



CONSIDERING SUSTAINABILITY RISKS AND FACTORS AT QUILTER CHEVIOT

Sustainability risks are an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment. As part of our responsible investment approach we consider sustainability risks and factors when assessing investments. We refer to this as ESG integration and this is an ongoing process across all asset classes that we invest in.

On behalf of our clients we invest directly as well as indirectly through funds. In order to identify and prioritise ESG factors we use a number of data sources, including ISS, Sustainalytics, Ethical Screening and other third-party research providers. Our research team uses these resources to help inform their decision making as part of their ongoing work in initiating and then monitoring investments at Quilter Cheviot. The responsible investment team works alongside the research team and focuses more specifically on the governance aspects; from 2021 onwards the team is also focused on identifying thematic areas where we wish to engage, these include climate change as well as people and human rights.

We have prioritised our model lists of direct holdings across the UK, US and Europe, as well as our monitored list of funds. For our direct holdings of equities, it is our research analysts' responsibility to identify ESG factors (both challenges and opportunities) when they initiate on a new holding, as well as on an ongoing monitoring basis. We combine this approach with an over-arching programme to engage with our key holdings on both a reactive (to news-flow) as well as in 2021 on a proactive basis. Our fund research team is responsible for engaging with third party managers to understand their approach to ESG integration and stewardship, again this is part of the research initiation process as well as on an ongoing basis. This process involves a qualitative as well as a quantitative approach.

For fixed income holdings, we invest through funds and directly. The direct holdings are predominantly in UK, EU and US government bonds. Integrating ESG factors into the selection of sovereign debt issued by developed countries is problematic and best approached by seeking to influence government policy where appropriate. For more

detail on this we would refer you [Our approach | Quilter plc](#). A significant part of our bond exposure is through third party funds and therefore the fund research approach of understanding the underlying manager's ESG process applies.

Within our ESG integration process we do not exclude specific sectors or activities (the only area where we have a firm wide restriction is controversial weapons). However, our responsible investment framework offers clients the opportunity to determine their own approach.



Read more: [ESG Considerations](#)

Our responsible investment framework

There are three key areas that this focuses on, in addition to our firm-wide process:

- Positive Change [Positive Change - Quilter Cheviot | Investment Management Services | Private Clients](#)
- Climate Assets [Climate Assets - Quilter Cheviot | Investment Management Services | Private Clients](#)
- Exclusions such as ethical criteria determined by the client [Ethical investing - Quilter Cheviot | Investment Management Services | Private Clients](#)



For more detailed information on our responsible investment framework, click [here](#).

