

Falcon Money Management

Environmental, Social and Governance (ESG) policy

October 2022

Policy objective

Falcon recognises the important contribution to society that investment industry participants can make via a conscious effort to abide by ESG principles. This document sets out a framework for the inclusion of Environmental, Social and Governance factors into Falcon's investment process, including evaluation of prospective investments and investment decision-making, as well as appropriate documentation. The policy has been designed to align Falcon practices with the spirit of the UN Principles for Responsible Investing (UNPRI).

Policy scope and limitations

1. This policy applies to all investments considered or made by Falcon across its discretionary investment portfolios.
2. Falcon invests in commingled funds managed by external managers and currently does not invest directly in public or private securities such as shares (other than shares issued by commingled funds) or bonds. This restricts Falcon's ability to promote ESG issues by directly influencing public companies through e.g. shareholder votes or management engagement.
3. Falcon's evaluation of ESG issues as applied to its fund investments will encompass, subject to certain limitations, both:
 - a. the investment strategy employed by the fund considered for investment
 - b. internal ESG policies of the fund management company
4. With regard to point 3a) above, it must be noted the typical ESG considerations have limited relevance to some of the investment strategies employed by Falcon's managers. Examples of these include funds investing in non-corporate securities (e.g. various futures, equity and credit indices, G3 government bonds) as well as short-term trading-oriented strategies (where the holding period is too short to allow for a meaningful engagement with the management).
5. Falcon has a fiduciary duty to maximise the expected returns of its investment portfolios. ESG factors will be considered to the extent they complement this responsibility.
6. In some cases, despite best efforts Falcon may not be able to fully evaluate a prospective investment on ESG criteria.

General principles

1. Falcon recognises Environmental, Social and Governance factors have the potential to positively affect society as well as materially influence performance of its investments over the long term. Accordingly, Falcon strives to incorporate ESG considerations into its investment evaluation framework and give these factors their due weight in the investment decision-making process.
2. Where appropriate, Falcon will encourage fund managers it invests with to adopt and/or improve their ESG policies.
3. For the avoidance of doubt, ESG considerations will compliment other relevant factors, including, but not limited to, the manager's pedigree, track record, fit with the existing portfolio and opportunity set for the strategy.

Implementation

1. Investment evaluation phase:
 - a. For each prospective investment, ESG review forms part of the detailed Structural Risk Review carried out by the ODD team. Findings are included in the Structural Risk Report.
 - b. At the minimum, the ODD team will request and review the ESG policy of any assessed fund/ manager
 - c. The Investment Committee will take the ESG assessment into consideration, alongside other findings from the Structural Risk and Investment Research Reports, when deciding whether to approve or reject any prospective investment
 - d. Falcon does not use exclusion screening in its investment process – all prospective investments are comprehensively evaluated with a wide range of factors taken into account. The underlying funds Falcon invests in, by and large, do not apply exclusions screens in their investment process.
2. Investment monitoring:
 - a. ESG policies of each underlying manager will be reviewed on an annual basis as part of a regular Structural Risk (ODD) update.
3. Reporting:
 - a. On an annual basis, Falcon will produce an ESG report providing information on the degree of implementation of ESG principles across invested managers

Oversight

Michael Perotti (CEO/CIO) has the overall responsibility for Falcon's ESG policy and its implementation.