



BLACKFINCH
GROUP

**Environmental, Social and
Governance Policy Document**

July 2020



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Introduction

Blackfinch Group was founded and established by its Chief Executive Officer (CEO) Richard Cook on 12th February 2013. This date is significant as it is the anniversary of the birth of Charles Darwin.

The Group has always maintained an adherence to the writings and philosophies of Darwin, reflected in its values of 'Adapt', 'Evolve' and 'Thrive'. These inform how it designs and provides a range of services and products to Independent Financial Advisers (IFAs) and their clients. It continually adapts and evolves offerings in order that its customers can thrive.

Blackfinch Group is focused on targeting improvement in responsible investment outcomes, through working to one of Darwin's key principles, that species and environments need to adapt in order to survive and thrive.

Through Blackfinch's corporate and investment strategies, we now have adopted various Environmental, Social and Governance (ESG) processes and policies which will enable us to deliver on our ESG target outcomes.

As a firm commitment to this goal, Blackfinch have become a signatory to the Principles for Responsible Investment (PRI). This is a public demonstration of our pledge to responsible investment, and places Blackfinch at the heart of a global community, seeking to build a more sustainable financial system.

Signatory of:



Blackfinch Group

The investment world is Blackfinch Group's natural habitat. With a heritage dating back over 25 years, Blackfinch brings significant knowledge and expertise.

Whatever the economic climate, it works to ensure that its products always meet customer's needs. It achieves this through continually adapting to change, from market shifts to new regulation. In this way, clients can take advantage of highly evolved investment solutions.

Blackfinch Group's businesses cover tax-efficient solutions, early-stage investing, multi-asset funds, renewable energy, property development and asset-backed financing. It is entrusted with over £400 million in assets under management and administration. The focus is always on delivering value through expertise and a high-quality service with a transparent approach.



An overview of each business follows:

Blackfinch Investments

Manages products and services accessing a range of asset classes which have been provided with generous tax incentives by the UK Government. This is in order to channel capital to areas which can have a positive effect on the UK economy, through supporting new and growing firms.

Blackfinch Property

Lending to house builders and property developers constructing buildings with energy conservation at their core while using sustainable materials. Its work includes projects that have a positive impact on local economies and communities, bringing buildings back to life, creating jobs, boosting tourism, and enlivening urban areas.

Blackfinch Energy

Investing in clean sustainable energy such as solar and onshore wind farms. Blackfinch is a leading investor in this space, with its underlying investee firm Sedgwick Trading owning sites across the UK. These include four large ground-mounted solar sites, one large commercial rooftop portfolio across 24 sites and three operational onshore wind farms.

Blackfinch Asset Management

Offers outsourced investment solutions available only through advisers, as part of extensive support for advisers. Its managed portfolio service includes five risk-rated portfolios. Its Adaptation Funds comprise four ESG-approved unit trusts. These also match target performance to the client's risk appetite.

Blackfinch Ventures

Investing in young, entrepreneurial companies with ESG at the core of their development. These often offer solutions which have a positive social impact, including within health and education. Investments are aligned with the government's focus on technology firms, so supporting innovation, creating jobs and strengthening the economy.

Our Core ESG Principles

Environmental



Blackfinch Group and its subsidiary companies are committed to ensuring that the effects of their work on the environment are positive.

Internally, micro-environmental considerations such as low energy lighting in offices and electric company cars are integrated into the Group. This is alongside work at macro level: investment in clean energy, and technology that reduces the level of harmful emissions into the earth's atmosphere, form major parts of its strategy.



Social



Blackfinch Group has an inclusive working culture and is highly supportive of its staff, working to help them thrive over the long term. The team stands at 100 employees at time of publication. Blackfinch has a strong focus on the health, safety and well-being of its people. At the practical level, all staff are trained in health and safety. They are also regularly reminded of their responsibilities when interacting with their colleagues.

In building its team, Blackfinch takes a meritocratic approach, recruiting and developing staff based on their abilities. It then continues supporting all staff to help them reach their full potential. The training and development of staff is core to how the Group works, documented in its Vision statement.

As appropriate to their role, select staff are undertaking ESG studies and related qualifications. These include a range of qualifications, from the PRI ESG Foundation Course to the CFA ESG qualification.

Blackfinch Group works to support companies which have a positive social impact. For example, within the Group's subsidiary Blackfinch Ventures, as mentioned previously, demonstrable positive outcomes are seen from the work of investee firms. These range from a digital platform to track children's education to a technology that protects lone or home workers.

Blackfinch Group recognises its wider social responsibilities to others and carries out sponsorship and charity work. It supports people ranging from young talent to some of the most vulnerable in society. As a business founded on evolutionary principles it has a particular interest in specialised related causes. This is reflected in its ongoing support of a range of charities which are aligned to our overarching ESG targets.

