



LEA 02	Discipline: Mandatory	Principle: PRI 1, 2, 3
<p>Type of engagement</p> <p>Individual/ internal staff engagements</p>	<p>Reason for interaction</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> To support investment decisionmaking in a company's material ESG issues <input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced information <input checked="" type="checkbox"/> To engage internal staff <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage in internal staff 	
<p>Collaborative engagements</p>	<ul style="list-style-type: none"> <input type="checkbox"/> To support investment decisionmaking in a company's material ESG issues <input type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced information <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage in collaborative engagements 	
<p>Service provider engagements</p>	<ul style="list-style-type: none"> <input type="checkbox"/> To support investment decisionmaking in a company's material ESG issues <input type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced information <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage in service provider engagements 	

RI TRANSPARENCY REPORT

2018

Stafford Capital Partners

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2018 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO TG		✓	-							
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	🔒	n/a							✓
OO 08	Segregated mandates or pooled funds	✓	Private							✓
OO 09	Breakdown of AUM by market	✓	Private							✓
OO 10	Active ownership practices for listed assets	🔒	n/a							✓
OO 11	ESG incorporation practices for all assets	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓
OO LE 01	Breakdown by passive, quantitative, fundamental and other active strategies	🔒	n/a							✓
OO LE 02	Reporting on strategies that are <10% of actively managed listed equities	🔒	n/a							✓
OO FI 01	Breakdown by passive, active strategies	🔒	n/a							✓
OO FI 02	Option to report on <10% assets	🔒	n/a							✓
OO FI 03	Breakdown by market and credit quality	🔒	n/a							✓
OO SAM 01	Breakdown by passive, quantitative, fundamental and other active strategies	🔒	n/a							✓
OO PE 01	Breakdown of investments by strategy	🔒	n/a							✓
OO PE 02	Typical level of ownership	🔒	n/a							✓
OO PR 01	Breakdown of investments	🔒	n/a							✓
OO PR 02	Breakdown of assets by management	🔒	n/a							✓
OO PR 03	Largest property types	🔒	n/a							✓
OO INF 01	Breakdown of investments	🔒	n/a							✓
OO INF 02	Breakdown of assets by management	🔒	n/a							✓
OO INF 03	Largest infrastructure	🔒	n/a							✓
OO End	Module confirmation page	✓	-							

CCStrategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public							✓
SG 03	Conflicts of interest	✓	Public							✓
SG 04	Identifying incidents occurring within portfolios	✓	Private							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Private							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 07 CC	Climate-issues roles and responsibilities	✓	Public							✓
SG 08	RI in performance management, reward and/or personal development	✓	Private							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 09.2	Assets managed by PRI signatories	✓	Private	✓						
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
SG 12	Role of investment consultants/fiduciary managers	✓	Public				✓			
SG 13	ESG issues in strategic asset allocation	✓	Public	✓						
SG 14	Long term investment risks and opportunity	✓	Public	✓						
SG 15	Allocation of assets to environmental and social themed areas	✓	Public	✓						
SG 16	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
SG 17	ESG issues for externally managed assets not reported in framework	✓	Public							✓
SG 18	Innovative features of approach to RI	✓	Private							✓
SG 19	Communication	✓	Public							✓
SG End	Module confirmation page	✓	-							

Indirect – Manager Selection, Appointment and Monitoring				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SAM 01	ESG incorporation strategies	🔒	n/a	✓						
SAM 02	Selection processes (LE and FI)	✓	Public	✓						
SAM 03	Evaluating engagement and voting practices in manager selection (listed equity/fixed income)	🔒	n/a		✓					
SAM 04	Appointment processes (listed equity/fixed income)	✓	Public	✓						
SAM 05	Monitoring processes (listed equity/fixed income)	✓	Public	✓						
SAM 06	Monitoring on active ownership (listed equity/fixed income)	🔒	n/a	✓						
SAM 07	Percentage of (proxy) votes	🔒	n/a		✓					
SAM 08	Percentage of externally managed assets managed by PRI signatories	✓	Private	✓						
SAM 09	Examples of ESG issues in selection, appointment and monitoring processes	✓	Public	✓						✓
SAM End	Module confirmation page	✓	-							

Assurance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
CM1 01.1	Assurance, verification, or review	✓	Public							✓
CM1 01.2 & 01.8	Assurance of this year's PRI data	✓	Public							
CM1 01.3 & 01.9	Assurance of last year's PRI data	✓	Public							✓
CM1 01.4, 10-12	Other confidence building measures	✓	Public							✓
CM1 01.5	External assurance	🔒	n/a							✓
CM1 01.6	Assurance or internal audit	🔒	n/a							✓
CM1 01.7	Internal verification	✓	Public							✓
CM1 01 End	Module confirmation page	✓	-							

Stafford Capital Partners

Reported Information

Public version

Organisational Overview

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.

Basic information

OO 01

Mandatory

Public

Gateway/Peering

General

OO 01.1

Select the services and funds you offer

- Fund management
- Fund of funds, manager of managers, sub-advised products

% of assets under management (AUM) in ranges

- <10%
- 10-50%
- >50%
- Other, specify

Further options for investment managers (may be selected in addition to the above)

- Execution and advisory services
- Hedge funds
- Fund of hedge funds

OO 02

Mandatory

Public

Peering

General

OO 02.1

Select the location of your organisation's headquarters.

United Kingdom

OO 02.2

Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3

Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

42

OO 02.4 Additional information. [Optional]

In addition to London (UK) the co-headquarters of the organisation is Sydney (Australia) and Austin (Texas, United States of America)

OO 03 **Mandatory** **Public** **Descriptive** **General**

OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 04 **Mandatory** **Public** **Gateway/Peering** **General**

OO 04.1 Indicate the year end date for your reporting year.

31/12/2017

OO 04.2 Indicate your total AUM at the end of your reporting year, Exclude subsidiaries you have chosen not to report on and any advisory/execution only assets.

	trillions	billions	millions	thousands	hundreds
Total AUM		5	500	000	000
Currency	USD				
Assets in USD		5	500	000	000

OO 06 **Mandatory** **Public** **Descriptive** **General**

New selection options have been added to this indicator. Please review your prefilled responses carefully.

OO 06.1 Select how you would like to disclose your asset class mix.

- as percentage breakdown
- as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	0	0
Fixed income	0	0
Private equity	0	10-50%

Property	0	0
Infrastructure	0	10-50%
Commodities	0	0
Hedge funds	0	0
Forestry	0	10-50%
Farmland	0	<10%
Inclusive finance	0	0
Cash	0	0
Other (1), specify	0	0
Other (2), specify	0	0

OO 06.2

Publish asset class mix as per attached image [Optional].

Asset class implementation gateway indicators

OO 11	Mandatory	Public	Gateway	General
--------------	------------------	---------------	----------------	----------------

Asset class	ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes
Private equity	<div data-bbox="395 340 1474 427" style="background-color: #0070C0; color: white; padding: 5px;">Private equity - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</div> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation
Infrastructure	<div data-bbox="395 654 1474 741" style="background-color: #0070C0; color: white; padding: 5px;">Infrastructure - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</div> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation
Forestry	<div data-bbox="395 967 1474 1055" style="background-color: #0070C0; color: white; padding: 5px;">Forestry - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</div> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation
Farmland	<div data-bbox="395 1281 1474 1368" style="background-color: #0070C0; color: white; padding: 5px;">Farmland - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</div> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation

OO 11.4 Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.

