

Socially and Environmentally Responsible Practices Survey

Please note: As part of our commitment to an open and transparent government, your completed survey will be posted in its entirety in electronic format on Treasury’s Web site at <http://www.patreasury.org>,

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.

Position	Ethnic Minority	Women	Female Minority	Other	Total
Owners (and % ownership)	0	1 (1.4%)	3 (4.1%)	17	21
Executive Management (e.g. CEO, COO, VP, Directors)	0	0	0	4	4
Investment Decision makers (portfolio managers, traders, etc.)	0	0	1	8	9
Investment Professionals (analysts, compliance officers, etc.)	2	2	5	12	21
All other FTE	0	5	1	1	7
TOTAL	2	7	7	25	41

NB: All owners have an operational responsibility, hence the ‘total’ numbers summed have excluded these figures to provide accurate staff numbers.

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.

A core value in Generation’s Mission & Values is *Diversity: We want our team to reflect the diversity of the communities and cultures in which we operate in order to draw from the wisdom of many different backgrounds and perspectives.* In addition to this and our Equal Opportunity policy (see below), Generation continually strives to ‘walk the talk’ by embedding this into the culture of the firm at all levels. The success of this is reflected not only in its efforts in recruiting but also in developing and promoting our minority staff members.

Vendors and Subcontractors

3. 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.

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No formal process exists in our UK office when considering women & minority ownership in the makeup of external vendors used, however, whenever we are required to work with an external party, we endeavor at all times to choose those that share our own values in both sustainability and diversity. This is usually done by reviewing their own mission statements and asking appropriate questions at the time of the selection process.

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

GENERATION'S EQUAL OPPORTUNITIES POLICY

The Partnership is committed to providing a working environment in which employees are able to realize their full potential and to contribute to its business success irrespective of their gender, race, disability, sexual orientation, marital status, part time status, age, religion or belief. This is a key employment value to which all employees are expected to give their support.

In order to create conditions in which this goal can be realized, the Partnership is committed to identifying and eliminating unlawful discriminatory practices, procedures and attitudes throughout the Partnership. The Partnership expects employees to support this commitment and to assist in its realization in all possible ways.

Specifically, the Partnership aims to ensure that no employee or candidate is subject to unlawful discrimination, either directly or indirectly, on the grounds of gender, race (including color, nationality or ethnic origin), disability, sexual orientation, marital status, part time status, age, religion or belief. This commitment applies to all aspects of employment, including:

- recruitment and selection, including advertisements, job descriptions, interview and selection procedures;
- training;
- promotion and career development opportunities;
- terms and conditions of employment, and access to employment related benefits and facilities;
- grievance handling and the application of disciplinary procedures; and
- selection for redundancy.

Equal opportunities practice is developing constantly as social attitudes and legislation change. The Partnership will keep its policies under review and will implement changes where these could improve equality of opportunity. This commitment applies to all the Partnership's employment policies and procedures, not just those specifically connected with equal opportunities.

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.

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Our first priority has always been to minimize the resources consumed by our business operations. The most material consumption is the operation of our offices. Our offices in London and New York were purpose-built with sustainability in mind. In London, our office at One Vine Street was expressly designed to achieve the highest standards in energy performance, and has been recognized as "Excellent" by BREEAM (BRE Environmental Assessment Method). Our New York office at One Bryant Park is one of the most energy efficient, ecologically friendly buildings in New York, and the first skyscraper designed to achieve a "Platinum" LEED (Leadership in Energy and Environmental Design) Certification for environmental excellence. Features of our New York and London offices include insulating glass and heat recovery systems; green-power electricity purchases; automatic daylight dimming and efficient lighting; rainwater harvesting and extensive water management; waste recycling; and the use of sustainable building materials.

Wherever possible, recycled and recyclable materials are utilized, and we work with our building managers on an ongoing basis to prioritize energy efficiency and sustainable practices. Other business-related sourcing decisions include travel and office supplies and we source environmentally-friendly suppliers for these where possible.

Usage: We look to actively manage our environmental impacts from our business activities. Excluding our office real-estate the largest of our impacts is business travel. While we regard travel as a necessary part of our business for investment and client-service purposes, we encourage our team to constantly evaluate their travel arrangements and where possible, develop efficient travel itineraries and use alternate forms of communication such as video and teleconference facilities.

Carbon Offsets: As a firm, we are committed to offsetting all remaining emissions from our activities and are participants in two carbon-offset programs:

- **Mandatory Offsets:** As an Associate member of the Chicago Climate Exchange, Generation has made a legally binding commitment to measure and report its annual business-related emissions. We purchase Carbon Financial Instruments (CFIs) sufficient to offset all emissions from electricity use, commuting, and business travel on an annual basis. Our compliance is audited and reviewed annually by regulators from the Financial Industry Regulatory Authority (FINRA).

Voluntary Offsets: Our environmental commitments extend beyond business operations to the personal emissions of our team members and families. Generation works with a portfolio of offset providers to ensure the emissions generated by team members and their families outside the office are measured and neutralized.

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.

