

# Socially and Environmentally Responsible Practices Survey

## VALLEY FORGE ASSET MANAGEMENT CORP.

### A. Women and Ethnic Minority Query

#### *Firm Practices*

1. Please detail the employee diversification of your firm, emphasizing executive and management positions that have decision-making responsibilities. Count each employee only once, except owners may be counted both as owners and employees if the owner has significant operational responsibilities. If s/he has multiple roles, count the employee in the category where s/he spends the most time.

Please see below for Valley Forge Asset Management’s (VFAM) employee diversity:

Position	Ethnic Minority	Women	Female Minority	Other	Total
Owners (and % ownership)	0	0	0	0	0*
Executive Management (e.g. CEO, COO, VP, Directors)	0	1	0	4	5
Investment Decision makers (portfolio managers, traders, etc.)	0	1	0	6	7
Investment Professionals (analysts, compliance officers, etc.)	1	18	0	17	36
All other FTE	0	2	0	0	2
<b>TOTAL</b>	<b>1</b>	<b>22</b>	<b>0</b>	<b>27</b>	<b>50</b>

\* - VFAM is a wholly owned subsidiary of Susquehanna Bancshares, Inc.

2. Please describe relevant initiatives and/or policies that assist in recruiting women and minorities to your firm and retaining and promoting those employees in your firm.

To further VFAM’s goal of equal employment opportunity for all employees and prospective employees without regard to race, color, religion, sex, age, disability, veteran status, national origin, or any other characteristic protected by applicable law, the firm states as its policy the following:

- It is the policy of the firm, in accordance with all applicable laws, to recruit, hire, train, and promote persons in all job titles without regard to race, color, religion, sex, age, disability, veteran status, national origin, or any other characteristic protected by applicable law.

## **Socially and Environmentally Responsible Practices Survey**

- All employment decisions shall be consistent with the principle of equal employment opportunity, and only job-related qualifications will be required.
- In conformity with applicable law, the recruitment, testing and hiring of all personnel will continue to be conducted without discrimination against any individual with regard to race, color, religion, sex, age, disability, veteran status, national origin or other characteristic protected by law. All employee selection criteria used by the firm are based solely on job-related criteria. Known sources of minority and female potential applicants are contacted regularly so as to maximize the participation of such applicants.

### *Vendors and Subcontractors*

3. What percentage of your trades utilizes minority/women-owned brokerage firms?

VFAM directs less than 5% of trades to Minority/Women brokerage firms.

4. Do you consider women and minority ownership or makeup when hiring vendors/sub-contractors, consultants, advisors or other professional services? If so, how? If not, please explain why you do not.

Yes, VFAM does consider diversity issues when hiring third parties. This process is conducted without discrimination and is primarily based on the person or firm that best fits the stated criteria of the required service.

5. Please provide any other information you feel may be relevant or may help Treasury understand your approach to employee and vendor/subcontractor diversification.

The firm encourages members of management to serve on merit employment councils, community relation boards, and similar organizations. The firm and its employees participate in a variety of community support programs. The firm will make available any of its personnel for lectures promoting women and minorities in the industry. The firm will publicize the achievements of minority, non-minority, female, and male employees in local and minority news media.

### **B. Environmental/Sustainability Query**

#### *Firm Practices*

1. Please provide information related to your firm's policy/initiatives/efforts with respect to environmentally responsible and sustainable practices.

VFAM has always made a conscious effort in making the firm's business more sustainable. VFAM is currently transferring its client files to electronic storage. This is in line with VFAM's Business Recovery Plan and the firm's effort to "go green." When

## Socially and Environmentally Responsible Practices Survey

possible, any incoming or outgoing correspondence is being kept and distributed electronically. VFAM and Susquehanna Bancshares, Inc. (SBI) also have a recycling effort in place to recycle as much as possible to reduce waste when it comes to paper, cans, bottles and ink cartridges. All corporate announcements, HR functions and payroll are made available via the firm's intranet as an alternative method to paper.

VFAM is continuing to explore other ways to "go green" in order to minimize the potential negative environmental impacts of the firm's business. VFAM also strives to use all of the firm's resources as efficiently as possible. Eliminating waste, protecting the environment, increasing operational efficiency and reducing costs are the focus of VFAM's environmental policies.

In addition, SBI offers tips on going green at work and provides a discussion board via the corporate intranet where employees can share ideas with one another to promote environmental consciousness.