Each asset class service is guided by our Responsible Investment Policy, under a framework managed and overseen by our internal ESG Committee for the benefit of the various Investment Committees. The Responsible Investment Policy sets out Stafford's approach for integrating ESG issues into the different stages of the investment process, including investment planning, pre-investment due diligence, post-investment monitoring and oversight, as well as how 'sensitive business cases' and systemic risks are managed across the organisation.

The ESG Committee is comprised of members, acting under a written charter approved by the Board, across different service and business lines that is chaired by an independent and external Chair, Ms Danyelle Guyatt.

OO 12.1 Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.

Core modules

- Organisational Overview
- Strategy and Governance

RI implementation via external managers

Indirect - Selection, Appointment and Monitoring of External Managers

- Private Equity
- Infrastructure

Closing module

- Closing module

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.

Investment policy

SG 01

Mandatory

Public

Core Assessed

General

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

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Asset class-specific RI guidelines <input checked="" type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

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 and related issues

SG 01.3a
CC

Describe how your products or investment strategy might be affected by the transition to a lower-carbon economy.

We have these products that are affected by a transition to a lower carbon economy:

Sustainable Capital - we expect our Sustainable Capital products to benefit positively by a transition to a lower-carbon economy. Sustainable Capital incorporates ESG factors acutely 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. Many of the current Stafford sustainable/venture portfolio investments already align well with the UN's development goals. Such investments include exposure to companies within the energy efficiency financing, LED manufacturing, water desalination, and solar energy markets, among others. Anticipated market evolution continues to present promising opportunities in the sustainable space. Improvements to technologies, increasing attractiveness of sustainable economics, transformations within the energy industry, and a focus on efficiency and cost savings for industrial and commercial customers should provide additional support for companies with positive sustainable attributes.

A transition to a lower-carbon economy can put new pressures on businesses. One example is we have exposure to toll ways and roads in some of our infrastructure investments. As there is a shift to lower-carbon solutions, they might include increase ride sharing / public transport, which could result in less use of the toll way. We are conscious of negative effects of this transition, and include an analysis of this in our due diligence on an investment.

Infrastructure - we expect our Infrastructure to benefit positively from a transition to a lower-carbon economy. These products already have a material preference for investments aligned to resource efficiency and energy efficiency, consistent with the SDGs, consequentially benefitting in the same way as Sustainable Capital.

Timber - we expect Timber investment would be positively affected by a transition to a lower carbon economy based on it being a net carbon sink and the likelihood that any transition would entail carbon emissions pricing and policy settings that would incentivise the maintenance and investment in expanding forest assets in key international regions.

SG 01.3b CC	Describe how climate-related risks and opportunities are factored into your investment strategies or products.
------------------------------	--

- We factor climate-related risks and strategies into our investment strategies or products.

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 service 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.

- We do not factor climate-related risks and strategies into our investment strategies or products.

- Other RI considerations, specify (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, 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 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.

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.

In implementing our beliefs, as a PRI signatory, Stafford is 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 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 bi-annual 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's strategy is to acquire interests in core infrastructure funds from existing investors via the secondary fund market. One of the private funds in this strategy may also invest up to 20% in late-stage primary funds and/or directly alongside quality managers as co-investments. With this strategy Stafford Infrastructure targets 8-9% net return with a 5% cash yield component, diversification by geography (60% Europe, 20% North America, 20% RoW), asset type, investment manager, and (past) vintage years, and overall 8-12 investments in target infrastructure funds.

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 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

	URL/Attachment
--	----------------

URL

Attachment (will be made public)

	Attachment
--	------------

[File 1:Stafford Capital Partners Responsible Investment Policy_Final.pdf](#)

Formalised guidelines on environmental factors

Formalised guidelines on social factors

Formalised guidelines on corporate governance factors

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

URL/Attachment

- URL
- Attachment

File Attachment

[Stafford Capital Partners Responsible Investment Policy_Final.pdf \[1376KB\]](#)

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

URL/Attachment

- URL
- Attachment

File Attachment

[Stafford Capital Partners Responsible Investment Policy_Final.pdf \[1376KB\]](#)

- Governance structure of organisational ESG responsibilities

URL/Attachment

- URL
- Attachment

File Attachment

[Stafford Capital Partners Responsible Investment Policy_Final.pdf \[1376KB\]](#)

- ESG incorporation approaches

URL/Attachment

- URL
- Attachment

File Attachment

[Stafford Capital Partners Responsible Investment Policy_Final.pdf \[1376KB\]](#)

- Active ownership approaches

URL/Attachment

- URL
- Attachment

File Attachment

[Stafford Capital Partners Responsible Investment Policy Final.pdf \[1376KB\]](#)

- Reporting
- Climate-related issues
- Climate change and related issues
- Other RI considerations, specify (1)

Products specifically addressing opportunities arising from other sustainable development goals.

URL/Attachment

- URL

URL

{[hyperlink:http://www.staffordcp.com/sustainable-capital/](http://www.staffordcp.com/sustainable-capital/)}

- Attachment
- We do not publicly disclose any investment policy components

SG 02.3	Indicate if your organisation's investment principles, and overall investment strategy is publicly available
----------------	--

- Yes

URL

{[hyperlink:http://www.staffordcp.com/](http://www.staffordcp.com/)}

- No

SG 02.4	Additional information [Optional].
----------------	------------------------------------

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.

SG 03	Mandatory	Public	Core Assessed	General
--------------	------------------	---------------	----------------------	----------------

SG 03.1

Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

SG 03.2

Describe your policy on managing potential conflicts of interest in the investment process.

The organisation has adopted a code of ethics and responsible investment framework that promotes:

- Internationally accepted ethical values;
- Respect and the protection of the legitimate interests of our clients and stakeholders;
- Avoiding the misuse of non-public information; and
- Acting with integrity and avoiding behaviour that is either perceived to be or is, actually fraudulent, deceptive, manipulative, or in violation of any applicable law, rule or regulation of a governmental agency.

Investment decisions:

1. Investment Committee must demonstrate the appropriateness of decision making to prove the absence of preferential treatment.
2. The Investment Committee is diversely constituted so as to facilitate an objective review and with signoffs of positions broadly canvassed, candidly debated and considered comprehensively. Thus positions ought not to pose any conflicts of interest and are entered into for the benefit of the private fund, the mandate, clients and its investors fairly and equitably. Investment managers proffering options in an investment recommendation or review paper, which endeavours to table independent diligence (experts, such as on legal, tax).
3. An independent Operational Governance Review of investments, performed by the key senior personnel from the Operations, Compliance and ESG service lines.
4. A disclosed agreed upon approach to fund commitment allocations.

No

Objectives and strategies

SG 05

Mandatory

Public

Gateway/Core Assessed

General

SG 05.1

Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not set/reviewed

SG 05.2

Additional information. [Optional]

It is the intention for the ESG Committee to periodically "assess" the progress of the organisation as against the framework or policy for sustainable and responsible investing.

The ESG Committee currently meets frequently during the course of year:

- formally on a quarterly basis; and

- informally as many times as needed.

The current agenda for calendar year 2018 is the:

- Continuous Enhancements of ESG Integration and Responsible Investing Policy;
- Promoting the merits of a process for dealing with sensitive business or investment cases; and
- Further enhancing the ESG bi-annual survey of third party managers, to benchmark alignment to the Firm's ESG Integration framework and its effectiveness.

Governance and human resources

SG 07	Mandatory	Public	Core Assessed	General
-------	-----------	--------	---------------	---------

SG 07.1	Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.
---------	---

Roles present in your organisation

- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
Head of Compliance

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- ESG portfolio manager
- Investment analysts
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investor relations
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify (1)

Other description (1)

ESG Committee, refer below response.

