About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2019 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2019 Reporting Framework response. The full Public Transparency Report is available here (https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/9C3945B2-A224-423E-BCDF-3E8B5D694F13/00000000-0000-0000-0000-000000000000/doc/2/7C%7C*complete*7C*public*7C*Merged). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish – to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2019 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the PRI website and on the Data Portal.

To easily locate information, there is a Recommendation index which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.
### TCFD Recommendations Index

<table>
<thead>
<tr>
<th>Strategy and Governance - CC</th>
<th>TCFD Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator</td>
<td>Reported</td>
</tr>
<tr>
<td>SG 01.1</td>
<td>✓ Public</td>
</tr>
<tr>
<td>SG 01.2</td>
<td>✓ Public</td>
</tr>
<tr>
<td>SG 01.3</td>
<td>✓ Public</td>
</tr>
<tr>
<td>SG 01.4</td>
<td>✓ Public</td>
</tr>
<tr>
<td>SG 01.5</td>
<td>✓ Public</td>
</tr>
<tr>
<td>SG 01.6 CC</td>
<td>✓ Public</td>
</tr>
<tr>
<td>SG 01.7 CC</td>
<td>✓ Public</td>
</tr>
<tr>
<td>SG 01.8 CC</td>
<td>✓ Public</td>
</tr>
<tr>
<td>SG 01.9 CC</td>
<td>✓ Public</td>
</tr>
<tr>
<td>SG 01.10 CC</td>
<td>✓ Public</td>
</tr>
<tr>
<td>SG 01.11 CC</td>
<td>✓ Public</td>
</tr>
<tr>
<td>SG 01.12 CC</td>
<td>✓ Public</td>
</tr>
<tr>
<td>SG 02.2</td>
<td>✓ Public</td>
</tr>
<tr>
<td>SG 07.5 CC</td>
<td>✓ Public</td>
</tr>
<tr>
<td>SG 07.6 CC</td>
<td>✓ Public</td>
</tr>
<tr>
<td>SG 07.7 CC</td>
<td>✓ Public</td>
</tr>
<tr>
<td>SG 07.8 CC</td>
<td>✓ Public</td>
</tr>
<tr>
<td>SG 13.1</td>
<td>✓ Public</td>
</tr>
<tr>
<td>SG 13.2</td>
<td>✓ Public</td>
</tr>
<tr>
<td>SG 13.4 CC</td>
<td>✓ Public</td>
</tr>
<tr>
<td>SG 13.5 CC</td>
<td>✓ Public</td>
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<tr>
<td>SG 13.6 CC</td>
<td>✓ Public</td>
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<td>SG 13.7 CC</td>
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<tr>
<td>SG 13.8 CC</td>
<td>✓ Public</td>
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<td>✓ Public</td>
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<td>SG 14.2</td>
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<tr>
<td>SG 14.9 CC</td>
<td>✓ Public</td>
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<td>✓ Public</td>
</tr>
<tr>
<td>SG 15.2</td>
<td>✓ Public</td>
</tr>
<tr>
<td>SG 15.3</td>
<td>✓ Public</td>
</tr>
<tr>
<td>Symbol</td>
<td>Status</td>
</tr>
<tr>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td>✓</td>
<td>The signatory has completed this sub-indicator</td>
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<td>The signatory did not complete this sub-indicator.</td>
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<tr>
<td></td>
<td>This indicator is relevant to the named TCFD recommendation</td>
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</tbody>
</table>

Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.
ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

<table>
<thead>
<tr>
<th>MAIN CHARACTERISTICS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Name</strong></td>
</tr>
<tr>
<td><strong>Signatory Category</strong></td>
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<tr>
<td><strong>Signatory Type</strong></td>
</tr>
<tr>
<td><strong>Size</strong></td>
</tr>
<tr>
<td><strong>Main Asset Class</strong></td>
</tr>
<tr>
<td><strong>Signed PRI Initiative</strong></td>
</tr>
<tr>
<td><strong>Region</strong></td>
</tr>
<tr>
<td><strong>Country</strong></td>
</tr>
<tr>
<td><strong>Disclosure of Voluntary Indicators</strong></td>
</tr>
</tbody>
</table>
Stafford Capital Partners

Reported Information

Public version

Strategy and Governance

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.
New selection options have been added to this indicator. Please review your prefilled responses carefully.

