



**Sustainable Finance Disclosure Regulation**  
**Principal Adverse Sustainability Impact Statement**  
**Fulcrum Asset Management LLP**

*March 2021*

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## 1 Summary

Fulcrum Asset Management LLP (“**Fulcrum**” or “**the Firm**”) gives careful consideration to the Firm’s involvement in and responsibility to the financial markets and how its investment decisions made for its clients may negatively affect environmental or social factors (“Sustainability Factors”), including its internal and external stakeholders as well as further afield. This assessment is also known as “principle adverse impacts” which are a potential or actual consequence resulting from Fulcrum’s investment decisions on these Sustainability Factors.

Fulcrum is conscious of the many challenges facing society and the natural environment, and the role capital markets play in this. We are also aware of the risks originating from unsustainable economic activity that is motivated by mainstream economics’ assumption of unlimited natural resources. We are strong supporters of the initiatives to create a more sustainable world and see that financial services should have an important role to play in this.

Fulcrum believes that by integrating responsible investing initiatives in our philosophy and processes we can achieve a range of positive outcomes as well as improved risk-adjusted returns. We also believe that it is part of our responsibility to our clients to consider the impact their investments might have on society and planet, particularly when it comes to climate change.

Fulcrum acknowledges the complexities inherent in responsible investments, in particular the ongoing evolution of the best practices in the asset management industry, as well as the challenges associated with making ethical judgements on competing arguments inherent in many responsible investment decisions.

This statement sets out how Fulcrum integrates and consider principle adverse impacts as part of its investment decision making process.

This Principal Adverse Impacts (PAI) statement covers the period from 1 January 2020 to 31 December 2020.

This statement should be read in conjunction to Firm’s Responsible Investing Policy, Proxy Voting Policy and UK Stewardship Code Disclosure Statement, all available at [www.fulcrumasset.com](http://www.fulcrumasset.com).

## 2 A description of principal adverse impacts

We define principal adverse impacts as the consideration of how investment decisions might have an adverse impact on Sustainability Factors. Fulcrum’s Responsible Investment Committee is responsible for ensuring how Sustainability Factors are integrated in Fulcrum’s investment process and that they are effectively considered. Typically, Sustainability Factors include the following types of considerations:

- Greenhouse gas emissions
- Water, waste and material emissions
- Social, labour and human right matters
- Anti-corruption and anti-bribery

We note that we are required to significantly increase the range and granularity of the data considered by 1 January 2022 and will update this list during the course of 2021.

## 3. Description of policies to identify and prioritise principal adverse sustainability impacts

Fulcrum’s Responsible Investment Policy describes the policies and assessment process used to identify and prioritise principal adverse impacts on sustainability factors and the Responsible Investment Committee is responsible for ensuring that these policies and procedures are effectively followed. The Responsible Investment Committee comprises of,

- Matthew Roberts, Head of Alternative Solutions;
- Fawaz Chaudhry, Head of Equities;
- Joe Davidson, Chief Operating Officer/Chief Compliance Officer;
- Piotr Chmielowski, Chief Risk Officer; and
- Iselin Aslakstrom, Responsible Investment Officer/Marketing Manager

To assist with assessing principal adverse impacts on an existing or potential investment, Fulcrum uses external third-party ESG data, company and public data as well as relying on in-house analysis carried out by either of its Investment or Risk teams. The investment team are responsible for assessing these types of risks and the Responsible Investment Committee provide oversight and input, where necessary.

#### **4. Description of actions to address principal adverse sustainability impacts**

Fulcrum is a global macro investor investing across all asset classes generally using a top-down, or systematic approach. Fulcrum may invest in shares with a listing on an EEA market or on a comparable market outside the EEA. As single stock equities play an important role in many of the strategies, it is vital that where applicable Fulcrum carefully monitors and engages with the issuers it invests in to guarantee investment practices that are consistent with its approach to responsible investing.

#### **5. Engagement policies**

We approach engagement in two ways: by directly engaging with companies or external managers and by participating in collective engagement efforts. Further information about our engagement procedures can be found in the Engagement Policy and the Responsible Investment Policy.

#### **6. References to international standards**

In addition to national corporate governance principles and codes of best practice, Fulcrum adheres to many broadly accepted codes of conduct, statements and best practices and is a signatory to many of them.

Fulcrum is a signatory to the UN Principles for Responsible Investments and support their six principles. In 2019, Fulcrum also became signatories to the Task Force for Climate-related Financial Disclosures (TCFD). In 2020, Fulcrum became member of the Institutional Investors Group on Climate Change (IIGCC) and supporters of Climate Action 100+ and CDP.

#### **Alignment with the Paris Agreement**

Fulcrum uses the Implied Temperature Rise (ITR) metric to measure its alignment with the Paris Agreement. This is the prime metric used to assess the impact of the firm's equity holdings on the transition to a low-carbon economy as outlined in Article 2.1(c) of the Agreement.

The ITR used by Fulcrum is supplied by Iceberg Data Lab, who are responsible for the maintenance and credibility of the data set. The metric is provided for 5,200 companies, including the constituents of all the major indices. In constructing the metric both historical emissions and forward-looking ambition is considered. The methodology is based on the Sectoral Decarbonisation Approach (SDA) and utilise scenario analysis by the International Energy Agency (IEA) (mainly the IEA EPT 2DS and B2DS).