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify (2)

SG 07.3 Indicate the number of dedicated responsible investment staff your organisation has.

Number

1

SG 07.4

Additional information. [Optional]

We have a dedicated independent ESG Chair, whose sole role is to oversee the ESG Committee and responsible investment framework for the Firm.

Additionally, we have personnel dedicated to an ESG Committee to be champions of responsible investing. These 4 individuals are the dedicated responsible investment staff who together have a material allocation of time to monitor the effectiveness of the Firm's responsible investing framework.

As noted in the report for 2015, 2016 and 2017, the organisation has a committee comprised of key representatives from each of the following areas of expertise:

1. Compliance: 1 out of 4 personnel is drawn from the organisation's compliance and legal service line, whose experience has been the ensuring the satisfaction of the organisation's governance obligations, mitigation of risk and compliance obligations.
2. Investment: 2 out of 4 personnel are drawn from senior investment personnel whose qualifications and experience is focused on sustainable and responsible investing
3. Policy and Strategy: 1 out of 4 personnel is drawn from senior investment personnel whose qualifications and experience is forged from the academic pursuit of an understanding of investing upon a criteria of sustainability
4. Analytical: 1 out of 4 personnel is drawn from the organisation's investment analysts whose background is also based also on the study of responsible investing
5. Exceptional: People are also drawn from different parts of the business, so as to ensure that operations as well as different investment lines are represented.
6. Exceptional: An intention to improve the integrity of the Committee's framework for depth of expertise, resources and tools; through procuring and then nominating external consultants with experience, expertise and reputation in the field of responsible investing and sustainability, to assist the ESG Committee in fulfilling its undertakings.

SG 07 CC	Voluntary	Public	Descriptive	General
SG 07.1 CC	Indicate the roles in your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for climate-related issues.			

Roles present in your organisation

- Board members or trustees
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
- Other Chief-level staff or head of department, specify
- Portfolio managers
 - Oversight/accountability for climate-related issues
 - Assessment and management of climate-related issues
 - No responsibility for climate-related issues
- ESG portfolio manager
 - Oversight/accountability for climate-related issues
 - Assessment and management of climate-related issues
 - No responsibility for climate-related issues
- Investment analysts
 - Oversight/accountability for climate-related issues
 - Assessment and management of climate-related issues
 - No responsibility for climate-related issues
- Dedicated responsible investment staff
 - Oversight/accountability for climate-related issues
 - Assessment and management of climate-related issues
 - No responsibility for climate-related issues
- External managers or service providers
 - Oversight/accountability for climate-related issues
 - Assessment and management of climate-related issues
 - No responsibility for climate-related issues
- Investor relations
- Other role, specify (1)

ESG Chair and Committee

Other description (1)

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues
- Other role, specify (2)

Promoting responsible investment

SG 09

Mandatory

Public

Core Assessed

PRI 4,5

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 09.1

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Select all that apply

Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
 Moderate
 Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

This year we continued to maintain a moderate level of involvement in the PRI's activities. This is because we have broadened our interaction to affiliate bodies like the IIGCC (in Europe), IIGC (in Australia) and the RIAA.

Our continuing intention is that through the ESG Committee engagement and involvement with the Principles of Responsible Investment initiative will be intensified and utilisation of their resources deepened. We intend to engage external consultants with broad affiliations and connections to people and organisations promoting and pursuing responsible investing principles.

We tried for board representation to the IIGCC by nominating Stafford for the asset manager representation. Although we failed to elevate our candidate, we continue to have an acute interest in representation and committees.

- Asian Corporate Governance Association
 Australian Council of Superannuation Investors
 AFIC – La Commission ESG
 BVCA – Responsible Investment Advisory Board
 CDP Climate Change
 CDP Forests
 CDP Water
 CFA Institute Centre for Financial Market Integrity
 Code for Responsible Investment in SA (CRISA)
 Code for Responsible Finance in the 21st Century
 Council of Institutional Investors (CII)
 Eumedion
 Extractive Industries Transparency Initiative (EITI)
 ESG Research Australia
 EVCA – Responsible Investment Roundtable
 Global Investors Governance Network (GIGN)
 Global Impact Investing Network (GIIN)
 Global Real Estate Sustainability Benchmark (GRESB)
 Green Bond Principles
 Institutional Investors Group on Climate Change (IIGCC)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

We continue to consider committees into which we can escalate our involvement in 2017, including submitting for board membership.

We further strengthened our resources through the appointment of an external Chair to the ESG Committee who has collaborated and worked with the IGCC, IIGCC, CDP, Ceres/INCR and PRI investor groups and will seek opportunities for Stafford involvement in specific projects and working groups.

We tried for board representation to the IIGCC by nominating Stafford for the asset manager representation. Although we failed to elevate our candidate, we continue to have an acute interest in representation and committees.

- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

We are a supporter, in connection with being a signatory to PRI and AVCAL, and a member of the European IIGCC.

We participated in a few roundtable forums with the Investment group on Climate Change (Australia/New Zealand) dealing with the integration of Climate Change considerations into the investment process for real property assets, farmland and timber.

- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify

Independent Climate Council of Australia
 European Cleantech LP Advisory Board
 Support for the initiatives arising out of the Paris Commitments

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Membership to the Independent Climate Council of Australia, through the Head of Compliance, who is a member of the organisations' ESG Committee, to gain access to valuable research resources pertaining to an analytical understanding of the impact of Climate Change.

Through the Australian office, for part of the year the organisation continued membership with Philanthropy Australia and participated in forums and round tables on responsible and impact investing for philanthropies and non-for-profits.

Through Timberland service line, the organisation is also actively engaged in ensuring sustainable forest practices through appropriate certifications and memberships of their forestry external managers.

- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

SG 10	Mandatory	Public	Core Assessed	PRI 4
-------	-----------	--------	---------------	-------

SG 10.1 Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

- Yes

SG 10.2

Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives. Provide a description of your role in contributing to the objectives of the selected action and the typical frequency of your participation/contribution.

- Provided or supported education or training programmes (this includes peer to peer RI support) Your education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisers etc.)

Description

White Paper on the performance and merit of investing into the clean energy sector.
 Stafford Diary research paper presenting results of our biennial sustainable forest certification survey for Stafford timberland assets
 Other Stafford Diaries, presenting case studies of our responsible investment efforts in timberland and agriculture.
 ESG opportunities in agriculture and timberland.
 Comparative approaches to ESG engagement and integration between Australia, EU and North America.

Frequency of contribution

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad hoc
 - Other
- Provided financial support for academic or industry research on responsible investment
 - Provided input and/or collaborated with academia on RI related work
 - Encouraged better transparency and disclosure of responsible investment practices across the investment industry

Description

Through our "Stafford Diaries" and making it available to clients and advisors, we share our experiences in responsible investment practices.
 During investment due diligence, we encourage third-party investment managers to pursue principles of responsible investment despite their non-affiliation to the PRI or similar organisations.

Frequency of contribution

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad hoc
 - Other
- Spoke publicly at events and conferences to promote responsible investment

Description

Through our annual conference, inviting clients, their advisors and service providers, we speak about: (1) our policy and framework for responsible investing; (2) our products in sustainable capital investment or energy efficient infrastructure; (3) our approach towards engagement and incident intervention when “sensitive business case” issues arise.

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

Wrote and published in-house research papers on responsible investment

Description

We have written White Papers, published through our Stafford Diaries, research into responsible investment approaches in real assets (timberland and agriculture).