**SG 01.1** Indicate if you have an investment policy that covers your responsible investment approach.

- Yes

**SG 01.2** Indicate the components/types and coverage of your policy.

Select all that apply

<table>
<thead>
<tr>
<th>Policy components/types</th>
<th>Coverage by AUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy setting out your overall approach</td>
<td>☑ Applicable policies cover all AUM</td>
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<tr>
<td>Formalised guidelines on environmental factors</td>
<td>☑ Applicable policies cover a majority of AUM</td>
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<tr>
<td>Formalised guidelines on social factors</td>
<td>☑ Applicable policies cover a minority of AUM</td>
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<tr>
<td>Formalised guidelines on corporate governance factors</td>
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<tr>
<td>Fiduciary (or equivalent) duties</td>
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<tr>
<td>Asset class-specific RI guidelines</td>
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<tr>
<td>Sector specific RI guidelines</td>
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<td>Screening / exclusions policy</td>
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<tr>
<td>Other, specify (1)</td>
<td></td>
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<tr>
<td>Other, specify(2)</td>
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</tbody>
</table>

**SG 01.3** Indicate if the investment policy covers any of the following

- Your organisation’s definition of ESG and/or responsible investment and it’s relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)

**Other description (1)**

Products specifically addressing opportunities arising from other sustainable development goals.
Other RI considerations, specify (2)

SG 01.4 Describe your organisation’s investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

As we set out in our Responsible Investment Policy, Stafford's management and staff are convinced that ESG factors impact the environment in which we invest and thus our core business. As a result, it is of paramount importance that we explicitly recognize and evaluate the ESG-related risks and opportunities and manage these in a prudent and methodical manner.

We pay particular attention to how our investment process can positively contribute to promoting greater ESG outcomes by reducing agency risk through our process of oversight, seeking control and greater access to underlying investee entities, both in terms of our due diligence process and how we manage and monitor our investments over time.

As a PRI signatory, we are guided by the 6 principles in all of our business lines accordingly, with a particular focus on implementing PRI #1, i.e., the integration of ESG-considerations into the investment process. Engagement is at the heart of embedding Stafford's ESG beliefs into our investment processes, both internally across business lines and staff members, and also externally as a fund-of-fund manager with the underlying GPs and our institutional clients.

SG 01.5 Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

Stafford's overall investment philosophy can be summarized as follows:

- Make good investments
- Be good to deal with and act with integrity
- Be innovative in creating value
- Profit from knowing what is really going on

As we set out in our Responsible Investment Policy, Stafford's management and staff are convinced that ESG factors impact the environment in which we invest and thus our core business. As a result, it is of paramount importance that we explicitly recognize and evaluate the ESG-related risks and opportunities and manage these in a prudent and methodical manner.

We recognize our responsibility as an investor to contribute to a more sustainable financial system by taking a long-term, responsible approach across the private market funds and assets in which we invest. We pay particular attention to how our investment process can positively contribute to promoting greater ESG outcomes by reducing agency risk through our rigorous process of oversight, seeking control and greater access to underlying investee entities, both in terms of our due diligence process and how we manage and monitor our investments over time.

We are stewards of money entrusted to us by our institutional clients, who in turn manage money on behalf of their investors. As active investors, we play an important role in ensuring that our investments uphold commonly accepted standards of environmental protection, human rights, and good governance in a way that will enhance and underpin the financial returns that our investors expect of us over the long-term. In this context, Stafford has been an early signatory to the PRI, which plays a central role in our ongoing efforts to integrate ESG across our investment process.

Finally, Stafford believes that successful and responsible investments with comprehensive consideration of ESG-related risks and opportunities ultimately depends on the knowledge, convictions, and beliefs of the people running the investment process, and therefore is committed to corresponding recruitment, talent development, organizational learning, and training.

Engagement is at the heart of embedding Stafford's ESG beliefs into our investment processes, both internally across business lines and staff members, and also externally as a fund-of-fund manager with the underlying GPs and of course, with our clients and pension fund investors. We recognise that we play an important role in improving the ESG standards that apply across the investee entities and GPs who we invest with, as such we regularly ask them questions about ESG (both formally through a biennial survey and informally through face-to-face meetings and correspondence), testing their approaches and continually looking for ways to improve outcomes is of tantamount importance to us for both pre-investment and post-investment monitoring and oversight.