Governance



Blackfinch Group has a comprehensive approach to corporate governance, which also benefits from rigorous oversight. Any entity or investment fund in which it intends to invest is put through a rigorous due diligence process. This is undertaken at both corporate and individual levels.

Governance within the Group is monitored by its in-house legal and compliance teams. It also has non-executive independent board and committee members. Blackfinch Group is a signatory to the Principles of Responsible Investment (PRI). Finally, all its accounts and related processes are regularly audited by an external accountancy firm.

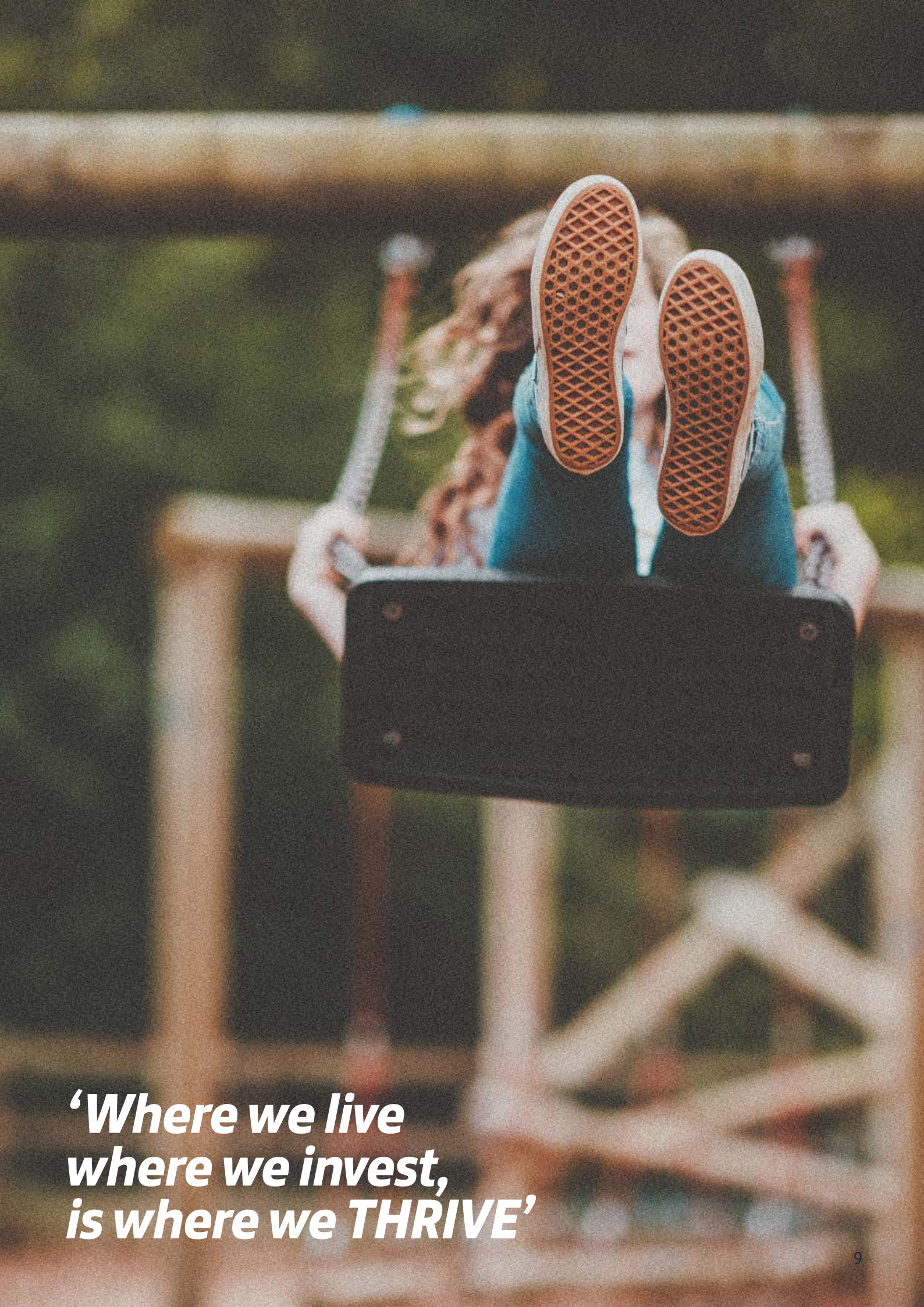
Use and Purpose of the Blackfinch ESG Policy

Blackfinch Group is a diversified entity with tax-efficient investments and portfolio management at the core of its operations. It primarily conducts its sales and marketing through IFAs who act in the interests of their clients.