We have undertaken research into the medium and long-term investment efficacy into clean energy and the risks and opportunities of financial product design incorporating responsible investment practices.

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

Encouraged the adoption of the PRI

Description

When encountering new and emerging managers, we educate and encourage their organisations to consider joining the PRI.

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other
- Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)
- Wrote and published articles on responsible investment in the media
- A member of PRI advisory committees/ working groups, specify
- On the Board of, or officially advising, other RI organisations (e.g. local SIFs)
- Other, specify
- No

SG 10.3

Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional]

The Firm appointed an ESG Chair to the ESG Committee. The ESG is independent to the Firm and has credentials in responsible investing. Thus, the Firm has empowered the ESG Committee through the ESG Chair to promote responsible investment and to open opportunities for the Firm's active part of the investment decision process where sustainability (ESG issues) arise.

Outsourcing to fiduciary managers and investment consultants

SG 12

Mandatory

Public

Core Assessed

PRI 4

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 12.1

Indicate whether your organisation uses investment consultants.

- Yes, we use investment consultants
- No, we do not use investment consultants.

ESG issues in asset allocation

SG 13

Mandatory

Public

Descriptive

PRI 1

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 13.1

Indicate if your organisation executes scenario analysis and/or modelling in which the risk profile of future ESG trends at portfolio level is calculated.

- We execute scenario analysis which includes factors representing the investment impacts of future environmental trends
- We execute scenario analysis which includes factors representing the investment impacts of future social trends
- We execute scenario analysis which includes factors representing the investment impacts of future governance trends
- We consider scenario analysis that includes factors representing the investment impacts of future climate-related risks and opportunities

Is this scenario analysis based on a 2°C or lower scenario?

- Yes
- No
- We execute other scenario analysis, specify
- We do not execute such scenario analysis and/or modelling

**SG SG
13.1a CC**

Please describe the resilience of your organisation's strategy, considering different future climate scenarios.

Strategy affected	Changes to strategy	Description of scenario and time-horizon	How analysis has been used
Sustainable Capital, Infrastructure, Agriculture	Determination of impacts on the assets and a consideration of the adaption to the characteristics of the investment with greater emphasis on mitigation of risks through consideration of the composition and type of assets that would be resilient to climate change.	Refer to response in 14.2a	Refer to response in 14.2a

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

SG 14

Mandatory to Report Voluntary to Disclose

Public

Additional Assessed

PRI 1

SG 14.1

Describe the process used to identify short, medium and long-term risks and opportunities that could have a material impact on your organisation and its activities.

The Firm has a strong commitment to compliance and risk management in its culture.

The Firm adopts a governance structure that incorporates a three tiers strategic framework. This structure is the core to our risk and compliance framework, reflecting the strategic allocation of responsibilities for risk and opportunities identification, oversight management and mitigation. They reside at the apex of this structure, maintaining an unconstrained direct relationship with the second tier of committees (Compliance Committee, Investment Committees for each asset service line, ESG Committee, and independent external legal counsel). This second tier:

- develops, recommends and maintains a plan and approach to risk and opportunities;
- appoints Risk Advocates and allocates Senior Manager personnel from each of the Compliance Committee, the Investment Committee and ESG Committee) deriving a matrix of risk opportunities; and
- ensures advocates have sufficient authority to educate and persuade or encourage the Firm's personnel about risks and opportunities.

The third strategic tier strategic are personnel of the various Investment Teams, Fund Operations and material external service providers. In the Firm's product and service life-cycles, they are critical in identifying deficiencies, risks and opportunities. Functional separation between investment teams and fund operations ensures complementary but efficacious reflection on risk and enhancements.

**SG 14.1
CC**

Describe the processes used to determine which climate-related short, medium and long-term risks and opportunities could have a material impact on your organisation and its activities.

The Firm's various Investment Committees for asset service lines each have strict limits and targets cognisant of the type of assets, third party fund specifications, third party manager and geographic concentrations, as well as other specific risk control tools. For example, our Infrastructure, agriculture and sustainable capital service lines apply a comparative analysis of various risk models, such as the S.T.A.R Model, the P.A.R. Model, the Pricing Model, the FX Model and the World Bank scoring methodology for ESG considerations. The risk asset considers at least 9 factors (regulatory, counterparty, contract, revenue viability, competition, technology, financing and other residual ESG considerations). Climate-related short, medium and long-term risks and opportunities are an integral component of the risk assessment process undertaken by the Investment team for their report to the Investment Committees. The data of aggregate comparisons of risks and opportunity ratings are then used to derive a combined likelihood, impact and discount pricing ratings.

These assessments of risks and opportunities then contribute to a distillation of risk and opportunities across the Firm's Investment Committee asset service lines into material and relevant risks and opportunities matrix for the ESG Committee and Compliance Committee.

SG 14.2

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following you act on.

- Changing demographics
- Climate change and related issues

**SG 14.2a
cc**

Please describe how you define "short", "medium" and "long term", and describe your material climate-related issues over these time horizons.

	Definition	Description of material climate-related issues
Short term	<1 year	<p>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.</p> <p>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.)</p> <p>For our Agriculture service line, the issues are:</p> <ol style="list-style-type: none"> 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	<p>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.</p> <p>For our Agriculture service line the issues are:</p> <ol style="list-style-type: none"> 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 years	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Long-term material climate-related issues in making investment decisions represent – for example – regulatory changes. Changes in the Feed-in-Tariffs, carbon pricing</p>

		<p>or market mechanisms and sovereign or governmental decisions have long-term impacts on our investment decisions.</p> <p>For our Agriculture service line the issues are:</p> <p>7. All of points 4, 5 & 6</p> <p>8. Potential reduction in groundwater entitlements and ability to access water for irrigation</p> <p>9. Potential to change highest and best use of assets as climate regions shift</p> <p>10. Potential increase in plant and equipment costs to shift towards zero emission farming</p>
--	--	---

SG 14.3

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
- 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 14.4

Indicate which of the following tools you use to manage emissions risks and opportunities

- Scenario analysis
- Disclosure on emissions risk to clients/trustees/management/beneficiaries
- Climate-related targets
- Encourage internal and/or external portfolio managers to monitor emissions risk
- 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
- None of the above
- Resource scarcity
- Technology developments
- Other, specify(1)
- Other, specify(2)
- None of the above

**SG 14.7
CC**

Describe your risk management processes for identifying, assessing, and managing climate-related risks.

Our process for climate-related risks is integrated into overall risk management

Please describe

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.

Our process for climate-related risks is not integrated into our overall risk management

**SG 14.8
CC**

Describe your processes for prioritising climate-related risks.

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 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.

Refer to our answers given above in the short, medium and long term considerations.

**SG 14.9
CC**

Do you conduct engagement activity with investee companies to encourage better disclosure and practices around climate-related risks?

Yes

Please describe

As a fund of fund manager of unlisted assets, the Firm's engagement activities are carried out directly with our underlying investment managers, who then have direct contact with investee companies. For elevated cases of concern at the individual company level, the Sensitive Business Case process would be utilised to undertake direct engagement with the investee company of concern (as an addition to engagement with the managers).

The Firm's investment process includes a documented monitoring process, including:

5. Ongoing engagement in the form of telephone calls, site visits, attendance at annual conferences and other meetings to facilitate a deep co-operative partnership with the manager;
6. Formal annual monitoring adopting monitoring checklists or guidelines, including enquiring about climate-related risks and strategic considerations;
7. A separate corporate governance review is also performed at least biennial, which includes a review of ESG considerations and incidents;
8. A follow up on quarterly and annual reports, including those ESG considerations related to progress on climate-related risks.