We note that not all of the underlying investment managers are at the same place in terms of acceptance and integration of ESG issues into core processes, but we prefer to work with these managers/GPs and to
engage with them to improve standards rather than divest or narrow the opportunity set to only ESG leaders. It is our view that this will not only produce better risk-adjusted returns for our investors over the long term, it will also help to raise standards across the real economy more broadly.

Stafford is focussed on secondary fund acquisition transactions ("secondaries") which provide the benefits of limited/no blind pool risk when making investments. Therefore, we usually have a rather good information base when making investment decisions which also allows to assess ESG factors in addition to real economy impact before committing to an investment.

For example,
- in Stafford Infrastructure strategy, the strategy is to acquire interests in core infrastructure funds from existing investors via the secondary fund market.
- in Stafford Sustainable Capital, the strategy has been adapted to consider the 17 Sustainability Development Goals. This includes reviewing the capability of those SDGs and their targets as investible criteria.
- in Stafford Private Equity, the strategy has been adapted to collaborate with key client relationships for key ESG focus areas and aligning mandate strategy, guidelines and allocation policies with those preferred ESG focus areas.
- ESG factors are also considered via exclusion criteria which have to be tested for materiality (e.g. nuclear power, prisons, military) and as integral part of our investment process according to Stafford's RI Policy that has been mentioned before.

No

SG 01.6 Additional information [Optional].

Stafford’s emphasis on sustainability and climate aware investment products is in part a reflection of the Firm’s awareness and attempt to position the business and investments for the transition to a lower carbon economy that is already unfolding. Indeed, responsible investments in the areas of sustainable capital, infrastructure, agriculture and timberland are all vital assets for helping to support and enable the transition that is required, both in developed and developing economies. Stafford is making efforts to support this transition process through these targeted investment products, as well as striving for higher standards of integration and awareness amongst the investment managers of private equity and venture capital funds that do not have an explicit sustainability themed dimension.

A summary of the broad mapping of climate impacts and their relevance to the asset classes that Stafford invests in is provided below. A reference to an asset class (either Infrastructure, Timberland, Agriculture or Private Equity) denotes where the risk or opportunity is considered to be high or very high. The absence of a tick does not indicate that there is no impact, just less pronounced.

The following lists the various Climate related risks, and the Asset class exposure (where if indicated under a risk area, then that Asset class has a high or very high exposure.

1. Transition risks - Policy and legal affects: Infrastructure, Timberland, Agriculture and Private Equity
2. Transition risks - Technology shifts: Infrastructure, Timberland, Agriculture and Private Equity
3. Transition risks - Reputational risks: Infrastructure, Timberland, Agriculture and Private Equity
4. Transition risks - Market risks: Agriculture
5. Physical Risks: Infrastructure, Timberland and Agriculture
6. Climate related Opportunities - Resource efficiency: Infrastructure
7. Climate related Opportunities - Low Carbon energy: Infrastructure, Timberland and Private Equity
8. Climate related Opportunities - New markets, products and services: Infrastructure, Timberland and Agriculture
9. Climate related Opportunities - Building resilience: Infrastructure, Timberland and Agriculture

[Source of the list: TCFD Final Recommendations report, Adapted by Stafford CP]

We have these products that are affected by a climate-related risks and opportunities transition to a lower carbon economy:
1. Sustainable Capital - The Stafford Private Equity team incorporates ESG and climate-related risks and opportunities into its investment decisions to better mitigate risk and generate sustainable, long-term returns.

The guiding force behind this approach is to adapt sustainable development goals, such as the 17 Sustainable Development Goals ("SDG") outlined by the United Nations in 2015. The S3 Investment Team is using the UN's SDGs not only as a guiding force, but also as a screening mechanism for potential investments in the Fund. Stafford believes this approach, along with its focus on ESG factors, can be a catalyst for not only helping drive
positive change in the world, but also for strong investment performance moving forward.

2. Infrastructure - Infrastructure also incorporates ESG and climate-related risks and opportunities into its investment decisions to mitigate risk and generate sustainable long-term returns. It adapts various benchmarks, exclusions required by investors and guidance, including the World Bank's method for accounting for ESG considerations and to some extent guidance from the approach taken by our Sustainable Capital service line.

