



## ESG and Sustainability Policy

### Introduction and Purpose

This document sets out how Green Ash Partners LLP (“Green Ash”) intends to implement Environmental, Social and Governance (“ESG”) initiatives its operating model.

Green Ash must implement appropriate policies and procedures to integrate ESG considerations into its investment decision-making or advisory processes in order to make investments more sustainable.

ESG frameworks seek to ensure a harmonised transparency regime to provide investors with a uniform standard to compare financial products for their ESG risks and sustainable investment objectives. The integration of ESG considerations into investment management processes and ownership practices are done so in the belief that these factors can have an impact on financial performance.

ESG processes and procedures focus on non-financial performance indicators that address a company’s approach towards responsible investment, sustainability, its impact on society and the environment, as well as other ethical and corporate governance considerations.

### Definition

ESG or sustainable investments mean any of the following or a combination of any of the following:

1. **Environmental (E)** investments in an economic activity that contributes to an environmental objective that relate to the quality and functioning of the natural environment and natural systems;
2. **Social (S)** investment in an economic activity that contributes to a social objective, and that relate to the rights, well-being and interests of people and communities; and
3. **Governance (G)** issues relate to investments in companies following good governance practices and in particular companies with sound management structures, employee relations, remuneration of relevant staff and tax compliance.

Sustainability risk is an ESG event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment. Principal adverse impacts are impacts of investment decisions and advice that result in negative effects on ESG factors.

## **Application**

This policy applies to Green Ash when providing investment management or advisory services to its clients.

## **Policy**

Green Ash will adopt the following overarching policies relating to business conducted and ensure it is published on the firm's website.

### **Corporate Governance**

The governing body of Green Ash takes ultimate responsibility under its terms of reference for ensuring sustainability risks are embedded within organisational procedures, systems and controls to ensure that they are properly taken into account in the investment and risk management processes. The governing body will be responsible for ensuring that adequate resource and expertise is allocated within the firm for the integration of ESG risks.

The governing body will be responsible for the identification, recording, management and where necessary disclosure of conflicts of interest relating to the integration of ESG risks and factors in accordance with Green Ash's Conflicts of Interest Policy.

A Senior Manager(s) will be allocated responsibility with their individual Statement of Responsibilities for the integration of ESG risks throughout the business model.

### **Risk Management**

Green Ash's risk management function will ensure that risk management systems include ESG risks when establishing, implementing and maintaining an adequate and documented Risk Management Policy. Risks in this regard will be defined as the risk of fluctuation in the value of positions in the fund's portfolio due to ESG factors.

### **Product Governance**

Green Ash will, where relevant, ensure ESG factors are taken into account when identifying the target market and within the product review process.

### **Investment and Due Diligence**

Green Ash shall factor in ESG risks, where it is appropriate for the strategy, when selecting and monitoring investments, designing written policies and procedures on due diligence and implementing effective arrangements. ESG risks will always be taken into consideration when making investment decisions or providing investment advice. Where applicable, Green Ash shall develop engagement strategies, including for the exercise of voting rights, where available, with a view to reducing the principal adverse impact of investee companies on sustainability factors.

### **Disclosure**

Green Ash will disclose how ESG risks are integrated in the investment decision-making and advisory process on its website. It will disclose the integration of sustainability risks to potential investors in its pre-contractual information and will provide periodic reports to investors on the contribution of investment decisions to the sustainable investment objectives and on how the investment strategy is aligned with the sustainable investment objectives.

### **Annual Assessment and Review**

The firm shall ensure that any information published as per above is kept up to date. Any amendments made shall require a clear explanation of this on the website.

## **Procedure**

Green Ash implement the following systems and controls relating to sustainable investments and sustainability risks.

### **How Green Ash incorporates sustainability risk into investment management or advisory process.**

Green Ash's approach to integrating sustainability risks is as follows:

As part of the process to undertake appropriate due diligence on investments, the firm will generally conduct a level of research on each company or issuer which will give the Investment Manager an understanding of the company or issuer. This may include a consideration of fundamental and quantitative elements such as financial position, revenue, capital structure etc. It may also involve qualitative and non-financial elements such as the company's approach to ESG factors and consideration of Sustainability Risks.

