

Forestry

Sustainable Investment Policy



Gresham House
Specialist asset management

Meeting our Sustainable Investment commitments within our Forestry strategy

Gresham House has a clear commitment to sustainable investment as an integral part of its business mission. The purpose of this document is to set out the manner in which the commitments we have made at a group level to integrate ESG considerations throughout our business will be implemented within our Forestry investment strategy:

- We take steps to consult and understand the views, concerns and ambitions of our stakeholders in seeking sustainable outcomes from the investments we are involved in.
 - *We adhere to and exceed best practice sustainable forestry standards for a number of considered reasons relating to stakeholder interests:*
 - > *Management in line with these standards ensures that we will have a more resilient and productive long-term asset.*
 - > *We recognise that as stewards of the countryside we have responsibilities in being a good neighbour in conservation matters, landscape visual amenity, and provision of recreational access where safe to do so, while avoiding negative impacts on local communities wherever possible.*
 - > *Our Forestry investment strategy aligns with national and international goals to increase tree cover as part of the climate change strategy and the promotion of timber as UK-grown, low-embodied-carbon material for building construction.*
 - *We undertake good practice public consultation where new plantations involve change of land use and keep local communities informed of felling plans and other significant operational activities.*
- We integrate Environmental, Governance, Social and Economic benefit considerations into our selection, evaluation, governance and management processes across the lifecycle of each investment.
 - *Our investments are very long term and through our management approach we proactively set out to improve the value and lifespan of assets through sustainable forestry management.*
 - *Our UK assets work to the UK Forestry Standard and are certified to the UK Woodland Assurance Standard (UKWAS) and international Forestry Stewardship Council (FSC) accreditation. These standards provide a set of thematic principles that we adhere to in our planning, management, felling and restocking cycles as well as the wider way in which we run our forest enterprises. Prior to investment, an analysis of how robustly an asset can meet these standards forms part of our Investment Committee decision making alongside other due diligence reports.*
 - *Our newer assets in Ireland are managed under the Irish National Forest Standard (INFS) and are working towards FSC or The Programme for the Endorsement of Forest Certification (PEFC) by the end of 2020.*
 - *Management plans are drawn up for each asset, setting out clear management objectives spanning both commercial and ESG outcomes and how the asset will be managed to meet these within its given prevailing conditions. Performance measurements are integrated into the plans, which are subsequently reviewed on an annual basis.*

About Gresham House

Gresham House plc is a London Stock Exchange quoted specialist asset manager providing funds, direct investments and tailored investment solutions, including co-investment, across a range of differentiated alternative investment strategies.

Our expertise includes forestry, renewable energy, housing and infrastructure, strategic public and private equity. The Group aims to deliver sustainable financial returns and is committed to building long-term partnerships with clients (institutions, family offices, high-net-worth individuals, charities and endowments) to help them achieve their financial goals.

As a signatory to the UN-supported Principles for Responsible Investment, Gresham House is committed to operating responsibly and sustainably and believes that taking the long view in delivering sustainable investment solutions will continue to be a growing factor in the strength of our market positioning.

- We drive rigour and consistency by applying our sustainable investment framework and system, including clearly defined processes and expert tools and methods.
 - *We have a clear understanding of the sensitivities, issues and opportunities to be managed across our forestry portfolio and have a framework (see next page) and processes in place to profile and prioritise these at the stages of the investment lifecycle where they are most relevant.*
- We ensure our team understands the imperative for effective ESG management and is empowered and equipped to carry this out through management support and training.
 - *Our team has significant specialist expertise, including professional qualifications from the Institute of Chartered Foresters (ICF), spanning both sustainable forestry practices and sustainable investment. We undertake regular relevant CPD to keep knowledge and outlook up to date and will continue to invest in developing our expertise and good practice in sustainable forestry asset management.*
 - *We retain long standing, trusted sub-contracted forest managers who are chosen for their expertise and commitment to meeting sustainable forestry standards, the objectives within our management plans and the imperative to maintain our assets, good neighbour relations and ultimately our long term investment value.*
- We conduct regular monitoring of ESG risks, opportunities and performance in our investments and over time will prepare comparative data analysis for reporting to our investors.
 - *Our certified sites are independently assessed by FSC appointed auditors and in addition we conduct our own in-house auditing against agreed standards and management objectives.*
 - *We actively monitor and assess key data related to sustainable forestry management and production as an integral part of asset management plans, as well as the wider sustainability performance of the assets in our management, including any unavoidable local impacts such as vehicle movements.*
 - *We aim to make an assessment of our wider positive impacts in order to review our contribution to sustainable development, particularly meeting the challenge of climate change and relevant Sustainable Development Goals. Calculating the carbon sequestration of our individual assets and whole portfolio will form the core of this.*



- We will re-assess our ESG risk, opportunity and performance profiling periodically and will report this to the Gresham House Sustainable Investment Committee for analysis and action as necessary.

● We conduct our business activities in line with the UN-supported Principles for Responsible Investment, including an annual report of our progress towards implementation.

- As signatories to the PRI we will complete comprehensive annual reporting within its required framework and use this to guide our own internal assessment of our performance and drive our results upwards.
- We expect to receive an official grading in the summer of 2020 following our first reporting submission and subsequent review by the UN PRI.
- We will continue to provide and promote sustainable forestry investments as a sound and accessible sustainable investment option to a wide range of investors.



UN Sustainable Development Goals

Gresham House supports the UN Sustainable Development Goals.

Taking the wider portfolio into account, we believe our Forestry Strategy contributes to the following UN Sustainable Development Goals:



Sustainable Investment framework

Our thematic sustainable investment framework is used to structure analysis, monitoring and reporting of sustainability issues and opportunities within the lifecycle of Forestry investments. We have made reference to forestry standards to identify within the framework where we believe we should be directing our focus towards sustainable outcomes and monitoring:

 Environmental	 Social	 Governance
<p>Carbon, emissions and pollution </p> <p>Forest carbon sequestration optimisation; low-embodied-carbon output, pesticide minimisation</p>	<p>Employment, health, safety and well-being </p> <p>Workers' rights and employment conditions: robust H&S, equality, living wages and training</p>	<p>Governance and ethics </p> <p>Good forestry management objectives and implementation; ethics policies and accountability</p>
<p>Natural resources management </p> <p>Optimisation of biodiversity, water, heritage and visual landscape management</p>	<p>Marketplace responsibility </p> <p>Optimisation of sustainable forestry benefits via implementation of good forestry principles</p>	<p>Risk and compliance </p> <p>Robust risk and compliance management</p>
<p>Waste management </p> <p>Sustainable management of waste arisings from forestry operations</p>	<p>Supply chain sustainability </p> <p>Sustainability capability of management contractors; policy led selection of less impactful inputs</p>	<p>Commitment to sustainability </p> <p>Monitoring and enhancement of positive impacts across the portfolio; proactive management of potential negative ESG impacts</p>
	<p>Community care and engagement </p> <p>Good practice community relations: respect local rights; management of impacts, complaints and access</p>	

Management commitment

Our senior management team, including the Board and the Management Committee, are committed to the implementation of this policy and to making appropriate resources and support available to our team to do so. We will conduct a regular review of our approach and how well we are meeting our commitments and will update this policy accordingly.