3. Timber - Timberland investments are exposed to biological risk as a result of the physical impacts of climate change. Stafford seeks to manage this risk by maintaining a diversified exposure to geographies and species. We also continue to monitor research into the effects of climate change on our investments and work with our managers to make adjustments to management when needed. Equally Timberland investments stand to benefit greatly from a shift in the real economy towards products with a lower carbon and embedded energy content. Such products are likely to become increasingly prevalent particularly in the markets for building materials, energy and packaging products. Equally, responsible investment into expanded areas of sustainably harvested commercial Timberland will increasingly be seen as part of a multi-pronged solution to climate change, likely to be in part assisted by direct intervention by governments (through grants and other assistance) and the establishment of market based emissions trading systems that actively price the carbon offsets provided by forests.

I confirm I have read and understood the Accountability tab for SG 01

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<thead>
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<th>SG 01 CC</th>
<th>Voluntary</th>
<th>Public</th>
<th>Descriptive</th>
<th>General</th>
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<tr>
<td>SG 01.6</td>
<td>Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation’s investment time horizon.</td>
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We have these products that are affected by a transition to a lower carbon economy:

Sustainable Capital - The Stafford Private Equity team incorporates ESG factors into its investment decisions to better mitigate risk and generate sustainable, long-term returns. The guiding force behind this approach is to adapt sustainable development goals, such as the 17 Sustainable Development Goals (“SDG”) outlined by the United Nations in 2015. The S3 Investment Team will use the UN’s SDGs not only as a guiding force, but also as a screening mechanism for potential investments in the Fund. Stafford believes this approach, along with its focus on ESG factors, can be a catalyst for not only helping drive positive change in the world, but also for strong investment performance moving forward.

Infrastructure - Infrastructure also incorporates ESG factors into its investment decisions to mitigate risk and generate sustainable long-term returns. It adapts various benchmarks, exclusions required by investors and guidance, including the World Bank’s method for accounting for ESG considerations and to some extent guidance from the approach taken by our Sustainable Capital business line.

Timber - investments are exposed to biological risk as a result of climate change. Stafford seeks to manage this risk by maintaining a diversified exposure to geographies and species. We also continue to monitor research into the effects of climate change on our investments and work with our managers to make adjustments to management when needed.

SG 01.7 | Indicate whether the organisation has assessed the likelihood and impact of these climate risks?  
| ☑ Yes |

SG 01.8 | Indicate the associated timescales linked to these risks and opportunities. 

The following table provides the requested overview based on Stafford Infrastructure’s business affected by Climate Change and related issues (Sustainable Capital, Agriculture and Infrastructure) as an example. In the field for long term, we describe our approach to these issues.

Short Term - <1 year
In this category we regularly have to assess, for example, how much CO2 can be reduced by switching fuels for infrastructure assets in our portfolio (i.e., adding wood pellets to coal-based power plants, switching from coal-to-gas, etc.)

For our Agriculture service line, the issues are:
1. Increasing variability in rainfall patterns impacting yields and, where available, increasing reliance on irrigation water
2. Increasing likelihood of heat stress, impacting yields in row & permanent cropping and livestock
3. Reduced frost hours, impacting flowering and yields (positively and negatively depending on species and timing)

Medium Term - >1 and <5 years

We have to deal with mid-term material climate-related issues when modelling prices for green certificates for green field renewable energy projects in certain geographies.

For our Agriculture service line the issues are:
4. All of points 1, 2 & 3 with potential for increased materiality
5. Potential increase in the length and severity of drought and flooding
6. Potential increase in pesticide and herbicide usage as ranges of pests and weed shifts in relation to rainfall and temperature patterns

Long Term - > 5

Stafford's emphasis on sustainability and climate aware investment products is in part a reflection of the Firm's awareness and attempt to position the business and our investments for the transition to a lower carbon economy that is already unfolding. Indeed, as we have emphasised in our previous responses, sustainable capital, infrastructure, agriculture and timberland are all vital assets to help support and enable the transition that is required, both in developed and developing economies. Stafford is making efforts to support this transition process through these targeted investment products, as well as striving for higher standards of integration and awareness amongst the investment managers of private equity and venture capital funds that do not have an explicit sustainability themed dimension.

As Stafford Capital Partners is focussed on providing Alternative Investment services with the standard term of the underlying funds being 10 years and more, the investments that we pursue tend to be overall long-term in nature.

Long-term material climate-related issues in making investment decisions represent - for example - regulatory changes. Changes in the Feed-in-Tariffs, carbon pricing or market mechanisms and sovereign or governmental decisions have long-term impacts on our investment decisions.