We also seek positions on various Advisory Boards, thus enabling us to influence outcomes though we only speak for minority interests. In these situations, we gain control or influence over an asset we then work with the manager and where possible renegotiate key fund terms, including preferential disclosure on certain disclosure practices or access to climate-related information.

Case studies during calendar year 2017 reflects the efficacy of this approach to engagement. For example, in the sustainable capital service line we were able to:

- identify the consequences for our investments in sustainable capital related to the threat by the US administration to withdraw from the Paris Accord;
- draft a White Paper on the efficacy of investing over the medium and long term on clean energy
- design collaboratively with key institutional clients and third party managers a strategic allocation for investments into business with sustainability characteristics, including addressing sustainable development goals for climate-related opportunities beyond commonly known clean energy investments.
- design collaboratively with key institutional clients and third party managers a strategic allocation for investments in infrastructure with resource efficiency and energy efficiency characteristics thereby addressing climate-related opportunities.
- identify alignment issues on climate-related investing for our institutional clients with third party managers showing a willingness to enhance their investment ethos to help address those climate-related goals.

No, we do not engage

SG 14.10
CC

Describe how you use data from climate-related disclosures.

Data disclosed, whether actively procured by us or through the normal disclosure process, contributes to:

- risk mitigation and opportunity identification or tracking;
- indication of how an organisation is assessing and managing climate-related risks and opportunities, including its governance arrangements and its strategic priorities, risk management processes and the metrics and targets that it includes in its disclosure
- product or service lifecycle stages related to design, delivery and incident management;
- product development and design for the Investment Committees, including deriving investment pipeline, supporting thesis for strategic allocations and investment guidelines;
- ESG knowledge base capture for the ESG Committee for tracking issues, benchmarking third party managers and product development.

- In the case of timber, investments are regularly made in jurisdictions where carbon is priced (e.g. New Zealand and the United States where the California cap and trade scheme allows forest carbon offsets) and is regularly reported as a balance sheet item. In these cases, the value of carbon is reported to investors and Stafford actively uses this data to forecast investment returns.

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
-------	---	--------	-------------	-------

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 15.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
---------	---

Yes

SG 15.2	Indicate the percentage of your total AUM invested in environmental and social themed areas.
---------	--

	%
--	---

69

SG 15.3	Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.
---------	--

	Area
--	------

Clean technology (including renewable energy)

	Asset class invested
--	----------------------

Private equity

	% of AUM
--	----------

6

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.

- Green buildings
- Sustainable forestry

	Asset class invested
--	----------------------

- Private equity
- Infrastructure
- Forestry

	% of AUM
--	----------

45

- 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
--	----------

1

	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

3

- Infrastructure

% of AUM

1

- Forestry
- Farmland

Brief description and measures of investment

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

Our infrastructure funds and mandates are invested into some social enterprises and community related infrastructure.

We have venture mandates whose portfolio themes have a required focus on social enterprises and community investing.

- Affordable housing
- Education

Asset class invested

- Private equity

% of AUM

1

- Infrastructure
- Forestry
- Farmland

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

Asset class invested

- Private equity
- Infrastructure

% of AUM

1

- Forestry
- Farmland

Brief description and measures of investment

As above.

- Water

Asset class invested

- Private equity
- Infrastructure

% of AUM

1

- Forestry
- Farmland

Brief description and measures of investment

As above.

- Other area, specify

No

Asset class implementation not reported in other modules

SG 17	Mandatory	Public	Descriptive	General
-------	-----------	--------	-------------	---------

SG 17.1	Describe how you address ESG issues for externally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.
---------	--

Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Forestry	<p>Stafford uses five key methods to manage and monitor the adherence of its Timberland investments to its ESG principles:</p> <ul style="list-style-type: none"> • Evaluation of investment type; • Evaluation of investment region; • Evaluation of manager; • Use of third party certification to independently verify sustainable practices; and • Internal segregation of duties and third party auditing. <p>Stafford monitors implementation of its ESG principles through:</p> <ul style="list-style-type: none"> • Adherence to the Stafford's Responsible Investment Policy; • Annual manager reviews that specifically addresses ESG factors; • Completion of the annual UN PRI survey; • Biennial survey of managers on the adoption of third party sustainable forest management certification; and • Third party audits of management and fund accounts. <p>ESG initiatives are resourced by:</p> <ul style="list-style-type: none"> • Head of Compliance - oversight of ESG initiatives and Responsible Investment Policy and coordinating manager reviews; • Investment Manager, Sydney - monitoring of external ESG trends, conducting manager research, supervising internal ESG reporting and initiatives; and • Key manager leads - responsible for direct engagement with GPs on key issues. <p>Through Stafford's strong approach to responsible Timberland investment, to date we have experienced a very low number of actionable ESG related issues across our portfolio. Our proportion of certified sustainable forestry, at 98%, is also very high by industry standards.</p>
Farmland	<p>Stafford uses five key methods to manage and monitor the adherence of its Farmland's investments to its ESG principles:</p> <ul style="list-style-type: none"> • Evaluation of investment type; • Evaluation of investment region; • Evaluation of manager; • Use of third party certification to independently verify sustainable practices; and • Internal segregation of duties and third party auditing. <p>Stafford monitors implementation of its ESG principles through:</p> <ul style="list-style-type: none"> • Adherence to the Stafford's Responsible Investment Policy; • Annual manager reviews that specifically addresses ESG factors. • Escalation of sensitive business cases to the ESG Committee where an investment recommendation merits enhanced review. <p>ESG initiatives are resourced by:</p> <p>Investment Team - oversight of ESG initiatives and Responsible Investment Policy and coordinating manager reviews;</p> <p>Investment Manager - monitoring of external ESG trends, conducting manager research, supervising internal ESG reporting and initiatives; and</p> <p>Key manager leads - responsible for direct engagement with GPs on key issues.</p>

Communication

SG 19

Mandatory

Public

Core Assessed

PRI 6

SG 19.1

Indicate whether your organisation proactively discloses asset class specific information. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.

Selection, Appointment and Monitoring

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

Disclosure to clients/beneficiaries

Disclosure to clients/beneficiaries

- How responsible investment considerations are included in manager selection, appointment and monitoring processes
- Details of the responsible investment activities carried out by managers on your behalf
- E, S and/or G impacts and outcomes that have resulted from your managers' investments and/or active ownership
- Other

Frequency

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc/when requested

Stafford Capital Partners

Reported Information

Public version

Indirect – Manager Selection, Appointment and Monitoring

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.

											Private equity	Infrastructure
Review the process for ensuring the quality of the ESG data used											<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree the use of ESG data in the investment decision making process											<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree the impact of ESG analysis on investment decisions											<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree ESG objectives (e.g. risk reduction, return seeking, real-world impact)											<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree manager's ESG risk framework											<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree ESG risk limits at the portfolio level (portfolio construction) and other ESG objectives											<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review how ESG materiality is evaluated by the manager											<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review process for defining and communicating on ESG incidents											<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree ESG reporting frequency and detail											<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other, specify											<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above											<input type="checkbox"/>	<input type="checkbox"/>

If you select any 'Other' option(s), specify

As noted above, the Operational and Governance Review ("OGR") regime is an additional integrity assessment overlay undertaken by the Compliance Officers to give assurance to the Compliance Committee and with the report of findings or recommendations for the benefit of Investment Committee. The efficacy of a third party manager's ESG characteristics, as well as any required ongoing monitoring and engagement of ESG considerations forms part of any recommendations reported to the Investment Committee under this OGR regime.

