

# RESPONSIBLE INVESTING AND ESG

At Architas, we believe in taking sustainability considerations into account in our fund selection and monitoring, whilst also delivering good outcomes for our clients. We aim to make a difference over the long term by only investing in managers who follow a responsible investment approach. Whilst this ethos is what governs our approach, the way we put this into practice is through the integration of ESG due diligence in our investment processes.

**What is ESG?**  
ESG, which stands for environmental, social and governance, is a range of key risks and opportunities that are increasingly being recognised as vital elements of a company's long term performance and competitiveness.



**THREE SEPARATE PILLARS**

**ENVIRONMENTAL**

- Greenhouse gas emissions
- Energy efficiency
- Water efficiency

**SOCIAL**

- Recruitment and retention of staff
- Health and safety
- Supply chain labour practices

**GOVERNANCE**

- Corporate governance
- Business ethics
- Corruption and instability

**ESG INTEGRATION**

ESG integration is the consideration of environmental, social and governance criteria alongside financial factors in the investment decision-making process.

**IMPORTANCE**

E, S and G issues can lead to events that have tangible impacts on companies' share prices.



**VALE**

The Brazilian mining giant's Brumadinho dam disaster in January 2019 was a major environmental event that left families and shareholders counting the cost.



**FACEBOOK-CAMBRIDGE ANALYTICA**

The data privacy scandal in 2018 led to major share price falls.



**WELLS FARGO**

The bank suffered fines and regulatory sanctions from governance failings, resulting in share price falls.

**UNPRI SIGNATORY**



The UN supported Principles of Responsible Investment (UNPRI) works to understand the investment implications of ESG criteria and to support signatories in incorporating these factors.

As part of our commitment to incorporating ESG practices throughout our investment processes, Architas became a signatory to the UNPRI in 2018.

Since the UNPRI's launch in April 2006, the number of signatories has grown from 100 to over 3,000.

**HOW DOES ARCHITAS APPROACH THIS?**

As a multi-manager, we invest in a broad range of funds, rather than investing directly in companies. Our approach, therefore, involves making sure the funds we select for our fund of funds products are implementing ESG considerations as part of their investment criteria.

By using our influence as a big investor, we can help to direct investment flows into funds we believe are following ESG principles, and engage with the managers of those we think are falling short.

We expect that the focus on fund managers incorporating robust ESG criteria will only grow bigger in the future.

At Architas, we aim to make sure that our funds can be successful for clients, while also having principles that reflect ESG integration as a key part of our approach.