



LEA 02	Disclosures: Mandatory	Reason for Interaction	Principle: PRI 1, 2, 3
Individual/ internal staff engagements	<p><input checked="" type="checkbox"/> To support investment decision-making in & company's internal ESG issues</p> <p><input checked="" type="checkbox"/> To enhance corporate transparency for identifying the need to take action on</p> <p><input type="checkbox"/> To engage internal ESG decision-makers</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage internal staff</p>	<p><input checked="" type="checkbox"/> To support investment decision-making in & company's internal ESG issues</p> <p><input checked="" type="checkbox"/> To enhance corporate transparency for identifying the need to take action on</p> <p><input type="checkbox"/> To engage internal ESG decision-makers</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage internal staff</p>	
Collaborative engagements	<p><input type="checkbox"/> To support investment decision-making in & company's internal ESG issues</p> <p><input type="checkbox"/> To enhance corporate transparency for identifying the need to take action on</p> <p><input type="checkbox"/> To engage internal ESG decision-makers</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage internal staff</p>	<p><input type="checkbox"/> To support investment decision-making in & company's internal ESG issues</p> <p><input type="checkbox"/> To enhance corporate transparency for identifying the need to take action on</p> <p><input type="checkbox"/> To engage internal ESG decision-makers</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage internal staff</p>	
Service provider engagements	<p><input type="checkbox"/> To support investment decision-making in & company's internal ESG issues</p> <p><input type="checkbox"/> To enhance corporate transparency for identifying the need to take action on</p> <p><input type="checkbox"/> To engage internal ESG decision-makers</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage internal staff</p>	<p><input type="checkbox"/> To support investment decision-making in & company's internal ESG issues</p> <p><input type="checkbox"/> To enhance corporate transparency for identifying the need to take action on</p> <p><input type="checkbox"/> To engage internal ESG decision-makers</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage internal staff</p>	

RI TRANSPARENCY REPORT

2019

AS Avaron Asset Management

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2019 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO TG		-	n/a							
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	✓	Public							✓
OO 08	Segregated mandates or pooled funds	🔒	n/a							✓
OO 09	Breakdown of AUM by market	✓	Public							✓
OO 10	Active ownership practices for listed assets	✓	Public							✓
OO 11	ESG incorporation practices for all assets	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓
OO LE 01	Breakdown of listed equity investments by passive and active strategies	✓	Public							✓
OO LE 02	Reporting on strategies that are <10% of actively managed listed equities	🔒	n/a							✓
OO FI 01	Breakdown of fixed income investments by passive and active strategies	✓	Public							✓
OO FI 02	Reporting on strategies that are <10% of actively managed fixed income	🔒	n/a							✓
OO FI 03	Fixed income breakdown by market and credit quality	✓	Public							✓
OO SAM 01	Breakdown of externally managed investments by passive and active strategies	🔒	n/a							✓
OO PE 01	Breakdown of private equity investments by strategy	🔒	n/a							✓
OO PE 02	Typical level of ownership in private equity investments	🔒	n/a							✓
OO PR 01	Breakdown of property investments	🔒	n/a							✓
OO PR 02	Breakdown of property assets by management	🔒	n/a							✓
OO PR 03	Largest property types	🔒	n/a							✓
OO INF 01	Breakdown of infrastructure investments	🔒	n/a							✓
OO INF 02	Breakdown of infrastructure assets by management	🔒	n/a							✓
OO INF 03	Largest infrastructure sectors	🔒	n/a							✓
OO HF 01	Breakdown of hedge funds investments by strategies	🔒	n/a							✓
OO End	Module confirmation page	✓	-							

CCStrategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 01 CC	Climate risk	🔒	n/a							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public						✓	
SG 03	Conflicts of interest	✓	Public							✓
SG 04	Identifying incidents occurring within portfolios	✓	Private							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Private							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 07 CC	Climate-issues roles and responsibilities	🔒	n/a							✓
SG 08	RI in performance management, reward and/or personal development	✓	Private							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 09.2	Assets managed by PRI signatories	🔒	n/a	✓						
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
SG 12	Role of investment consultants/fiduciary managers	✓	Public				✓			
SG 13	ESG issues in strategic asset allocation	✓	Public	✓						
SG 13 CC		🔒	n/a							✓
SG 14	Long term investment risks and opportunity	✓	Private	✓						
SG 14 CC		🔒	n/a							✓
SG 15	Allocation of assets to environmental and social themed areas	✓	Private	✓						
SG 16	ESG issues for internally managed assets not reported in framework	✓	Public							✓
SG 17	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
SG 18	Innovative features of approach to RI	✓	Private							✓
SG 19	Communication	✓	Public		✓				✓	
SG End	Module confirmation page	✓	-							

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Percentage of each incorporation strategy	✓	Public	✓						
LEI 02	Type of ESG information used in investment decision	✓	Private	✓						
LEI 03	Information from engagement and/or voting used in investment decision-making	✓	Private	✓						
LEI 04	Types of screening applied	✓	Public	✓						
LEI 05	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 06	Processes to ensure fund criteria are not breached	✓	Private	✓						
LEI 07	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
LEI 08	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 09	Processes to ensure integration is based on robust analysis	✓	Public	✓						
LEI 10	Aspects of analysis ESG information is integrated into	✓	Private	✓						
LEI 11	ESG issues in index construction	🔒	n/a	✓						
LEI 12	How ESG incorporation has influenced portfolio composition	✓	Private	✓						
LEI 13	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
LEI End	Module confirmation page	✓	-							

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising collaborative engagement	✓	Public		✓					
LEA 06	Role in engagement process	✓	Public		✓		✓			
LEA 07	Share insights from engagements with internal/external managers	✓	Private	✓	✓					
LEA 08	Tracking number of engagements	✓	Public		✓					
LEA 09	Number of companies engaged with, intensity of engagement and effort	✓	Public		✓					
LEA 10	Engagement methods	✓	Private		✓					
LEA 11	Examples of ESG engagements	✓	Private		✓					
LEA 12	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 13	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 14	Securities lending programme	✓	Private		✓					
LEA 15	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 16	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 17	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 18	Proportion of ballot items that were for/against/abstentions	✓	Private		✓					
LEA 19	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 20	Shareholder resolutions	✓	Private		✓					
LEA 21	Examples of (proxy) voting activities	✓	Public		✓					
LEA End	Module confirmation page	✓	-							

AS Avaron Asset Management

Reported Information

Public version

Organisational Overview

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Basic information

OO 01

Mandatory

Public

Gateway/Peering

General

OO 01.1

Select the services and funds you offer

Select the services and funds you offer	% of asset under management (AUM) in ranges
Fund management	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
Fund of funds, manager of managers, sub-advised products	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Other	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Total 100%	

Further options (may be selected in addition to the above)

- Hedge funds
- Fund of hedge funds

OO 01.2

Additional information. [Optional]

Avaron Asset Management is a fund management company established in 2007. Avaron holds a license from the Estonian Financial Supervision Authority to manage investment portfolios and funds, and is also a registered Investment Advisor with the US Securities and Exchange Commission. The Company manages UCITS funds and institutional investors' managed accounts investing in listed equities in Emerging Europe region.

OO 02

Mandatory

Public

Peering

General

OO 02.1

Select the location of your organisation's headquarters.

Estonia

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

19

OO 02.4 Additional information. [Optional]

Avaron is headquartered in Tallinn, Estonia. As of end-2018 Avaron employed 20 people (2017: 17) of which 65% were male and 35% female. The average tenure of our staff was 5.0 years, similar among male and female employees.

OO 03 Mandatory Public Descriptive General

OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 04 Mandatory Public Gateway/Peering General

OO 04.1 Indicate the year end date for your reporting year.

31/12/2018

OO 04.2 Indicate your total AUM at the end of your reporting year.

Include the AUM of subsidiaries, but exclude advisory/execution only assets, and exclude the assets of your PRI signatory subsidiaries that you have chosen not to report on in OO 03.2

	trillions	billions	millions	thousands	hundreds
Total AUM			386	487	860
Currency	EUR				
Assets in USD			440	941	345

Not applicable as we are in the fund-raising process

OO 04.4

Indicate the total assets at the end of your reporting year subject to an execution and/or advisory approach.

