



What is ESG?

- ESG is an evaluation framework for determining the sustainability of a company’s business in three areas: Environmental (E), Social (S) and Governance (G). The underlying premise of ESG is simple: Companies that fail to engage in sustainable business practices are likely to lose their value over time.
- Fifteen of the top ESG issues ranked by the percentage of companies for which they are considered material are listed below.¹ These material ESG issues may seem purely Environmental, Social, or Governance in nature, but typically they are a combination of two or all three of these areas.

• Human Capital	95%	• Data Privacy & Security	41%	• Human Rights - Supply Chain	24%
• Business Ethics	91%	• Emissions, Effluents & Waste	36%	• Community Relations	20%
• Product Governance	77%	• Resource Use	29%	• Bribery & Corruption	18%
• Carbon - Own Operations	55%	• E&S Impact of Products and Services	27%	• Carbon - Products and Services	16%
• Occupational Health & Safety	46%	• ESG Integration – Financials	25%	• Land Use and Biodiversity	15%

How is ESG Integrated into Prio Wealth’s Equity Investment Process?

- Prio Wealth seeks to minimize financial risk within client portfolios by investing in companies that are committed to sustainable and ethical business practices, as measured by specific ESG risk metrics.
- Prio Wealth utilizes data from one of the world’s largest providers of ESG research to assess ESG risk for individual companies – an integral part of its fundamental equity research analysis.
- A comprehensive ESG risk metric is automatically included in every individual company investment report generated, whether to discuss a new idea or to review a current holding.
- Prio Wealth uses a proprietary ‘ESG dashboard’ that displays current ESG data metrics for the individual companies owned in its stock portfolio in order to track their progress.
- Prio Wealth receives real-time updates to the assessments of any ESG controversies tied to the individual companies owned in its stock portfolio.
- Prio Wealth clients can receive customized ESG reports for their equity portfolios at any time.

Disclosure: This paper is for informational purposes only and should not be relied upon as an investment, tax or legal recommendation in connection with any investment program offered by Prio Wealth. The opinions expressed herein are not intended to provide personal investment advice, or tax or legal advice, and do not take into account the unique investment objectives and financial situation of the reader. Investments in securities, including common stocks and fixed income, either directly or through exchange-traded funds (ETFs) or open-ended mutual funds, involve the risk of loss that investors should be prepared to bear. Past performance may not be indicative of future results. The information in this report was obtained from various sources, but we cannot assure its accuracy. This report is not intended to provide personal investment advice and does not take into account the investment objectives and financial situation of every reader.

¹Source: Sustainalytics, July 2018