Other considerations will also include issues escalated under the Stafford's Sensitive Business Case regime.

SAM 02.3

Indicate the selection process and its ESG/RI components

- Review ESG/RI responses to RfP, RfI, DDQ etc.
- Review responses to PRI's Limited Partners' Responsible Investment Due Diligence Questionnaire (LP DDQ)
- Review publicly available information on ESG/RI
- Review assurance process on ESG/RI data and processes
- Review PRI Transparency Reports
- Request and discuss PRI Assessment Reports
- Meetings with the potential shortlisted managers covering ESG/RI themes
- Site visits to potential managers offices
- Other, specify

SAM 02.4

When selecting external managers does your organisation set any of the following:

											Private equity	Infrastructure
ESG performance development targets											<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG score											<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG weight											<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Real world economy targets											<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other RI considerations											<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above											<input type="checkbox"/>	<input type="checkbox"/>

If you select any 'Other' option(s), specify

As above, for the Firm's OGR and Sensitive Business Case regimes.

Appointment**SAM 04****Mandatory****Public****Core Assessed****PRI 1**

SAM 04.1

Indicate if in the majority of cases and where the structure of the product allows, your organisation does any of the following as part of the manager appointment and/or commitment process

- Sets standard benchmarks or ESG benchmarks
- Defines ESG objectives
- Sets incentives and controls linked to the ESG objectives
- Requires reporting on ESG objectives
- Requires the investment manager to adhere to ESG guidelines, regulations, principles or standards
- None of the above
- None of the above, we invest only in pooled funds and have a thorough selection process

SAM 04.2

Provide an example per asset class of your benchmarks, objectives, incentives/controls and reporting requirements that would typically be included in your managers' appointment.

Asset class

- Private equity

Benchmark

- We do not set benchmarks

ESG Objectives

- ESG related strategy, specify

There are three areas in private equity:

1. We have certain investments we describe as sustainable capital. These investments are to portfolio companies and private funds that have characteristics of sustainability. These investments are strategic allocations aligned with our institutional clients with investment allocations for investments addressing sustainable development goals and clean energy;
2. We have investments for venture capital mandates identifying investments to support communities, to promote sustainable and fair economic development;
3. We will have investments in private equity to address client-specific alignment on social issues.

- ESG related investment restrictions, specify

- ESG integration, specify

Identifying managers aligned to the principles of responsible investing and receptive to integrating those principles into their processes or willing to actively engage with us or our clients. The Firm's ESG integration efforts are cognizant of the ESG related strategies and investment restrictions as noted above.

- Engagement, specify

As above, complementary and consequential to ESG integration.

- Voting, specify

As investors in unlisted assets, recognition that our active ownership efforts are advanced through a "seat at the table" through membership at the investor Advisory Board to private funds. Although membership to these Advisory Boards is principally focused on governance and ensuring compliance to investment strategy and guidelines, membership also enables us to pursue and monitor ESG risk and opportunities. We might not have direct engagement with the underlying portfolio companies or assets held by those private funds, we nonetheless exercise negative controls on other third party fund managers of our private fund investments to actively pursue ESG information and disclosure necessary for corporate actions or investor activism directly or on behalf of our clients.

- Promoting responsible investment

Through due diligence of investments we identify alignment to our aspirations for responsible investment and declare our support for the the principles of PRI. Through side letter arrangements, we encourage our third party managers to help us promote those principles and the ESG aspirations of ours and that of our clients.

- ESG specific improvements

We identify and monitor the ESG alignment of our third party managers through an ESG biennial survey.

- ESG guidelines/regulation, principles/standards, specify

Applying our Responsible Investing Policy, the World Bank ESG scoring and also the PRI principles as a core framework.

Incentives and controls

- Fee based incentive
- Communication and remedy of breaches
- Termination
- No fee/ breach of contract

Reporting requirements

- We do not require the reporting on ESG objectives

- Infrastructure

Benchmark

- We do not set benchmarks

ESG Objectives

- Other, specify

- ESG related strategy, specify

Identification of energy and resource efficient infrastructure

- ESG related investment restrictions, specify

Qualifying investments that fit within the allocations approved under a mandate or product of the Firm that aligns with energy and resource efficient infrastructure, or infrastructure addressing sustainable development goals, whilst satisfying internationally accepted standards of behaviour that is responsible environmentally, socially and for governance.

- ESG integration, specify

Identifying managers aligned to the principles of responsible investing and receptive to integrating those principles into their processes or willing to actively engage with us or our clients.

- Engagement, specify

As above, complementary and consequential to ESG integration.

- Voting, specify

As investors in unlisted assets, recognition that our active ownership efforts are advanced through a "seat at the table" through membership at the investor Advisory Board to private funds. Although membership to these Advisory Boards is principally focused on governance and ensuring compliance to investment strategy and guidelines, membership also enables us to pursue and monitor ESG risk and opportunities. We might not have direct engagement with the underlying portfolio companies or assets held by those private funds, we nonetheless exercise negative controls on other third party fund

managers of our private fund investments to actively pursue ESG information and disclosure necessary for corporate actions or investor activism directly or on behalf of our clients.

- Promoting responsible investment

Through due diligence of investments we identify alignment to our aspirations for responsible investment and declare our support for the the principles of PRI. Through side letter arrangements, we encourage our third party managers to help us promote those principles and the ESG aspirations of ours and that of our clients.

- ESG specific improvements

We identify and monitor the ESG alignment of our third party managers through an ESG biennial survey.

- ESG guidelines/regulation, principles/standards, specify

Applying our Responsible Investing Policy, the World Bank ESG scoring and also the PRI principles as a core framework.

Incentives and controls

- Fee based incentive
- Communication and remedy of breaches
- Termination
- No fee/ breach of contract

Reporting requirements

- We do not require the reporting on ESG objectives

SAM 04.4 Indicate which of these actions your organisation might take if any of the requirements are not met

- Discuss requirements not met and set project plan to rectify
- Place investment manager on a “watch list”
- Track and investigate reason for non-compliance
- Re-negotiate fees
- Failing all actions, terminate contract with the manager
- Other, specify
- No actions are taken if any of the ESG requirements are not met

Monitoring

SAM 05	Mandatory	Public	Core Assessed	PRI 1
--------	-----------	--------	---------------	-------

SAM 05.1 When monitoring managers, indicate which of the following types of responsible investment information your organisation typically reviews and evaluates

											Private equity	Infrastructure
ESG objectives linked to investment strategy											<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Evidence on how the ESG incorporation strategy(ies) affected the investment decisions and financial / ESG performance of the portfolio/fund											<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Compliance with investment restrictions and any controversial investment decisions											<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG portfolio characteristics											<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
How ESG materiality has been evaluated by the manager in the monitored period											<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Information on any ESG incidents											<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Metrics on the real economy influence of the investments											<input type="checkbox"/>	<input type="checkbox"/>
PRI Transparency Reports											<input type="checkbox"/>	<input type="checkbox"/>
PRI Assessment Reports											<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
RI-promotion and engagement with the industry to enhance RI implementation											<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other general RI considerations in investment management agreements; specify											<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above											<input type="checkbox"/>	<input type="checkbox"/>

SAM 05.2

When monitoring external managers, does your organisation set any of the following to measure compliance/progress