For our Agriculture service line the issues are:
7. All of points 4, 5 & 6
8. Potential reduction in groundwater entitlements and ability to access water for irrigation
9. Potential to change highest and best use of assets as climate regions shift
10. Potential increase in plant and equipment costs to shift towards zero emission farming

○ No

<table>
<thead>
<tr>
<th>SG 01.9 CC</th>
<th>Indicate whether the organisation publicly supports the TCFD?</th>
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<thead>
<tr>
<th>SG 01.10 CC</th>
<th>Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.</th>
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<td>☑ Yes</td>
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Copyright © 2017 PRI Association. All rights reserved
Stafford is finalising a global position statement on climate change (CC) clearly describing the integration and mitigation of such risks across the business lines and investment portfolios. We support and are guided by TCFD recommendations and framework to define and disclose the main sources of climate-related risks and opportunities (transition and physical impact risks) and our beliefs can be summarised as follows: recognition that CC is a major source of systemic economic and market risk; that presents opportunities for proactively managing our pre-investment due diligence, the post-investment oversight process and disclosure to clients and stakeholders; to some extent CC is alleviated through our advocacy and commitment to the attainment of the Sustainable Development Goals (SDGs) by incorporating them into the investment process; support of ambitious targets and efforts by policy makers to achieve the Paris Agreement's goals; ensuring greater scrutiny on investment exposure to unabated thermal coal assets; pursuing collaboration with other stakeholders to address the large scale, systemic challenges around climate change; and improving disclosure and transparency around climate-related impacts.

Pre-investment due diligence

Climate change risks and opportunities are being incorporated into Stafford's pre-investment due diligence processes across asset classes. This includes, but is not limited to reviewing these considerations affecting those other managers of our investments such as: a position statement on CC exists (PRI Principle 2), evidence of how climate-related impacts are incorporated into asset valuations and portfolio construction (PRI Principle 1); tools or metrics that are utilised to support the assessment of climate-related risks and opportunities as part of the investment process, including scenario analysis (PRI Principle 1); evidence of the exposure of the fund's assets to climate-related risks including transition and physical impact risks (PRI Principle 2); evidence of the exposure of the fund's assets to low carbon opportunities and/or climate-resilient assets (PRI Principle 2); escalating thermal coal exposures for consideration by the ESG Committee on a case-by-case basis through the Sensitive Business Case process; reporting and disclosure efforts, including support for the TCFD recommendations and, if a signatory to the PRI, completing the climate change component of the annual PRI reporting framework (PRI Principles 3, 4, 6); collaborating and engaging with others through industry initiatives, dialogue with investee entities and governments/regulators (PRI Principle 5); and Any intention or future plans to bolster efforts.

Post-investment processes

As part of Stafford's oversight and management of existing investments and investment manager relationships, we will engage to improve standards across all the areas listed as part of our due diligence process. This will include: sharing climate change position statement and ensuring their alignment (PRI Principles 2, 4); incorporating climate-specific assessment criteria into our regular ESG survey (PRI Principles 1, 2); reviewing efficacy of our third party managers' current practices to managing climate change impacts compared to peers (PRI Principles 1, 2); engagement through our biennial ESG Survey to support TCFD (PRI Principles 3, 4, 6); pursuing sideletter arrangements to support TCFD (PRI Principles 1, 2) and effecting change through the Sensitive Business Case (PRI Principles 1, 2).

SG 1.12

Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

SG 02

Mandatory

Public

Core Assessed

PRI 6

New selection options have been added to this indicator. Please review your prefilled responses carefully.
SG 02.1  Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

☒ Policy setting out your overall approach

<table>
<thead>
<tr>
<th>URL/Attachment</th>
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<tr>
<td>☐ URL</td>
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<td>☒ Attachment (will be made public)</td>
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</table>

Attachment

File 1.6.3.1 - Stafford Global - Responsible Investment Policy 1707.pdf

☒ Formalised guidelines on environmental factors
☒ Formalised guidelines on social factors
☒ Formalised guidelines on corporate governance factors
☒ Asset class-specific RI guidelines
☒ Sector specific RI guidelines
☒ Screening / exclusions policy
☒ We do not publicly disclose our investment policy documents

SG 02.2  Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

☒ Your organisation’s definition of ESG and/or responsible investment and it’s relation to investments

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File Attachment

1708_Stafford Capital Partners Responsible Investment Policy_Final.pdf [1376KB]

☒ Your investment objectives that take ESG factors/real economy influence into account

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File Attachment

1708_Stafford Capital Partners Responsible Investment Policy_Final.pdf [1376KB]

☒ Governance structure of organisational ESG responsibilities
ESG incorporation approaches

Active ownership approaches

Reporting

Understanding and incorporating client / beneficiary sustainability preferences

Other RI considerations, specify (1)

Other description (1)

Products specifically addressing opportunities arising from other sustainable development goals.
We do not publicly disclose any investment policy components.