 Not applicable as we do not have any assets under execution and/or advisory approach

OO 04.5

Additional information. [Optional]

As of end 2018 Avaron managed 386 million euros, out of which the core Emerging Europe listed equity strategy accounted for 376 million euros. Fixed income investments accounted for 1% of the total assets under management. The Company manages two mutual funds domiciled in Estonia, which are open to any investor that has a European bank account. Avaron Emerging Europe Fund (AUM €61M) is focused solely on Emerging Europe ex-Russia listed equities (UCITS V). Avaron Flexible Strategies Fund (AUM €10M) is an asset allocation fund combining predominantly Emerging Europe cum-Russia listed equities, fixed income and money market instruments but based on fund prospectus can invest globally (non-UCITS).

In addition to the Estonian domiciled mutual funds, Avaron provides sub-investment management services to third party funds and managed accounts. Investment management services to professional investors in the form of third party funds and managed accounts have been an increasing business line for the Company over the years and accounts now for more than 80% of the assets under management. The total size of institutional investors' mandates in the end of 2018 was 310 million euros. Besides that Avaron also manages 5 million euros worth of portfolios for high net worth individuals.

OO 06

Mandatory

Public

Descriptive

General

OO 06.1

Select how you would like to disclose your asset class mix.

 as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	84	0
Fixed income	1	0
Private equity	0	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Fund of hedge funds	0	0
Forestry	0	0
Farmland	0	0

Inclusive finance	0	0
Cash	15	0
Money market instruments	0	0
Other (1), specify	0	0
Other (2), specify	0	0

as broad ranges

OO 06.2 Publish asset class mix as per attached image [Optional].

OO 06.3 Indicate whether your organisation has any off-balance sheet assets [Optional].

- Yes
 No

OO 06.5 Indicate whether your organisation uses fiduciary managers.

- Yes, we use a fiduciary manager and our response to OO 5.1 is reflective of their management of our assets.
 No, we do not use fiduciary managers.

OO 07	Mandatory to Report Voluntary to Disclose	Public	Gateway	General
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OO 07.1 Provide to the nearest 5% the percentage breakdown of your Fixed Income AUM at the end of your reporting year, using the following categories.

Internally managed	SSA	0
	Corporate (financial)	58
	Corporate (non-financial)	42
	Securitised	0
	Total	100%

OO 09	Mandatory	Public	Peering	General
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OO 09.1 Indicate the breakdown of your organisation's AUM by market.

Developed Markets	20
Emerging Markets	48
Frontier Markets	32
Other Markets	0
Total 100%	100%

Asset class implementation gateway indicators

OO 10	Mandatory	Public	Gateway	General
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OO 10.1 Select the active ownership activities your organisation implemented in the reporting year.

Listed equity – engagement

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We do not engage directly and do not require external managers to engage with companies on ESG factors.

Listed equity – voting

- We cast our (proxy) votes directly or via dedicated voting providers
- We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf

Fixed income Corporate (financial) – engagement

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

Please explain why you do not engage directly and do not require external managers to engage with companies on ESG factors.

Being a listed equity asset class focused investment boutique Avaron engages only with fixed income issuers that are covered by our investment team from the equity perspective. In case of bond investments outside of our equity coverage universe we do not have leverage to engage due the very limited size of our fixed income investments.

Fixed income Corporate (non-financial) – engagement

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

Please explain why you do not engage directly and do not require external managers to engage with companies on ESG factors.

Being a listed equity asset class focused investment boutique Avaron engages only with fixed income issuers that are covered by our investment team from the equity perspective. In case of bond investments outside of our equity coverage universe we do not have leverage to engage due the very limited size of our fixed income investments.

OO 11	Mandatory	Public	Gateway	General
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OO 11.1 Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).

Listed equity

- We address ESG incorporation.
- We do not do ESG incorporation.

Fixed income - corporate (financial)

- We address ESG incorporation.
- We do not do ESG incorporation.