Topic or issue	Active engagement with investor in a mandate on labor relations issues
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input type="checkbox"/> All asset classes <input checked="" type="checkbox"/> Private equity <input type="checkbox"/> Infrastructure
Scope and process	<p>A particular mandate investor with an ethos aligned to advocacy for labor relations and working conditions expressed concern about avoiding investments prone to exploitation of labor relations working conditions by reliance on minimum legal obligations. These "minimum legal obligations" were "grey areas" for the mandate investor as on its face they conflicted with its ethos, despite the return targets being met or exceeded.</p> <p>We followed our normal process for responding to ESG "incidents":</p> <p>Step 1: Recognize the investors' concerns or identified controversies</p> <p>Step 2: Respond and engage with the investor to ensure those concerns are acknowledged, understood and addressed by third party managers of investments;</p> <p>Step 3: Review facts and circumstances, recommending:</p> <p>If necessary, escalation to the ESG Committee or its Chair; Any modification to the due diligence process or ongoing monitoring, to reflect modified objectives and to sustain a collaborative approach; Communicate revised objectives to underlying managers; Evolve and monitor the revised processes and objectives to ensure that third party managers remain compliant</p> <p>Step 4: Preserve the investor's engagement to ensure that it continues to remain an advocate for its moral and ethical position as an "insider" rather than an outsider.</p>
Outcomes	<p>The mandate investor acknowledged that they had not expressed explicitly their ethos affecting labor relations and how that would be incorporated into any investment decisions and portfolio design. Thus, through our ESG Committee's Chair, we offered assistance in the review and amendment of those investment policies and procedures to express their moral and ethical position, and to incorporate relevant considerations to identify, assess, manage and mitigate risks and opportunities affecting labor relations.</p> <p>As a consequence, an opportunity exists to design a supplementary mandate for the purpose of identifying investments and third-party managers aligned to new policy and framework. The mandate investor acknowledges that this might result into a different return profile than for an unconstrained investment strategy. However, the mandate investor sees this as an opportunity to influence the elevation of third party managers with aligned ethos and so influence the development of those emerging managers through guidance on language in investment documentation, selection of portfolio investments and/or pricing of investments.</p>

Add Example 2

Topic or issue	Sensitive business cases escalated to ESG Committee
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input checked="" type="checkbox"/> All asset classes <input type="checkbox"/> Private equity <input type="checkbox"/> Infrastructure
Scope and process	<p>Where the Deal Team of any service line considers an investment contains a business case that contains sensitive ESG considerations.</p> <p>These "sensitive business cases" are progressed before commencing proposal submission to the Investment Committee to proceed for diligence review. This process would normally occur where investment personnel considers a deal to possess sensitive environmental, social and governance issues and so requires special consideration by the ESG committee.</p>
Outcomes	<p>A sensitive case was submitted by an investment professional who, because of his specific expertise in sustainable agriculture, identified potentially sensitive ESG issues and risks related to exposure to investments in genetically modified crops (GMO crops).</p> <p>The ESG Committee's considered the "sensitive business case" by contributing expertise and research, drawing upon considerations made by governments, industry bodies, scientific research and a balance of media responses to GMOs. They concluded that GMO crops are (a) legal and (b) common practice in the Americas and some other regions, thus should not be excluded from investments. However, since the use of GMOs is controversial in some geographies, a third-party investment manager for a mandate potentially providing exposure to GMOs should give assurances of regulatory oversight and reporting, and ensure active monitoring and disclosure of their exposure. The Committee further recommended that, while a non-GMO portfolio could be offered to clients, clients should be advised this would entail significant limitations in terms of diversification across geographies and crops.</p> <p>The ESG Committee determined that this investment or any other investments track progress and continue to look at the balance of considerations between sustainable development goals, harm to the environment or communities and economic sustainability.</p>

Add Example 3

Topic or issue	Research into the impact of a potential U.S. withdrawal from Paris Climate Agreement.
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input type="checkbox"/> All asset classes <input checked="" type="checkbox"/> Private equity <input type="checkbox"/> Infrastructure
Scope and process	<p>The Paris Agreement's aim is to strengthen the global response to the threat of climate change by keeping a global temperature rise this century well below 2 degrees Celsius above pre-industrial levels. With the new US administration elected in 2016, there was concern over a US withdrawal from the agreement on a federal level. Stafford wanted to understand any potential impact to our investments and firm if this withdrawal commenced.</p> <p>For process we conducted interviews with all of our sustainable GP relationships to understand both likelihood of withdrawal and potential impact to the sustainable investment community, and more directly, to any portfolio holdings we might have through these managers. We also interviewed industry experts outside our managers to further bolster insight into the impact, and performed primary research into the topic. We then correlated the data, used it to form our own opinions on the impact to our portfolio and synthesized the information in a document that collected the summaries of the interviews.</p>
Outcomes	<p>We found the event to most likely be a non-issue with minimal to no immediate effect on our investment portfolio. There were multiple reasons for this including:</p> <ol style="list-style-type: none"> 1) that federal tax incentives for renewable energy were already locked in place and set to decline according to a schedule 2) most of the political momentum for the space came from the state and local level. Quickly after announcing intent to withdraw from Paris, a large number of state / local governments reaffirmed commitments. It was a rejuvenation of interest in many ways 3) corporate reaction to the withdrawal was similar to re-energize large company commitment to sustainably and renewable energy 4) underlying economics of the technologies and products were strong enough without any political incentives or pressure, which would enable these technologies to compete on their own. <p>US withdrawal increases the perceived 'policy' risks associated with climate-related investment opportunities.</p> <p>Thus, we will also continue to use our own advocacy voice and capabilities to emphasise the importance of stable and consistent policy measures to regulators and governments, as part of our collaborative efforts with the PRI, IIGCC and IGCC groups.</p>

Add Example 4

Topic or issue	White paper on sustainable investments over 12 years, an analysis of key success factors to the pursuit of sustainability and resilient long term financial performance.
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input type="checkbox"/> All asset classes <input checked="" type="checkbox"/> Private equity <input type="checkbox"/> Infrastructure
Scope and process	<p>As active investors in the sustainable and clean tech field over a 12-year period, we were privy to detailed portfolio company and fund level information on successes and failures in the space. We had seen both strong and weak investments over that time, and wanted to understand if key success factors could be correlated between the best performing investments in the space. We analyzed over 30 funds, and over 320 portfolio investments. We looked at 10 key metrics in regard to company stage, sector, management characteristics, investors, etc. We then analyzed the data to see if there was commonality between the best performers and underperformers. We found multiple key success factors which were statistically more present in the best performers and less present in the underperformers. We further studied the causality of these factors, including detailed interviews with investors and portfolio companies to determine why these particular factors were present in the best performers.</p>
Outcomes	<p>Thus, we shared a whitepaper with current and prospective clients. The paper detailed our study and findings. We used the research findings to reinforce our go forward investment strategy for sustainable private equity investments.</p> <p>Our conclusion showed that increased volatility of the sustainable space rewarded control strategies which allowed for streamlined, efficient decisions and clearer alignment. In contrast, non-control strategies with too many passive stakeholders created dysfunction in times of distress or misalignment of economic interests.</p> <p>A similar conclusion was drawn from investments where first private equity capital was invested to a company. Portfolio companies which previously had no private capital were typically family owned businesses where entry valuations were generally lower and a number of 'low hanging fruit' operational improvements could be completed in short order to increase value.</p> <p>A third commonality amongst successful companies was a bias to service business models versus hardware business models. A services oriented structure generated high reoccurring revenues and stable cash flows, which helped pay down debt and boost overall investment returns.</p> <p>Lastly, the length of operating history of the portfolio companies allowed us to evaluate the efficacy of sustainability as part of the resilience of their business model, over the long term.</p>