### *Vendors and Subcontractors*

2. Do you consider the environmental or sustainable practices of vendors and subcontractors in hiring decisions? If so, how? If not, please explain why you do not.

Yes, VFAM takes environmental issues and sustainability into consideration when choosing vendors and sub-contractors. VFAM looks to hire vendors that promote services that allow VFAM to be more efficient while be environmentally conscious.

### *Investment Decisions*

3. Do you consider environmental / sustainability issues when making investment decisions? If so, how? If not, please explain why you do not.

VFAM does consider environmental / sustainability issues when making investment decisions. VFAM requires that all approved companies [in which they invest] meet the environmental protocol established for their individual industries. In most cases the approved companies [in which the firm invests] not only meet these protocol and procedures, but far exceed them. These companies are generally large global leaders in their industry.

4. Are there specific sectors or industries that you are likely to overweight or underweight due to climate risk or opportunity? If so, which ones?

VFAM does not have specific sectors or industries that the firm would overweight or underweight due to climate risk or opportunity. VFAM invests in large global leaders that do business in many geographic regions in many different climates.

## Socially and Environmentally Responsible Practices Survey

5. How do you obtain information about climate risk and environmental factors?

VFAM obtains information about climate risk and environmental factors from research reports, industry journals and global commodity publications.

6. Have you adopted the United Nations Principles for Responsible Investing? (<http://www.unpri.org/>). If not, are you in the process of evaluating, or would you consider evaluating adoption of the United Nations Principles for Responsible Investing?

No, VFAM uses other means for responsible investing. First, the firm does not invest in any companies in the alcohol, gambling, tobacco or firearm industries. Second, VFAM does not invest in any companies from the restricted list of the MacBride Principles. Finally, before buying a company's stock, VFAM's research and due diligence process analyzes the origin of international sales and revenue streams, manufacturing locations and any major environmental problems. VFAM only invests in large capitalization companies that have a vested interest in many cities worldwide and are socially conscious to human rights, the environment and terrorism.

VFAM would consider evaluating adoption of the United Nations Principles for Responsible Investing.

Please detail any other information you feel may be relevant or helpful for Treasury to understand your approach to evaluating the significance of environmental and sustainability issues in making investment decisions.

VFAM is constantly looking for ways to achieve operational efficiencies through environmentally conscious practices and would be open to participating in further programs related to the Treasury's portfolios as requested.

### C. Pennsylvania Commitment Query

Please provide numbers detailing the firm and client presence in Pennsylvania.

Please see the table below outlining VFAM's presence in Pennsylvania.

	<u>PA</u>	<u>Total</u>
<b>Headquarters</b>	1	1
<b>Offices</b>	2	5
<b>Employees</b>	36	50
<b>Client Accounts</b>	1756	2853

## Socially and Environmentally Responsible Practices Survey

Please detail any other information you think relevant regarding the extent of your business contacts or activities in Pennsylvania.

In addition to VFAM's program of Corporate Giving, the firm regularly honors requests for donations in the form of contributions, advertising, and services for agencies within the state of Pennsylvania. The firm and its employees plan, sponsor, and participate in numerous community-oriented activities and social programs, including the United Way, Blood Donor Programs, Children's Hospital of Philadelphia and the United Cerebral Palsy of Philadelphia and Vicinity.

### **D. Geopolitical Risk**

1. How do you take geopolitical risk into account when making investment decisions? If so, how? If not, please explain why you do not.

The firm monitors and looks to minimize any potential geopolitical risk by investing in large capitalization domestic and foreign companies that engage in global commerce. These major companies have a vested interest in many cities worldwide and are socially conscious to human rights, the environment and terrorism.

None of the companies VFAM invests in have ties to, or activities in, terrorist sponsoring countries nor have they made payments of any kind to a government of a terrorist-sponsoring country. When the firm looks for international exposure in a particular industry group, all companies the firm considers would be evaluated and alternative companies in an industry group would be chosen if other more desired companies were known to have links to terrorist sponsoring countries.

2. Do you currently have in place policies that prohibit or limit investment in companies doing business with countries identified as state sponsors of terrorism by the U.S. State Department? If so, please provide those policies.

VFAM will not invest in companies that have links to terrorist-sponsoring countries. The compliance department reviews periodically and distributes annually to all employees the U.S. Department of State INCSR: Major Money Laundering Countries list.