One of the main channels of business received comes from older investors seeking to mitigate Inheritance Tax through the use of government-approved investment vehicles. These investors, due to their advanced years, could be vulnerable. As clients, they have a focus on risk and governance. There is also a growing concern among them about the impact of their investments on the environment, and around whether they are contributing to the well-being of the economy. This intensified following the outbreak of the coronavirus pandemic in 2020.

In this context it is prudent that Blackfinch Group clearly sets out its ESG and sustainability processes and practices so that advisers can properly inform their clients. This is a key application of Blackfinch Group's ESG Policy. It is also an extension of its ongoing approach. Blackfinch Group, through its marketing, and its meetings with advisers, promotes its responsibilities with regard to ethical investing and the impact of its work in relation to ESG considerations.

The other essential use of the Policy is internal. It is important that all staff at Blackfinch Group understand their own responsibilities in respect of the ESG Policy and the impact on their day-to-day activities.



***‘Where we live
where we invest,
is where we THRIVE’***

Our ESG Framework

In order to deliver on our Blackfinch Group ESG targets, we have utilised the frameworks and goals established in the PRI and the United Nations Sustainable Development Goals (SDGs).

Principle 1: Blackfinch Group incorporates ESG issues into investment analysis and decision-making processes

Principle 2: Blackfinch Group is an active owner and incorporates ESG issues into its ownership policies and practices

Principle 3: Blackfinch Group seeks appropriate disclosure on ESG issues from the entities in which it invests

Principle 4: Blackfinch Group promotes acceptance and implementation of ESG principles within the investment industry

Principle 5: Blackfinch Group businesses work together to enhance their effectiveness in implementing the Principles

Principle 6: Blackfinch Group businesses each report on their activities and progress in implementing the Principles

The Sustainable Development Goals are a universal call to action. The 17 Goals were adopted by all UN Member States in 2015, as part of the 2030 Agenda for Sustainable Development, which set out a 15-year plan to achieve the Goals.

Blackfinch are committed to ensure our processes and goals are aligned with the SDGs, working towards ending poverty, protecting the planet and improving lives and prospects of everyone, everywhere.

Goal 1

End poverty in all its forms everywhere

Goal 2

End hunger, achieve food security and improved nutrition and promote sustainable agriculture

Goal 3

Ensure healthy lives and promote well-being for all at all ages

Goal 4

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Goal 5

Achieve gender equality and empower all women and girls

Goal 6

Ensure availability and sustainable management of water and sanitation for all

Goal 7

Ensure access to affordable, reliable, sustainable and modern energy for all

Goal 8

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Goal 9

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Goal 10

Reduce inequality within and among countries

Goal 11

Make cities and human settlements inclusive, safe, resilient and sustainable

Goal 12

Ensure sustainable consumption and production patterns

Goal 13

Take urgent action to combat climate change and its impacts

Goal 14

Conserve and sustainably use the oceans, seas and marine resources for sustainable development

Goal 15

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

Goal 16

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Goal 17

Strengthen the means of implementation and revitalize the global partnership for sustainable development

Our ESG Pillars

Blackfinch was built around our three core values of 'Adapt', 'Evolve' and 'Thrive'. Our values remain at the heart of everything we do. They are part of our teams, our products and services, and our growth story.

In order to achieve outcomes in line with our ESG targets, Blackfinch has established our three ESG pillars. This enables us to create (Adapt), integrate (Evolve) and monitor (Thrive) new ESG processes, which aim to maximise our alignment with the 6 Principles for Responsible Investment and 17 United Nations Sustainable Development Goals.

There is a working party for each pillar, which is led by an ESG-qualified chairperson and includes staff with ESG qualifications. ESG Champions within the Group also ensure communication between parties. Our ESG Oversight Manager oversees the parties as well as managing Group projects. This means that ESG factors are always considered and remain central at every stage of our work.



Adapt

Ensuring our unwavering focus on ESG as we grow

As we develop new products and services, and undertake new projects, ESG remains integral. All plans are aligned with our ESG targets and ESG considerations are on the agenda from the outset. We are always working for a positive ESG impact.

Evolve

Embedding ESG factors in our business

Our Evolve team focuses on the integration and ongoing management of ESG processes. From how we invest, to how we operate, and the work of our business functions, ESG is at the forefront of our activities.

Thrive

Monitoring and measuring our ESG impact

We track our ongoing development against our ESG targets. As a signatory to the PRI, we set high standards in line with the Principles for Responsible Investment as well as the UN Sustainable Development Goals. Our Thrive team assesses the performance of both Blackfinch Group and our investee firms..

