

**VaR Capital became a signatory to the UNPRI in March 2016.**

**The UNPRI initiative is an international network of over 1,700 investors representing \$62 trillion in assets under management as of 2016.**

**UNPRI signatories work together to implement six core principles of responsible investment.**

The six principles are:

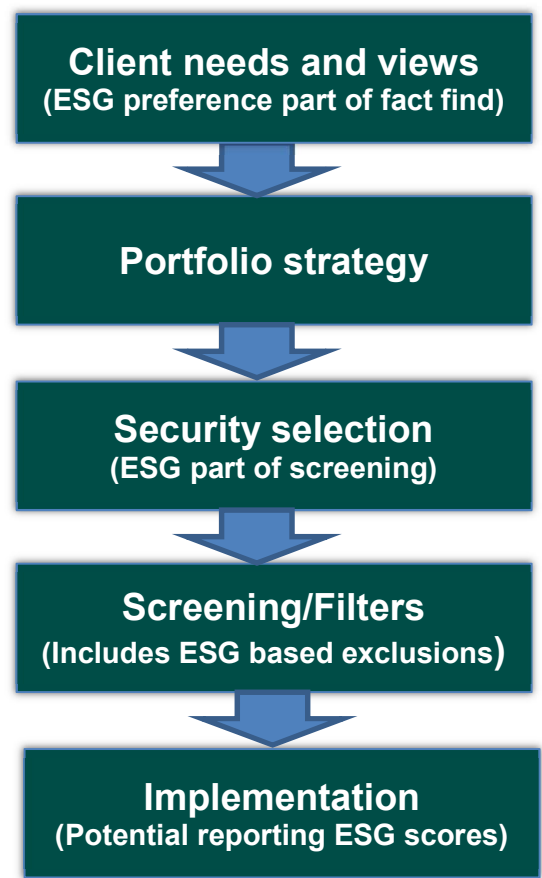
1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.

**The UNPRI serves as VaR Capital's overall framework for integrating ESG issues into our asset management business.**

**Principle 1:  
ESG integration in the investment process**

VaR Capital is committed to responsible investing as part of our fiduciary obligation to help our clients. As part of the VaR Capital Investment Process, we offer our clients the optionality of sustainability themed or ESG screened portfolios.

We view environmental, social and governance ("ESG") issues as integral aspects of our standard research process and material to our long-term investment performance. As such, we have determined that integrating ESG issues into our investment screening process alongside traditional financial analysis is the most effective in terms of risk mitigation as well as uncovering opportunities.



## **Principle 2: Active ownership**

At VaR Capital, we believe that we best serve our clients by exercising our right to influence the governance of our investee companies via proxy voting.

Since 2015, VaR has voted in the AGMs and EGMs of the companies we invest in. VaR Capital's voting strategy consists of best practice corporate governance, taking into account local market differences. Additionally, all voting policy decisions are discussed between the CIO and the CEO prior to final decision.

VaR Capital maintains records of voting activity for funds and segregated accounts where voting takes place.

## **Principle 3: Seeking disclosure on ESG issues**

VaR Capital does not have direct contact with invested companies, as our investment approach means shares are bought or sold automatically via our custodians banking partners. That aside, our proxy voting policy supports shareholder resolutions calling for greater transparency on ESG and sustainability issues.

As part of doing business, we carry out vetting of all our clients including an anti-money laundering verification process.

## **Principle 4: Promoting acceptance and implementation of the principles**

As VaR Capital is a relatively new business, our ability to influence industry acceptance of the principles is limited. That said, VaR Capital is very proud to become a signatory to the UNPRI and we like to emphasize this initiative during our interactions with our partners and clients as part of our brand.

## **Principle 5: Working together to enhance implementation**

### **ESG screening methodology**

- Data feeds containing detailed ratings and sub-scores on ESG violations are obtained on a daily basis from a leading third-party research provider.
- ESG data is integrated into VaR Capital's portfolio management system.
- On an annual basis, all of VaR's portfolios are screened to identify securities which violate our client's ESG principles.
- On an annual basis, an internal leadership review of VaR Capital's investment processes and policies is carried out which includes ESG issues.

VaR Capital's ESG initiatives commenced with the signing of the UNPRI in 2015, and initial focus is on implementation of Principle 1.

VaR Capital has attended various discussions on ESG including UNPRI conferences. Over the course of 2017 and beyond, we will continue to look for appropriate collaboration opportunities.

## **Principle 6: Reporting on ESG activities and progress**

As a UNPRI signatory we will produce reports on our progress towards implementing the principles.

VaR Capital aims to be transparent about its responsible investment activities and this policy document will continue to be updated as our ESG management processes mature.