

ENVIRONMENTAL

We look to invest in companies which demonstrate a strong willingness and determination to carry out positive ESG practices, and ultimately guide companies along the path to create a more sustainable and environmentally friendly society. We understand that environmental concerns vary by company and, where concern is high (i.e. energy), we assess the company's long-term growth strategy and trajectory of change towards sustainability. Factors which we may take into consideration may include, but are not limited to, energy usage, greenhouse gases (GHG), carbon footprint and waste management.

SOCIAL

We aim to invest in companies with employee diversity and equality and effective upholding of human rights. Non-discriminatory, progressive policies and well placed controls in employee health & safety tend to be reliable measure of company culture and social practices. Cyber security and data privacy also remain key concerns and close attention is paid to controls in place to mitigate a cyber-threat.

GOVERNANCE

Engagement with investee companies, often via regular meetings with management and direct dialogue, is core to our due diligence investment process, and helps us gain a holistic and sound understanding of a company's corporate governance, including their long-term strategy. We aim to promote sound corporate governance in our investee companies, towards robust ESG and sustainability practices.

Assessing the corporate governance of a firm is important in determining the long-term sustainability, incentives and culture in a company and facilitates us in evaluating which (potential) investments to enter, hold or exit. Careful consideration is given, but not limited to, the following points:

- Composition and independence of the Board
- Ownership structure
- Remuneration
- Long-term growth strategy
- Conflict of interest policy
- Geographic locations the company operates in
- Transparent and accountable reporting

ESG MATERIALITY

We recognize that the materiality of ESG issues and opportunities vary by company and sector and these issues are thus discussed each month. Ultimately, we view ESG as a positive risk mitigator, which promotes investment in high quality businesses and has a positive effect on company fundamentals and the long-term interests of shareholders.

We do not necessarily view divestment as the most beneficial course of action. As responsible investors and where possible, we aim to help drive a change to positive ESG integration via active engagement, assuming the business fundamentals and pricing are still attractive.

RULE OF LAW - GEOGRAPHY/ MARKET LISTING

We only wish to invest in countries/jurisdictions where the rule of law persists, there is a free and liquid marketplace and unrestricted currency convertibility. Companies being considered for investment must be incorporated in one of the following countries and their shares/stock must be listed on the exchange(s) of one of them. Essentially these are the recognised Developed Markets*.

*This list (should) exclude any countries on the UN Sanctions List.

CREDIT

In relation to applying ESG to credit, we have always acted in the long-term and best interest of our clients, placing particular emphasis on corporate governance. In advance of taking up an issue in a bond, the company as a whole is evaluated, with careful consideration paid to the sustainability of the business model.

We evaluate the risks of various lending structures (senior secured/unsecured/subordinated/lower tier) and primarily invest in investment grade bonds. The bonds duration/maturity and the length of time it is intended to be held is closely deliberated. Potential changes to the strength of a company's balance sheet resulting from ESG or financial related issues are continually assessed, with particular attention paid to any effect on price and volatility.

We keep up to date with movements in credit markets, paying close attention to sector themes, alongside maintaining close and regular contact with credit analysts who alert us to any areas of concern. Regular attendance of roadshows and direct engagement with issuers is often an important feature in our investment process.

CONFLICTS OF INTEREST

Church House have implemented all reasonable steps in order to avoid any conflict of interest, in line with our Conflict of Interest Policy, which can be found on our company website: [Conflicts of Interest Policy](#). Church House endeavours to act in the best interest of all clients, where conflicts of interest may occur between Church House and our clients, or within our client base. Should a conflict of interest or potential conflict arise, employees are required to report to the Compliance Officer. Once the conflict has been identified, senior management will carry out the necessary steps in order to mitigate this conflict, and where suitable, notify the client. Any (potential) conflicts of interest aim to be handed fairly and efficiently. Situations in which conflicts of interest are more susceptible to occurring include, but are not limited to, personal account dealing or possession of restricted information belonging to a Church House client, potential client, past client or publically traded security, the information of which would benefit Church House or its clients.