Fixed income - corporate (non-financial)

- We address ESG incorporation.
- We do not do ESG incorporation.

Cash

- We address ESG incorporation.
- We do not do ESG incorporation.

OO 12	Mandatory	Public	Gateway	General
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OO 12.1 Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.

Core modules

- Organisational Overview
- Strategy and Governance

RI implementation directly or via service providers

Direct - Listed Equity incorporation

- Listed Equity incorporation

Direct - Listed Equity active ownership

- Engagements
- (Proxy) voting

Direct - Fixed Income

- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)

RI implementation via external managers

Closing module

Closing module

Peering questions

OO LE 01 **Mandatory** **Public** **Gateway** **General**

OO LE 01.1 Provide a breakdown of your internally managed listed equities by passive, active - quantitative (quant), active - fundamental and active - other strategies.

Update: this indicator has changed from "Mandatory to report, voluntary to disclose" to "Mandatory". **Your response to this indicator will be published in the Public Transparency Report.** This change is to enable improved analysis and peering.

Percentage of internally managed listed equities

Strategies	Percentage of internally managed listed equities
Passive	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Active - quantitative (quant)	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Active - fundamental and active - other	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
Total 100%	

OO LE 01.2	Additional information. [Optional]
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Avaron's investment process is built upon value investing principles and portfolio construction is fully bottom-up driven. Within the scope of Emerging Europe listed equity strategy (97% of total AUM) no allocation decisions are made in terms of sectors, geography or cash level. Each investment case is evaluated on a standalone basis. Idea generation is proprietary, driven by the in-house bottom-up research provided by our investment team of 11 people.

The investment process of asset allocation strategy (3% of total AUM) is also dependent on in-house bottom-up research as all equity and fixed income investment cases are prepared according to similar fundamental, bottom-up approach. Allocations across different asset classes and cash are a function of available investment ideas with risk adjusted return potential that meet the strategy's investment objective.

OO FI 01	Mandatory	Public	Gateway	General
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Update: this indicator has changed from "Mandatory to report, voluntary to disclose" to "Mandatory". **Your response to this indicator will be published in the Public Transparency Report.** This change is to enable improved analysis and peering.

OO FI 01.1	Provide a breakdown of your internally managed fixed income securities by active and passive strategies
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Type	Passive	Active - quantitative	Active - fundamental & others	Total internally managed fixed income security
Corporate (financial)	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	100%
Corporate (non-financial)	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	100%

OO FI 01.2	Additional information. [Optional]
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Fixed income asset class is relevant within the scope of asset allocation strategy (3% of total AUM). Selection of fixed income instruments within this strategy follows the overall investment process of Avaron that is driven by in-house fundamental (i.e. credit risk), bottom-up analysis.

OO FI 03	Mandatory	Public	Descriptive	General
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Update: this indicator has changed from "Mandatory to report, voluntary to disclose" to "Mandatory". **Your response to this indicator will be published in the Public Transparency Report.** This change is to enable improved analysis and peering.

OO FI 03.2

Indicate the approximate (+/- 5%) breakdown of your corporate and securitised investments by investment grade or high-yield securities.

Type	Investment grade (+/- 5%)	High-yield (+/- 5%)	Total internally managed
Corporate (financial)	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	100%
Corporate (non-financial)	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	100%

OO FI 03.3

Additional information. [Optional]

Fixed income investments account for 1% of Avaron's total AUM and are part of asset allocation strategy (3% of total AUM). Asset allocation strategy encompasses Avaron Flexible Strategies Fund with a size of 10 million euros. Out of the total fixed income exposure within the strategy frontier markets accounted for 53%, emerging markets 41% and developed markets 6% as of end 2018.

AS Avaron Asset Management

Reported Information

Public version

Strategy and Governance

PRI disclaimer

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Investment policy

SG 01

Mandatory

Public

Core Assessed

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input checked="" type="checkbox"/> Fiduciary (or equivalent) duties <input type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input type="radio"/> Applicable policies cover all AUM <input checked="" type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.3

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

SG 01.4

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

As an institutional investor, Avaron has a duty to act in the best long-term interests of its beneficiaries. In this fiduciary role, we believe that ESG issues can affect the performance of investment portfolios over time. Our approach to responsible investment is centered on incorporating ESG criteria into the investment analysis and decision making process, and active ownership through engagement and proxy voting.