Add Example 5

Topic or issue	Investigation of a localised root fungus outbreak at a pine plantation in southern Brazil
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input type="checkbox"/> All asset classes <input type="checkbox"/> Private equity <input type="checkbox"/> Infrastructure
Scope and process	<p>Relating to the Forestry Asset class.</p> <p>In December 2017, as part of its ESG reporting to Stafford, the Timberland team were made aware of an outbreak of fungus at an investor-owned pine plantation in southern Brazil. The fungus had not been recorded in the area before to the extent observed. The fungus was reported across other forest plantations in the local area and thought to be attributed to record rainfall of over 3,000 mm in the region this calendar year.</p> <p>The fungus significantly impacted an area of 140ha with an additional 300ha moderately impacted but closely monitored.</p> <p>The key risks are that the pine forests could face significant mortality. There was also a risk of the fungus spreading to natural vegetation and farmland. It was not reported to be hazardous to human health.</p> <p>Upon being alerted to the threat, Stafford remained engaged with the manager to understand the issue and ensure adequate action was being taken.</p>
Outcomes	<p>The manager's report back to Stafford was that they had assigned staff to investigate the situation. They were working with EMBRAPA, the national agricultural research institute to understand and look at options for constraining the fungus.</p> <p>Stafford will continue to engage and work with the manager to ensure the risks posed by the fungus are minimised both to preserve the value of the forests and minimise impact to the industry and the broader environment.</p> <p>In ESG areas such as this, Stafford sees it has an important role to play in guiding our GPs, setting standards of what is important and in remaining engaged on ESG topics of concern through to their conclusion. This reinforces existing sustainable forest management certification and helps to reinforce strong standards across our investments in the timberland asset class.</p>

We are not able to provide examples

SAM 09.2

Additional information.

We would like to share other case studies we thought relevant for the period of review.

1. We also considered the Grenfell Tower fire and implications for the safety of the occupants of clad buildings within our infrastructure portfolio.

Scope / Processes: On 14 June 2017, 71 deaths and over 70 injuries were recorded when a 27-storey residential tower block in London was engulfed in fire. The cladding material and its installation are thought to have been significant contributing factors. We liaised with our investment managers in order to identify whether any buildings within their portfolios had used the same cladding materials and/or installation methods.

Outcomes:

Identifying Risks: Any cladding used in construction was checked/surveyed. In the very limited number of cases where similar products were used, the fire strategy for that building was re-visited and sign-off was obtained from the Fire Brigade and client that procedures and fire prevention (sprinkler systems, evacuation procedures and 24 hour on-site presence) were sufficient to enable the building to continue to be occupied safely, pending any permanent solution.

Values Identification: Health & Safety, Reputational: confirmation that the clad buildings within our underlying portfolio are safe to occupy and that fire prevention and evacuation procedures are robust.

Document & Disclosure: Reports from underlying managers disclose any issues and actions being taken.

Active Representation: Immediate engagement with our underlying managers to: initially identify the steps being taken to identify issues; and subsequently ongoing monitoring of their investigations and any remedial action.

2. Breaches to the fire compartmentalisation of hospitals, potentially undermining the safety of the buildings within our infrastructure portfolio

Scope / Processes: Construction undertaken in a manner which breached the fire compartmentalisation of hospitals ie pipework/cabling installed through walls without any gaps being properly sealed, potentially allowing fire to breach structures intended to block its spread.

Outcomes:

Identifying Risks: All hospital buildings within the portfolio have been surveyed, and any required remediation work identified and undertaken/scheduled

Values Identification: Health & Safety, Reputational: confirmation that the designed fire prevention measures are robust.

Document & Disclosure: Reports from underlying managers disclose any issues, actions being taken and/or disputes either with the client or the contractors.

Active Representation: engagement with our underlying managers to: initially identify the steps being taken to identify issues; and subsequently ongoing monitoring of their investigations and any remedial action and/or dispute resolution.

3. Issue in our Infrastructure portfolio related to Edinburgh Schools / Cavity Walls**Scope / Processes:**

In 2016 a gable wall at a school in Edinburgh collapsed in high winds (no injuries). It transpired that insufficient wall ties/headers had been installed during construction. We were concerned that the problem might be systemic across the BIIF portfolio of 91 projects and many more buildings.

Outcomes:

Identifying Risks: 62 projects in the portfolio were inspected and where necessary, intrusive surveys were undertaken. No major deficiencies were discovered, and any sporadic instances of missing wall ties were or are being rectified. The buildings are safe to be occupied.

Values Identification: Health & Safety, Reputational: Ensure the structural integrity of the buildings

Document & Disclosure: Reports from underlying managers disclose any issues, actions being taken and/or disputes either with the client or the contractors.

Active Representation: engagement with our manager to: initially identify the steps being taken to identify issues; and subsequently ongoing monitoring of their investigations and any remedial action and/or dispute resolution.

Stafford Capital Partners

Reported Information

Public version

Assurance

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.

Assurance

CM1 01.1	Mandatory	Public	Core Assessed	General
----------	-----------	--------	---------------	---------

New selection options have been added to this indicator. Please review your prefilled responses carefully.

CM1 01.1	Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:
----------	---

- Third party assurance over selected responses from this year's PRI Transparency Report
- Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year
- Third party assurance or audit of the implementation of RI processes (that have been reported to the PRI this year)
- Internal audit conducted by internal auditors of the implementation of RI processes and/or RI data that have been reported to the PRI this year)
- Internal verification of responses before submission to the PRI (e.g. by the CEO or the board)
 - Whole PRI Transparency Report has been internally verified
 - Selected data has been internally verified
- Other, specify
- None of the above

CM1 01.2 & 01.8	Mandatory	Public	Descriptive	
-----------------	-----------	--------	-------------	--

CM1 01.2	Do you plan to conduct third party assurance of this year's PRI Transparency report?
----------	--

- Whole PRI Transparency Report will be assured
- Selected data will be assured
- We do not plan to assure this year's PRI Transparency report

CM1 01.3 & 01.9	Mandatory	Public	Descriptive	General
-----------------	-----------	--------	-------------	---------

CM1 01.3	We undertook third party assurance on last year's PRI Transparency Report
----------	---

- Whole PRI Transparency Report was assured last year
- Selected data was assured in last year's PRI Transparency Report
- We did not assure last year's PRI Transparency report, or we did not have such a report last year.

CM1 01.4, 10-12	Mandatory	Public	Descriptive	General
-----------------	-----------	--------	-------------	---------

CM1 01.4

We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:

- We adhere to an RI certification or labelling scheme
- We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year's PRI Transparency Report
- ESG audit of holdings
- Other, specify
The PRI report is reviewed by the ESG Committee, whose independent Chair ensures validation of the responses.
- None of the above

CM1 01.7

Mandatory

Public

Descriptive

General

CM1 01.7

Indicate who has reviewed/verified internally the whole - or selected data of the - PRI Transparency Report . and if this applies to selected data please specify what data was reviewed

Who has conducted the verification

- CEO or other Chief-Level staff

Sign-off or review of responses

- Sign-off
- Review of responses
- The Board
- Investment Committee

Sign-off or review of responses

- Sign-off
- Review of responses
- Compliance Function
- RI/ESG Team
- Investment Teams
- Legal Department
- Other (specify)

CM1 01.13

Additional information for all confidence building measures [OPTIONAL]

The ESG Committee has an independent Chair who undertakes a review of the all the responses.