The ESG Committee completed a review of the framework and terms of reference for responsible investing that reflect the current position and intent of the organisation. A copy was released onto the website.

The ESG Committee in 2018 completed and recommended a final draft of the Climate Change Policy for circulation and approval that augments the Responsible Investment Policy. This policy is currently being finalised and distributed for comments across the business lines. A draft version of the policy is attached for information purposes.

### Governance and human resources

<table>
<thead>
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<tbody>
<tr>
<td>SG 07.5 CC</td>
<td>Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.</td>
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</table>

#### Board members or trustees
- □ Oversight/accountability for climate-related issues
- □ Assessment and management of climate-related issues
- □ No responsibility for climate-related issues

#### Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee
- □ Oversight/accountability for climate-related issues
- □ Assessment and management of climate-related issues
- □ No responsibility for climate-related issues

#### Other Chief-level staff or head of department
- □ Oversight/accountability for climate-related issues
- □ Assessment and management of climate-related issues
- □ No responsibility for climate-related issues
<table>
<thead>
<tr>
<th>Role</th>
<th>Oversight/accountability for climate-related issues</th>
<th>Assessment and management of climate-related issues</th>
<th>No responsibility for climate-related issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portfolio managers</td>
<td>☑️</td>
<td>☑️</td>
<td>☐</td>
</tr>
<tr>
<td>Investment analysts</td>
<td>☑️</td>
<td>☑️</td>
<td>☐</td>
</tr>
<tr>
<td>Dedicated responsible investment staff</td>
<td>☑️</td>
<td>☑️</td>
<td>☐</td>
</tr>
<tr>
<td>Investor relations</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>External managers or service providers</td>
<td>☑️</td>
<td>☑️</td>
<td>☐</td>
</tr>
<tr>
<td>Other role, specify (1)</td>
<td>☑️</td>
<td>☑️</td>
<td>☐</td>
</tr>
<tr>
<td>Other description (1)</td>
<td>☑️</td>
<td>☑️</td>
<td>☐</td>
</tr>
</tbody>
</table>

Other role, specify (1)

☑️ Oversight/accountability for climate-related issues
☑️ Assessment and management of climate-related issues
☐ No responsibility for climate-related issues
Delegated oversight through the ESG Committee's maintenance of the guidelines set out in the Climate Change Policy. The ESG Committee tabled a Climate Change Policy, which augments the Responsible Investment Policy. Through the exercise of the ESG Committee's oversight of the Climate Change Policy, any assessments, findings or observations by the ESG Committee's review of the activities, undertakings and events undertaken by the various business lines and service lines of the Firm is tabled to the Executive Management Board ("EMB"). The EMB then considers the matters escalated on at least a quarterly basis and then annually for any decisions that have a long term strategic or governance implications.

The Firm's Climate Change Policy is intended to provide guidance to the management about how they might exercise their roles and decisions in alignment to the framework of the Climate Change Policy.

The Firm's Climate Change Policy is intended to provide guidance to the management about how they might exercise their roles and decisions in alignment to the framework of the Climate Change Policy.

SG 07.7
For the management-level roles that assess and manage climate-related issues, provide further information on the structure and process involved.

The Firm's Climate Change Policy is intended to provide guidance to the management about how they might exercise their roles and decisions in alignment to the framework of the Climate Change Policy.

SG 07.8
Explain how the organisation engages external investment managers on the TCFD recommendations and its implementation.

- Incorporation of TCFD in Annual Report
- Incorporation of TCFD in regular client reporting
- Request that investment managers complete PRI Climate indicators
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner guide

**ESG issues in asset allocation**

SG 13
Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, to assess future ESG factors

**Describe**

Risks and opportunities are considered as part of the investment due diligence.