No formal process exists in the makeup of external vendors used, however, whenever we are required to work with an external party, we endeavor at all times to choose those that share our own values in both sustainability and diversity. This is usually done by reviewing

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their own mission statements and asking appropriate questions at the time of the selection process.

Investment Decisions

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

Yes – we are a long only, concentrated Global Equity manager that integrates sustainability research into a fundamental equity process. We define sustainability research to be the analysis of shareholder implications of long-term economic, environmental and social challenges. Sustainability research is systematically integrated throughout our investment process.

Firstly, at the idea generation level sustainability issues are explicitly incorporated into the Industry Roadmaps which are developed by our investment analysts. For example, within the Industrials space our analysts are focused on the transition from a high-carbon to a low-carbon economy as a relevant sustainability factor that must be taken into account in their analysis. The issue of materiality is also central to our process. So while the transition from a high-carbon to a low-carbon economy is a key factor in the Industrials space, there are other sectors for which it may be considered a relatively less material issue. For example, in the Healthcare sector, ethical marketing practices, innovation, meeting real needs and the construction of clinical trials are priorities, while in the Financials Sector, approaches to risk management, human capital and corporate culture take priority.

Secondly, at the Investment Decision level sustainability factors play a key role in forming our opinion on Management Quality (MQ), Business Quality (BQ) and valuation. For example in the automotive industry our analysts examined the carbon intensity of the major manufacturers' fleets and found one company scored highly on BQ as a result of its investment in hybrid technology in an increasingly carbon constrained world. As a counter example, when we investigated a company which produces liquid fuel from coal, we expected the management would have a good understanding of the Climate Change issues and have a carbon strategy in place because of the high volume of CO2 emissions released in the conversion of coal to liquid fuel. When we found this not to be the case we downgraded the company's MQ to a level which was below our investment threshold.

Thirdly, at the Portfolio and Risk Management level the weightings assigned to our holdings are governed by the degree of conviction we have in each of our investment theses. Companies typically enter the portfolio at a 2%, 3% or 4% position and, as demonstrated in the previous step, sustainability research plays a major role in determining the MQ, BQ and valuation. Furthermore our analysts take responsibility for proxy voting and for maintaining an ongoing constructive dialogue with the management of their investee companies. This dialogue includes sustainability issues as well as traditional financial criteria.

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We believe that sustainability contributes to performance because it plays a major role in helping our investment team to identify those companies which are more likely to produce long-term returns that are above market expectations. This explains why we've structured our product as a concentrated portfolio, to enable analysts to gain a deep and comprehensive view of each company and the sustainability issues that affect it. It is precisely because we view sustainability as a source of alpha that we do not use sub-advisors for this role, as this would be tantamount to outsourcing a core competency.

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

No, we are fundamental bottom up stock pickers. But, our investment process would likely lead us away from carbon intensive industries. Please see also our response for question D1.

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

We do our own internal research and it is integral to our investment process. See also question B3..

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?

Yes, Generation has adopted the United Nations Principles for Responsible Investing in addition to being a signatory to the Principles.

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.

C. Pennsylvania Commitment Query

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

	PA	Total
Headquarters	0	0
Offices	0	0
Employees	0	0
Clients HQ in PA	8	8

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

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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.

Our most important risk management tool is the extensive primary research conducted by our investment team. That said, while we construct our portfolio without reference to any benchmarks, we are very much “risk aware” in terms of our portfolio position vis a vis the MSCI World Index. Our risk management strategy aims to eliminate or control “unwanted” risk where this can be undertaken in a cost effective manner. Where our best ideas lead us to a portfolio with a major deviation from the Index our Portfolio Management team will explicitly review that risk and decide whether they are comfortable with that risk or not. For example, many of our best ideas currently exist in the Health Sector and, as a result, we are technically overweight. Having reviewed this exposure our Portfolio Management team is entirely comfortable with this level of risk. If they were not comfortable with this level of risk they firstly would consider trimming some of the Health sector holdings. One possible additional outcome of a high overweighting in one area is that the team will apply resources to find good investment ideas in other sectors and, if all else is equal, our preference would be that the next stock to be included would not exacerbate the overweight. Although this is not a rigid guideline, we would generally not have much more than a 10% overweight or underweight to any particular sector or region, but when we do there is an explicit and constant review of this risk by the Portfolio Management team.

Our emphasis on “best ideas” can also lead us to mismatches in country/currency allocations. Where we have any major currency deviations from the benchmark weightings, we will hedge our exposures to be in-line with the basket of currencies represented by the MSCI world Index.

An important feature of our process is that any divergence from the MSCI World Index sector or country weightings is a result of our bottom up stock selection process and is not a result of a predetermined top down view. In summary, therefore, we constantly assess the major non-stock-specific risks which exist in our portfolio and seek to eliminate them in a cost effective way when feasible.

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.

Currently there are four countries that have been determined by the Department of State to have provided support for terrorist activities – Cuba, Iran, Sudan and Syria. We do not have investments in these countries although do not as yet have a formal policy. However, our investment research process would preclude us from having investments within these countries as such investments would not pass our quality thresholds.