforts are centred on public companies in which we hold shares with voting rights. We focus our voting predominantly on core holdings within our managed portfolios and funds.

Our understanding of a company and its ESG factors informs our engagement and voting. We engage with companies to promote our clients' interests, such as best practice corporate governance, as poor governance can have a negative impact on shareholder returns.

We engage with companies in multiple ways, including hundreds of face to face and virtual meetings each year. We use the third-party partner, ISS, for best practice corporate governance voting research, and our Voting Panel of analysts and investment managers determine how we vote in the best interests of clients.

## REPORTING

We report on our voting and engagement activities annually, aligned with SRDII regulation. This report is available on our [website](#).

## HOW WE REVIEW THE POLICY

We view the integration of ESG factors within the investment process to be an evolving, iterative process that we, alongside the wider industry, intend to refine and evolve as our understanding of ESG considerations and their impacts on the value of investments grows.

Where or when any such material evolution in our understanding occurs, we intend to evolve our policy accordingly.

If you have any questions on the Responsible Investment Policy, or for more information please contact:



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