- Yes, to assess future climate-related risks and opportunities
- No, not to assess future ESG/climate-related issues

SG 13.2
Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.
We do the following

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

<table>
<thead>
<tr>
<th>SG 14</th>
<th>Mandatory to Report Voluntary to Disclose</th>
<th>Public</th>
<th>Additional Assessed</th>
<th>PRI 1</th>
</tr>
</thead>
</table>

**SG 14.1** Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)
- Other, specify(2)
- None of the above

**SG 14.2** Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

<table>
<thead>
<tr>
<th></th>
<th>trillions</th>
<th>billions</th>
<th>millions</th>
<th>thousands</th>
<th>hundreds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total AUM</td>
<td>2</td>
<td>818</td>
<td>181</td>
<td>695</td>
<td></td>
</tr>
<tr>
<td>Currency</td>
<td>USD</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets in USD</td>
<td>2</td>
<td>818</td>
<td>181</td>
<td>695</td>
<td></td>
</tr>
</tbody>
</table>

Specify the framework or taxonomy used.

These are specific financial products invested specifically:

- target companies with mature business models and defensible financial profiles that also exhibit positive sustainable attributes and have strong alignment with the United Nations’ Sustainable Development Goals (“SDGs”), which will serve as a guiding post for the Fund's investment decisions;
- designed to provide investors with exposure to a diversified portfolio of global private equity investments that focus on technologies that seek to improve the efficiency of energy production, distribution, and the reduction or elimination of the negative environmental impact of these activities. The investment mandate will also include diversification across a broad range of industries and markets within the Clean Tech sector, specifically Energy Generation and Supporting Clean Technologies.
- investments into forests that through certification of sustainability attributes and a recognised "carbon sink".
- investments into recognised categories by renewable, energy efficient and resource efficient infrastructure.

☐ Phase out your investments in your fossil fuel holdings
☒ Reduced portfolio exposure to emissions intensive or fossil fuel holdings
☐ Used emissions data or analysis to inform investment decision making
☒ Sought climate change integration by companies
☒ Sought climate supportive policy from governments
☐ Other, specify
☐ None of the above

SG 14.3 Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

☐ Scenario analysis
☐ Disclosures on emissions risks to clients/trustees/management/beneficiaries
☐ Climate-related targets
☒ Encouraging internal and/or external portfolio managers to monitor emissions risks
☐ Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
☐ Weighted average carbon intensity
☐ Carbon footprint (scope 1 and 2)
☐ Portfolio carbon footprint
☐ Total carbon emissions
☐ Carbon intensity
☐ Exposure to carbon-related assets
☐ Other emissions metrics
☒ Other, specify

Other description

Adopting and incorporating a carbon neutral policy across the firm’s business practices and operations, as part of the climate change position statement.

☐ None of the above

SG 14 CC Voluntary Public General

SG 14.8 CC Indicate whether climate-related risks are integrated into overall risk management and explain the risks management processes for identifying, assessing, and managing climate-related risks.

☒ Process for climate-related risks is integrated into overall risk management
At a high level, risk management processes is reflected in the determination of the short, medium and long
term impacts of climate change, as you will see from the answers given in other parts to this section. At a
governance and strategy level considerations of risk factor in the design of product lines and the strategic
choices for opportunities.

Stafford considers strategic issues as part of its strategy and governance arrangements, which then filter
down through the organisation into our culture and how we make decisions. This includes issues such as
demographic shifts, political risks and climate change.

Stafford considers strategic issues as part of its strategy and governance arrangements, which then filter
down through the organisation into our culture and how we make decisions. The various Investment
Committees of our asset service lines considers common priorities, including issues such as demographic
shifts, political risks and climate change, and through consensus adopts a harmonised strategic set of
priorities.

The various Investment Committees are guided by considerations and priorities of others. For example,
the World Economic Forum produces an annual risk outlook assessment which highlights climate change
as one of the key business and investment risks facing the financial and economic system over the coming
decade. Stafford is aware of and concerned about climate change as a long-term investor in “real assets”
that naturally have a long-term horizon (compared with listed or exchange traded assets). As such, the
Firm takes a precautionary approach to positioning the business and investing our client's assets in a way
that is cognizant of the long-term risks and opportunities related to climate change, while also recognising
the high uncertainty in the future pathways and actions by policy makers and technology shifts.

