



## SOCIALLY RESPONSIBLE INVESTMENT

When it comes to promoting a more effective corporate responsibility, socially responsible investment should form an integral part of the policy.

An asset manager's approach to the environment, community and marketplace can all play a defining role in establishing how 'green' they really are and can also potentially deliver better returns for investors.

Most investment managers, including our asset management division, Royal London Asset Management (RLAM), now have strategic objectives of building business success based on delivering good investment performance and strong client relationships.

Having an effective corporate responsibility policy at the heart of a business can go some way in making us better equipped to achieve this objective. There are numerous initiatives, codes and other means that can help achieve this offering including:

- UK Stewardship Code
- UN Principles of Responsible Investing
- Ethical funds

### UK STEWARDSHIP CODE

We support the UK Stewardship Code and we encourage our fund manager partners to fully disclose where they stand in relation to the code.

The code consists of seven principles that were introduced by the Financial Reporting Council in 2010 and revised in September 2012, and is aimed at investment managers with the aim of enhancing engagement between manager and investor. Better engagement can ultimately lead to better long-term returns, achieved by efficiently exercising governance responsibilities.

The code's principles encourage managers to clearly communicate to investors why particular actions have taken place. This can include disclosing about aspects of strategy, performance and risk management. Building a solid foundation of engagement can build a much stronger bridge between the asset manager's governance and the investment process. This can ultimately help investors achieve better returns.

The code is a voluntary code but we encourage our fund manager partners to clearly disclose their stance with the code. We take the view that investment managers should act as stewards in terms of engaging with companies and attempting to improve corporate performance. The following are our fund manager partners who are signatory to the code:



## UN PRINCIPLES OF RESPONSIBLE INVESTING

The United Nations-backed Principles for Responsible Investment (PRI) is a set of six Principles developed by a network of international investors.

The Principles are a voluntary framework that reflects the view that the integration of environmental, social and corporate governance issues into investment management can all have a positive impact on investment performance. Therefore, it's important that fund managers give the Principles due consideration.

RLAM are signatory to these Principles and incorporate them into their investment process and decision-making. This allows RLAM to better align their objectives with the good of the wider society whilst also potentially delivering better returns for their clients.

## OUR SOCIALLY RESPONSIBLE INVESTMENT OFFERINGS

Our investment proposition wouldn't be complete without access to a range of socially responsible investment (SRI) and Shariah funds. These are funds which are shaped by social, environmental and other ethical parameters.

We offer the choice of two ethical funds run by RLAM; the RLP UK Ethical fund and the RLP Ethical bond fund. Both funds are screened using EIRIS and have their own selection criteria. For example, the RLP UK Ethical fund excludes any companies involved in military production, operating nuclear power stations, deriving more than 30% of profits from tobacco, selling fur products and carrying out animal testing.

An SRI fund invests in companies that are considered socially responsible because of the nature of the business the company conducts.

Common themes for socially responsible investments include avoiding investment in companies that produce or sell addictive substances (like alcohol, gambling and tobacco) and seeking out companies engaged in environmental sustainability and alternative energy/clean technology efforts. We offer the Jupiter Ecology fund in this space on our range.

Islamic Finance is a set of rules regulating the flow of liquidity in a society in the light of Shariah (Islamic Law). We have one fund on our range that adheres to Islamic law, the HSBC Amanah Global Equity Index fund.

Fund Name	Fund Manager	Fund Manager Charge	Additional Expenses	Total Expense Ratio <sup>1</sup>
RLP UK Ethical	Royal London Asset Management	1.00%	0.00%	1.00%
RLP Ethical Bond	Royal London Asset Management	1.00%	0.00%	1.00%
RLP Sustainable Diversified Trust	Royal London Asset Management	1.45%	0.04%	1.49%
RLP/HSBC Amanah Global Equity Index	HSBC	1.00%	0.25%	1.25%
RLP/Jupiter Ecology	Jupiter	1.70%	0.05%	1.75%

<sup>1</sup>Total Expense Ratio (TER), covering calendar year 2014. The TER is a variable measure of the overall cost of a fund to the investor. It includes the fund's annual management charge plus any audit, custodian, registration or compliance fees paid out of the fund's assets. It does not include the costs of buying and selling securities, which would still be paid if investing directly in securities instead of through an investment fund.



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