



## SUSTAINABILITY INVESTMENT POLICY

Foord Asset Management ("Foord")'s investment funds neither promote environmental and social characteristics nor have sustainable objectives. However, Foord has a stewardship ethos to the management of investors' capital and integrates environmental, social and governance ("ESG") factors and sustainable finance considerations into its fund management activities.

This policy document explains how Foord incorporates ESG factors and sustainable finance into its research and portfolio management process and supplements the investment approach and stewardship material published on [www.foord.com](http://www.foord.com).

### Introduction

As long-term investors, the enduring sustainability of income streams is fundamental to Foord's investment philosophy. Sustainability factors are considered in Foord's formal macro view, economic and earnings forecasts, probability analysis and top-down asset allocation. Sustainability factors are also used as a subjective measure to rank attractively priced companies or when evaluating management of investee companies.

Sustainability factors include climate change management, protection of water and marine resources, pollution control, the stewardship of biodiversity and ecosystems, and having regard for human and labour rights.

As sustainability factors may have an adverse impact on the income streams, careful consideration of these factors before investment is instrumental in shaping Foord's view of the long-term sustainability and longevity of investee businesses. Foord therefore integrates sustainability risks into its investment decision-making process for the Foord global funds<sup>1</sup> but does not specifically prohibit investment in any given sector or industry.

### Sustainability risk management

As sustainability risks have a potential impact on the sustainable finance within the investment horizon of the Foord global funds, Foord assesses sustainability risks for individual investments and for portfolios using a probability/outcome matrix as follows:

	<b>Consequence of sustainability risk outcome</b> For example, financial loss, reputation loss, client complaints, adverse media coverage, adverse effect on clients, adverse effect on integrity of market, ESG fines, penalties and litigation, management.		
<b>Probability of sustainability risk outcome</b>	<b>Low</b>	<b>Medium</b>	<b>High</b>
<b>High</b> (Will probably occur)	Medium risk	High risk	Extreme risk
<b>Medium</b> (Might occur at some time)	Low risk	Medium risk	High risk
<b>Low</b> (May occur in exceptional circumstances)	Negligible risk	Low risk	Medium risk

<sup>1</sup> Foord global funds comprises Foord Global Equity Fund, Foord International Trust and all sub-funds of Foord SICAV.

Foord does not manage sustainability risks by applying aggregate limits on specific economic sectors or setting caps, for example on carbon emissions, for the investment portfolios. It does, however, commit to incrementally improve the individual and aggregate matrix scores for investments in the portfolios.

Foord’s intended actions after the analysis of adverse sustainability impact are as follows:

Category		Intended actions:
Negligible risk	Low risk	Foord will monitor investee companies’ ESG and sustainability risks.
Medium risk	High risk	Foord is committed to influence investee companies through company engagement and shareholder votes to support appropriate and suitable ESG initiatives to shape positive ESG outcomes. Refer to ‘Stewardship and voting’ policy (below). Refer to the <a href="#">Engagement Policy</a> on Foord’s website <a href="http://www.foord.com">www.foord.com</a> .
Extreme risk		Foord endeavours to avoid investing in securities deemed as “extreme risk”. Foord may also divest if apposite.  Investments under this category are likely to cause principal adverse sustainability impacts which will not be aligned with Foord’s investment philosophy and principles. Furthermore, the interests of the investee company may not be aligned with those of its shareholders.

### **Stewardship and voting policy**

Foord owes a fiduciary duty to investors in the Foord global funds to vote on investee companies’ resolutions in a manner that preserves and enhances investors’ interests. In terms of its voting policy on ESG issues, Foord will consider and vote on every environmental, social and governance sustainability resolution to improve the long-term sustainability outcomes of investee companies. Foord will support resolutions that promote the integration of ESG and sustainability factors into the investee company’s strategy and those which serve to improve sustainable business practices.

Refer to the [Voting Policy](#) on Foord’s website [www.foord.com](http://www.foord.com).

### **Disclosure**

This policy is effective from 1 January 2021. Foord will include proxy voting summaries in the quarterly investment reports and semi-annual and annual financial statements.

Note: the policy will be reviewed regularly, and the latest version will be posted the [www.foord.com](http://www.foord.com) website.