Thus, through consensus and guidance from reputable and expert organisations, the firms adopts a
consensus driven emphasis on sustainability and climate aware investment products. The emphasis driven
in part by the distilled priorities and awareness to position the business and our investments for the
transition to a lower carbon economy that is already unfolding. Indeed, as we have emphasised in our
previous responses, sustainable capital, infrastructure, agriculture and timberland are all vital assets to
help support and enable the transition that is required, both in developed and developing economies.
Stafford is making efforts to support this transition process through these targeted investment products, as
well as striving for higher standards of integration and awareness amongst the investment managers of
private equity and venture capital funds that do not have an explicit sustainability themed dimension.

As Stafford Capital Partners is focused on providing Alternative Investment services with the standard
term of the underlying funds being 10 years and more, the investments that we pursue tend to be overall
long-term in nature.

☐ Process for climate-related risks is not integrated into our overall risk management

<table>
<thead>
<tr>
<th>SG 15</th>
<th>Mandatory to Report</th>
<th>Voluntary to Disclose</th>
<th>Public</th>
<th>Descriptive</th>
<th>PRI 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>SG 15.1</td>
<td>Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☑ Yes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SG 15.2</td>
<td>Indicate the percentage of your total AUM invested in environmental and social themed areas.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>%</td>
<td>69</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SG 15.3</td>
<td>Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Area

- Energy efficiency / Clean technology

Asset class invested

- Private equity

% of AUM

7

- Infrastructure
- Forestry
- Farmland

Brief description and measures of investment

We have specifically themed funds known as "sustainable capital", but whose predominant investments are in clean technology.

Our infrastructure assets are diversely invested but with a focus on infrastructure and related investments clean technology.

- Renewable energy
- Green buildings
- Sustainable forestry

Asset class invested

- Private equity
- Infrastructure
- Forestry

% of AUM

43

- Farmland

Brief description and measures of investment

Stafford Timberland has a discretionary mandate to invest in assets in key regions of the world. Stafford Timberland has approximately 2.25 million hectares of timberland Area Under Investment (or USD 2 billion AUM) across a global footprint that spans primarily the United States, Australia, New Zealand and Latin America. Approximately 98% of Stafford Timberland's Area Under Investment comprises forests certified to an FSC, PEFC or other leading forest management standard. The remainder are generally only uncertified due to cost prohibitiveness (mostly due to being small scale properties) or because they are currently in the process of becoming certified. As a result, sustainability is a core part of Stafford's approach to responsible investment in the timberland asset class.

- Sustainable agriculture
### Asset class invested

- Private equity
- Infrastructure
- Forestry
- **Farmland**

### % of AUM

<table>
<thead>
<tr>
<th>Asset class</th>
<th>% of AUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farmland</td>
<td>1</td>
</tr>
</tbody>
</table>

### Brief description and measures of investment

A small mandate with discretion to invest in agriculture / farmland with demonstrable characteristics of sustainable agriculture.

- Microfinance
- SME financing
- **Social enterprise / community investing**

### Asset class invested

- **Private equity**

### % of AUM

<table>
<thead>
<tr>
<th>Asset class</th>
<th>% of AUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private equity</td>
<td>3</td>
</tr>
</tbody>
</table>

### Brief description and measures of investment

As above, we have themed in sustainable capital, some investments into social enterprise and community investing.

- Affordable housing
- **Education**

### Asset class invested

- **Private equity**

### % of AUM

<table>
<thead>
<tr>
<th>Asset class</th>
<th>% of AUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private equity</td>
<td>1</td>
</tr>
</tbody>
</table>
Brief description and measures of investment

Broad ranges of portfolio companies and enterprises that are within these sustainable categories across our funds and mandates despite those funds / mandates not possessing a themed focus. As above, our sustainable capital funds and mandates are required to make investments in broad range of sustainable enterprises, including investing into enterprises within the educational sector or servicing those other enterprises in education.

**Global health**

<table>
<thead>
<tr>
<th>Asset class invested</th>
<th>% of AUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private equity</td>
<td>2</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>1</td>
</tr>
</tbody>
</table>

**Water**

<table>
<thead>
<tr>
<th>Asset class invested</th>
<th>% of AUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private equity</td>
<td>3</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>1</td>
</tr>
<tr>
<td>Brief description and measures of investment</td>
<td></td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>As above.</td>
<td></td>
</tr>
<tr>
<td>☐ Other area, specify</td>
<td></td>
</tr>
<tr>
<td>☐ No</td>
<td></td>
</tr>
</tbody>
</table>