ESG Pillars Working Parties' Objectives

To **shape** and **steer** the Group ESG Policy across our businesses

To **recognise** and **act** on any potential areas of business that do not meet required standards for ESG and sustainability approvals

To **ensure** that all staff are aware of their **key responsibilities** in relation to ESG

To **ensure** that investment and asset management teams **adhere to ESG requirements** in their work

To **ensure** that each area of the business **adheres to the PRI**

To continue **developing** or **maintaining efficient processes** so that Group ESG Policy outcomes can be monitored effectively

To **adhere** to a standard meeting policy including producing minutes and action points which will be reported on

An Integrated Approach to ESG Targets

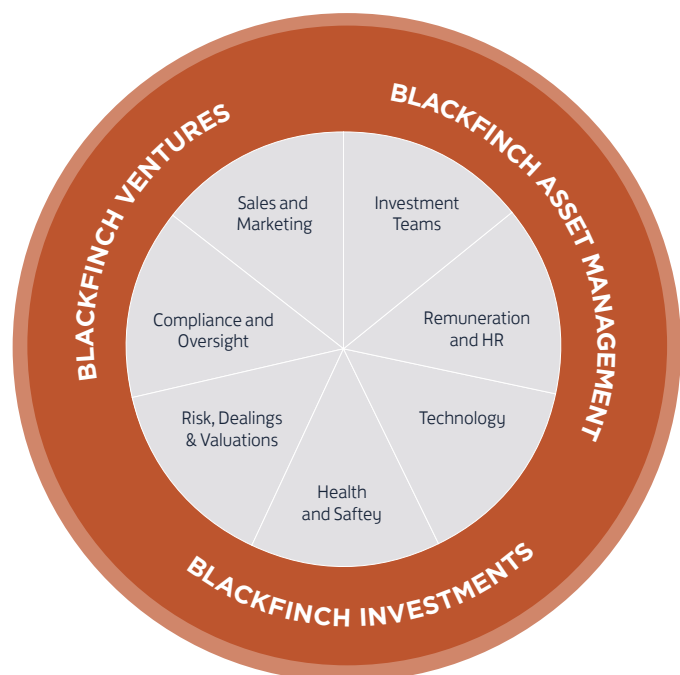
In setting the Group's ESG targets, we work to ensure that they align with the UN Sustainable Development Goals. All our ESG processes are designed to reflect our position as custodians of capital.

Our businesses work in tandem to achieve the targets. Each business has its own ESG processes which form part of the main investment process for that area. We use the investment mandates from each to ensure that we are meeting our Group ESG targets.

Our Thrive teams ensure that we fulfil our reporting responsibilities, as a signatory of the PRI, and through this we track our positive ESG outcomes. With ESG considerations running through all our decision-making we create measurable targets from the outset. This means we can easily gain a visual of where we are making an impact.

This approach also filters down to our core business areas, with policies on inclusivity, gender quality, equal opportunity and remuneration. Blackfinch Group also looks to apportion a proportion of its profits to charity each year. We assess each charity we consider donating to understand if a contribution will support our ESG targets.

Our ESG Pillar teams meet monthly, and on an ad-hoc basis as required. The following committees are represented and have ESG and Responsible Investing as part of their agendas:



ESG Investment Process and Decision Making

Blackfinch Group is a sum of diversified subsidiaries. Each has a defined process around ensuring that the Group maintains its ESG standing.

This also helps to ensure a common approach which can be monitored by the Blackfinch Group ESG Pillar Working Parties. In addition, use of the Red, Amber, Green filtering process is standard, so that any individual fund, underlying asset or potential Ventures investment achieves a minimum internal ESG approval. If this is not achieved then it is rejected or designated for effective changes in order that it can reach the internal ESG approval.

The assessment process is as follows. Please note this is adjusted according to what is being assessed i.e. a fund, asset or company.



We have worked hard to devise rigorous procedures to ensure every area of the business is working with our ESG principles in mind. Please see our other ESG policy documents for more information on individual sectors investment processes.

Find these along with more information at www.blackfinch.com/ESG



ESG Development

Blackfinch Group continues to develop its Corporate Social Responsibility framework to coordinate and consistently drive its business and practices in the following areas:

Client Environment:

Adapting and evolving Blackfinch products and services to ensure that they meet clients' needs and aspirations

Work Environment:

Adapting and evolving around staff recruitment, career development, work-life balance, and how best to communicate and inform

Community Environment:

Continuing to engage with local and national bodies and to support individuals and charities through sponsorship and fundraising activities

World Environment:

Aspiring to be a responsible entity and to uphold its duty of care to ensure that it contributes positively to the sustainability of the planet.

Contact Us

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