The firm integrates these ESG factors and this Sustainability Risk assessment into its investment research process and its risk management process – both initially and on an ongoing basis for the duration of the period any strategy holds an investment or pursues a particular investment strategy.

In respect of dedicated ESG portfolios, the firm's investment approach and decision-making processes are based on clearly defined investment objectives, investment policies, investment strategy, investment restrictions and risk management parameters, as contained in this Appendix.

Factoring an assessment of the likely impact of Sustainability Risks into the investment decision-making process has the potential to impact the returns of any of the firm's investment strategies. For example, it is possible that such an assessment may influence a decision by the firm not to make an investment or dispose of an existing investment that would otherwise be considered as attractive to invest in or retain when confining the factors considered to financial-related elements such as financial position, revenue, capital structure etc. Accordingly, an ESG Orientated portfolio may underperform or perform differently relative to other comparable funds that do not promote environmental and/or social characteristics.

It is important that the firm has a Remuneration Policy that is consistent with the integration of sustainability risks and is in line with the sustainable investment target of its ESG dedicate strategies. As such the firm discloses its remuneration at both a firm and risk taker level for each sub-fund it manages in the annual reports.

## **How Green Ash's target of sustainable investments is ensured.**

Green Ash's approach to meeting its target for sustainable investment is:

The firm currently has one investment product that has sustainable investment as its objective. This product is the Sustainable Short Duration Credit fund, a UCITs sub-fund, and it has no designated reference benchmark. In order to deliver on the sustainable investment objective, the firm incorporates ESG criteria into the selection of its holdings. All three (3) criteria of the ESG policy, including environmental, social and governance, will be used by the Investment Manager in order to screen companies that are taking positive steps to meet and exceed ESG and sustainability goals, whilst excluding industries and companies that do not, including companies involved in the weapons, coal or tobacco industry. For this purpose, external ESG metrics are used to rate the relevant ESG risk of each security, as well as to decide the weightings or exclusions of the relevant securities.

The ESG metrics provided by the external ESG provider are developed on the basis of screening and ranking potential constituents according to their ESG credentials relative to their industry peers. The Investment Manager integrates these ESG metrics into its investment approach and ESG investment methodology which the Investment Manager then applies when selecting securities and constructing the Sub-Fund's portfolio.

Whilst there the firm does not explicitly adhere to a EU Climate Transition Benchmark or EU Paris aligned Benchmark in accordance with Regulation (EU) 2016/1011 of the European Parliament and of the Council (20) is available, the firm monitors the carbon intensity of its ESG dedicated strategies ensuring that the number is low relative to both traditional benchmark indices and the peer group, as evaluated by MSCI ESG ratings and rankings. This helps to ensure the firm continues in its effort of attaining the objective of reducing carbon emissions in view of achieving the long-term global warming objectives of the Paris Agreement.

## **Sustainable Investments**

Green Ash's current approach to sustainable investments that will be disclosed on its website (in line with any guidance/templates from European Supervisory Authorities 'ESAs') is as follows:

- a description of the environmental or social characteristics or the sustainable investment objective;
- information on the methodologies used to assess, measure and monitor the environmental or social characteristics or the impact of the sustainable investments selected for the financial product, including its data sources, screening criteria for the underlying assets; and
- the relevant sustainability indicators used to measure the environmental or social characteristics or the overall sustainable impact of the financial product.

**Pre-contractual Disclosure**

Green Ash will ensure that appropriate disclosure is included in client/investor documents which are made available for receipt and review prior to investment. For example, the prospectus for a fund in accordance with the AIF/UCITS requirements and/or pre-investment material under MiFID II concerning portfolio management and/or advisory services. Green Ash shall use any relevant ESA approved templates in order to meet this requirement.

**Periodic Reporting**

In addition to the ongoing internal monitoring of adherence to this policy, Green Ash will describe in its periodic reports to investors the sustainability-related impact of the investments by means of relevant indicators. Green Ash shall use any relevant ESA approved templates in order to meet this requirement.