



THE INVESTMENT ASSOCIATION RESPONSIBLE INVESTMENT FRAMEWORK

WHY INVEST RESPONSIBLY?

Responsible investment and delivering long-term sustainable returns for our customers are at the heart of our industry. Investment managers do this by channelling finance from millions of savers to a wide range of investments, including growing companies and infrastructure projects, and acting as responsible stewards of that investment to deliver good returns for customers.



This means making investments a driving force for change – for our clients, their beneficiaries and for our communities and our planet.

As major long-term investors in the economy, managing £7.7 trillion of assets on behalf of our clients, we have a significant role to play in this respect.

The greater number of investment managers and savers adopting a responsible investment perspective, the faster positive change will happen.

A COMMON LANGUAGE FOR RESPONSIBLE INVESTMENT

One significant barrier to the growth of responsible investment and a more sustainable economy has been the **lack of a common language and standards**.

For example, there is little consistency in the language used to describe how investment managers carry out responsible investment, making it hard for savers to understand the opportunities available to them.

Investment managers are committed to tackling this challenge.

That is why in January 2019, the IA launched a landmark, industry-wide consultation to develop a coordinated approach and bring clarity to the sustainable and responsible investment market. In November 2019, we launched the **IA's responsible investment framework** – the first major output from our consultation.

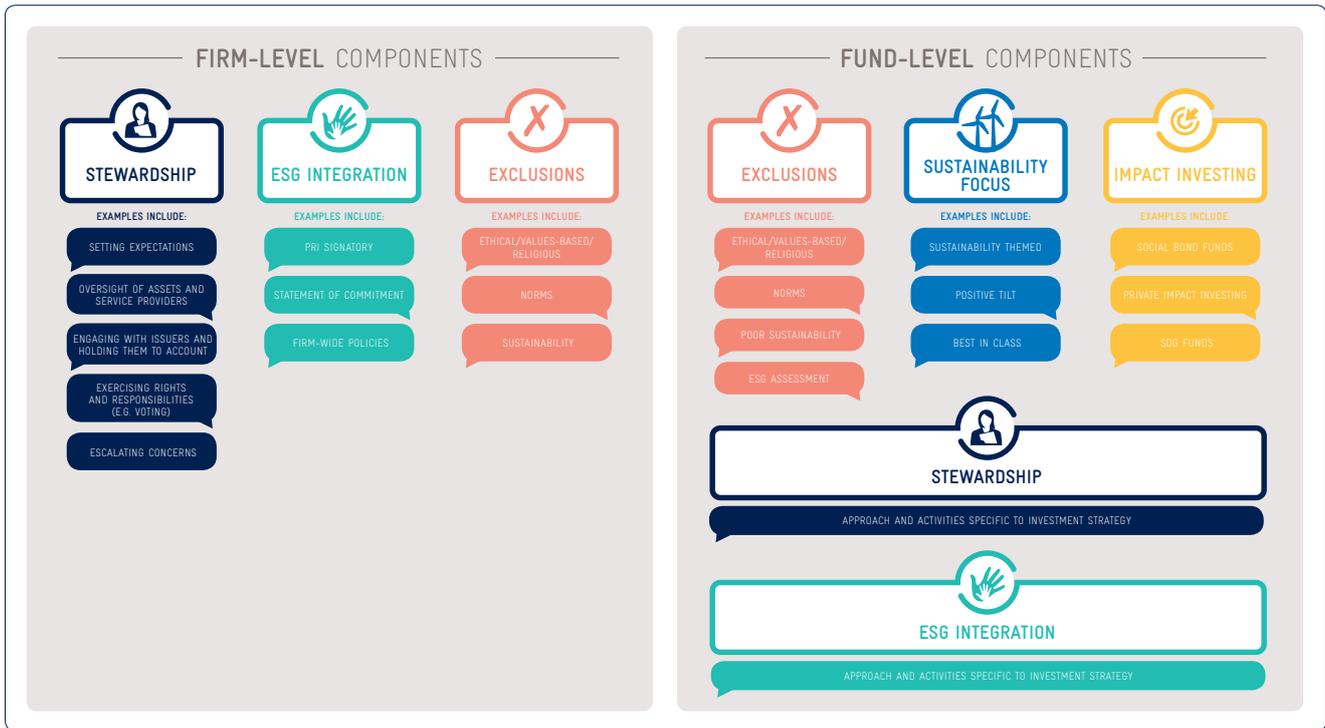
This is the first industry-agreed framework to define investment managers' approaches to responsible investment, categorising and providing common definitions for different types of responsible investment.



The Investment Association (IA) supports UK investment management, supporting British savers, investors and businesses. Our 250 members manage £7.7 trillion, £1.8 trillion of which is on behalf of European clients – providing the UK with an important economic contribution in the form of export earnings, tax paid, and jobs created.

November 2019

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The framework’s ultimate goal is to help savers navigate and better access new opportunities in the growing sustainable and responsible investment landscape, thanks to clearer common language to describe these investments.

The framework reflects the vast array of investment managers’ responsible investment approaches, not just those with a specific “green” focus, including: stewardship, integration of environmental, social and governance (ESG) factors, impact investing, exclusions and sustainability focus. This reflects investors’ wide-ranging sustainability preferences, including social outcomes (such as tackling inequality) as well as environmental concerns. It marks an important step in helping consumers identify issues they care about.

NEXT STEPS AND FUTURE PRIORITIES FOR INVESTMENT MANAGERS

We are working to embed the framework with our members and wider stakeholders, helping ensure we have a widely-adopted common language on responsible investment approaches.

From January 2020, we will be asking our members to identify which funds should be classified as having responsible investment characteristics, enabling the IA to publish statistics on these funds for investors.

We will also be focusing on helping to clarify the use of responsible investment language in investment fund documentation.

The IA’s framework will not accredit funds or provide them with a sustainability rating. This will form the next stage of the IA’s work: **exploring a UK retail fund label for sustainable investment.**

The IA’s responsible investment framework sits alongside other efforts undertaken by our industry, including:

- Exploring new ways through the Government’s Asset Management Taskforce to promote the **UK’s global leadership** on responsible investment
- Engaging with policymakers over **standard-setting** initiatives for sustainable finance in the UK and Europe
- A new project to promote a **longer-term perspective** in our investment mandates with asset owners
- Supporting more effective **disclosure** for listed companies

Investment management is at a critical juncture in embracing sustainability as a defining feature of how the UK invests.

The IA’s responsible investment framework will be a significant step towards tackling the barriers to promoting responsible investment approaches and the growth of sustainability.