

Sustainable Investment Policy

January 2021



Overview and ESG Definitions

INTRODUCTION

At Vantage Point Asset Management (VPAM), we believe that incorporating material Environmental, Social and Governance (ESG) factors into our investment decisions strengthens our traditional investment framework and process. It is paramount to our investment process to analyse each investment's ability to create, sustain and protect value to ensure that it can deliver target returns, in line with our clients' objectives. We see ourselves as long-term stewards of our clients' capital and believe the responsibility to investors includes protecting the interests of our clients from the impacts of both financial and non-financial risks.

This Investment Policy ('Policy') outlines VPAM's approach to incorporate ESG factors within our investment management processes. Furthermore, we set out to illustrate what we define as ESG factors, how these fit within our investment philosophy, our approach to the investment strategies we manage, how we resource and manage this from a governance perspective, as well as how we communicate our efforts and progress.

DEFINING ESG

ESG investment covers the range of investment activities which recognise the relationship between companies and the societies and environments in which they operate, and between companies and the shareholders which control them.

ESG integration explicitly and systematically includes analysis of a range of risks and opportunities related to environmental, social and governance (ESG) drivers. In principle, this leads to a broader assessment of the environment in which companies operate and their performance in managing different stakeholders, giving a fuller understanding of future opportunities and risks than traditional financial analysis alone.

Negative screening excludes companies involved in controversial activities. We recognise that many investors have concerns over specific activities to which they do not want their investment exposed. Where appropriate, we work with them to define the criteria used to avoid investment in companies operating in those industries and maintain that exclusion on an ongoing basis.

Sustainable investment is an approach in which a company's sustainability practices are paramount to the investment decision and in which ESG analysis forms a cornerstone of the investment process. Sustainable products look for sustainability leaders with a superior sustainability profile relative to their peers. As a result, they are longer term with their investment horizon, and step away from opportunities that may appear attractive in valuation terms but have challenges on an aspect of ESG.

Impact investment intends to achieve specific, positive social and environmental benefits while also delivering a financial return. This is not the same as impact measurement, which looks at how companies' activities affect the world both positively and negatively.

ESG Investment Factors

Investment analysis of ESG factors – whether investment material or not – encompasses those aspects of an issuer’s operations, which may influence its ability to meet its financial obligations in the long term. Some ESG factors – such as corporate governance practices, legal compliance, human capital management and climate change – are applicable to most issuers. However, some will vary by country, industry, as well as by characteristics specific to an issuer such as size and geographical footprint. An exhaustive or definitive list of ESG issues does not exist nor is it necessary, however the table provides examples of such issues for guidance purposes.

Environmental	Social	Governance
Issues relating to the quality and functioning of the natural environment and natural systems <ul style="list-style-type: none"> • Climate change • Deforestation • Pollution • Resource depletion • Waste 	Issues relating to the rights, well-being and interests of people and communities <ul style="list-style-type: none"> • Child labour • Employee relations • Human rights • Modern slavery • Working conditions 	Issues relating to the governance of companies and other investee entities <ul style="list-style-type: none"> • Board diversity and structure • Bribery and corruption • Executive pay • Political lobbying and donations • Tax strategy

Source: PRI

VPAM considers ESG factors as part of a more holistic framework such as the United Nations (UN) Sustainable Development Goals (SDGs)



Source: www.globalgoals.org/

Our ESG Process

ESG Integration

ESG integration can be described as the systemic and explicit inclusion of material ESG factors into investment analysis and investment decisions. As of 2021, VPAM is formally embedding and adopting ESG integration at a firm level, illustrating our commitment to embed ESG into our investment philosophy, considering both risks and opportunities. We recognize that different asset classes, portfolio strategies and investment universes require different lenses to strengthen decision-making most efficiently.

VPAM's disciplined investment process seeks to identify the risks associated with any potential investment and identify the factors that may impact returns. The assessment of ESG factors is incorporated into this framework, in order to provide a more holistic understanding of our analysis of risk and reward.

Negative Screening (Exclusion)

VPAM excludes certain sectors, companies or practices based on specific normative or negative ESG criteria. We also consider ESG ratings, provided by accredited third party data providers.

List of negative criteria:

- Tobacco;
- Gambling;
- Weapons;
- Nuclear power;
- Adult entertainment;
- Companies engaging in child labour.

We also fully support the following international conventions:

- The Convention on Cluster Munitions (2008): prohibits the production, stockpiling, transfer and use of cluster munitions;
- The Anti-Personnel Landmines Treaty (1997), also known as The Ottawa Treaty (1997): prohibits the production, stockpiling, transfer and use of anti-personnel landmines;
- The Chemical Weapons Convention (1997): prohibits the use, stockpiling, production and transfer of chemical weapons;
- Biological Weapons Convention (1975): prohibits the use, stockpiling, production and transfer of biological weapons.

Positive Screening

VPAM's investment process includes positive screening. An investment approach that includes investments based on certain ESG criteria to capture sector-leading companies.

Sustainability-Themed Investing

VPAM makes investments on the basis of a sustainability theme/themes, examples might include climate change mitigation, pollution prevention, sustainability solutions and approaches that address one or more of the UN SDGs.

Stewardship and Engagement

As active owners in the companies in which we invest, we regard stewardship as integral to our investment process. It enables us to have a voice and exercise ownership rights to improve disclosures and transparency and affect corporate activities, policies, and behaviours to ensure consistency with our ESG expectations. Companies should act in the best interest of their owners, and must also have due regard for other stakeholders including lenders, employees, communities, customers, suppliers, regulators and the environments in order to have sustainable business models.

Engagement activities are undertaken by our investment team. Our mechanism for engagement typically involves one of the following methods which may vary by region:

- One-to-one meetings with company representatives;
- Written correspondence;
- Phone calls;
- Discussions with company advisers and stakeholders;
- Voting;
- Collective engagement with other investors;

Resources

Sources

Portfolio managers utilise several sources of ESG information including: third party data providers and broker reports. We are mindful of the limitations of third-party providers, both in terms of coverage and in terms of detailed understanding of company business models. Therefore, ESG research provided by third parties is only used as an indicative guide, and to inform and support our internal ESG assessment of a company. As such, we aim to create our own proprietary framework for ESG scoring. Details of this framework will be added to the Policy when available.

Training and Communication

We believe it is paramount for all members of the investment team to have the highest quality of ESG knowledge and understanding. The investment team will undertake frequent ESG related trainings and courses to be kept up to date in such a dynamic environment. Furthermore, we continue to advance our understanding of on-going developments and topical issues, such as climate change regulations and the evolution of sustainable bonds, through peer networks, ESG conferences as well as meetings with relevant institutions.

Signatories and Standards

VPAM became a signatory to the UN supported Principles for Responsible Investment (PRI) in November 2020 and we are a signatory to the Singapore Stewardship Principles. Furthermore, we support the UN SDGs to achieve a better and more sustainable future for all by 2030.

Transparency and Accountability

VPAM is committed to providing timely and relevant external communication and reporting of our ESG investment efforts. Where possible, ESG information will be made publicly available, including on the VPAM corporate website (www.vpam.com). We will also formally fulfil the reporting requirement that being a PRI signatory entails, in the form of the annual Transparency Report.

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