Our investment philosophy is value-driven and based on a premise that superior long-term results can be achieved by exploiting the judgmental biases and behavioural weaknesses that influence the decisions of many investors. We believe that identifying such mispriced assets can offer outstanding investment returns in the long run by undertaking proprietary, in-depth bottom-up fundamental analysis in order to establish the true value of an asset. Our portfolio construction is fully bottom-up putting a strong emphasis on company quality. For us it is essential to take ESG issues into consideration in addition to the conventional financial and non-financial criteria in order to get a thorough understanding of the limitations and strengths of the businesses we invest in.

SG 01.5

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

Our mission is to be the most suitable partner for institutional investors catering for their needs in investing into Emerging Europe listed equity asset class. We seek to offer positive risk weighted long-term return to our clients through value based and responsible investing. To achieve this, we adhere to our bottom-up value focused investment process.

At Avaron we believe that ESG issues can affect the performance of investment portfolios to varying degrees across companies, sectors, regions, asset classes and over time. Given our main aim of generating alpha to our clients via stock picking it is necessary to have ESG analysis integrated into our investment process. When making investment decisions our in-depth knowledge of listed companies is considered as a key ingredient in delivering strong returns to clients. Our investment team has been following vast majority of our current listed equity universe for a decade, which serves as an important strength in assessing the companies' future potential. In order to have an extensive knowledge base of the companies in our universe we have taken a strategic decision not to outsource ESG analysis to third party providers but rather educate our research team and add an ESG specific layer within our research process.

We believe that the stock returns are primarily driven by the underlying fundamental potential of companies, while ESG issues may add to or subtract from it. Thus, the ESG layer in our investment process serves as a risk management tool to detect possible important risks related to ESG. While the ESG factors considered mainly aim to reduce investment risk, Avaron also recognizes that applying these principles may better align investors with the broader objectives of society. Improved ESG practices should help to create an environment of higher standards of business conduct, increased market efficiency, sustainable environmental management, and thus ultimately a more cohesive and fairer society. Even though such indirect benefits may not contribute

immediately to Avaron's investment performance, these should over time translate into higher and more consistent overall returns.

Therefore, ESG considerations have been integrated into our investment process by undertaking in-house research on all prospective and existing investments. We aim to ensure that our Investment Managers and Analysts understand: (i) to which ESG risks and opportunities the investment is exposed to; (ii) how material the ESG issues are for the business model, taking into account the industry and individual company exposure; (iii) how are ESG risks managed and what is the likelihood of these risks materializing; (iv) what kind of impact the ESG issues are likely to have on the value, earnings and future prospects of the investment.

No

I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

SG 02	Mandatory	Public	Core Assessed	PRI 6
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 02.1 Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

Policy setting out your overall approach

URL/Attachment

URL

URL

https://www.avaron.com/files/docs/Avaron_RI_policy.pdf

Attachment (will be made public)

Formalised guidelines on environmental factors

URL/Attachment

URL

URL

https://www.avaron.com/files/docs/Avaron_RI_policy.pdf

Attachment (will be made public)

Formalised guidelines on social factors

URL/Attachment

URL

URL

https://www.avaron.com/files/docs/Avaron_RI_policy.pdf

- Attachment (will be made public)
- Formalised guidelines on corporate governance factors

URL/Attachment

- URL

URL

https://www.avaron.com/files/docs/Avaron_RI_policy.pdf

- Attachment (will be made public)
- Fiduciary (or equivalent) duties

URL/Attachment

- URL

URL

https://www.avaron.com/files/docs/Avaron_RI_policy.pdf

- Attachment (will be made public)
- Screening / exclusions policy

URL/Attachment

- URL

URL

https://www.avaron.com/files/docs/Avaron_RI_policy.pdf

- Attachment (will be made public)
- Engagement policy

URL/Attachment

- URL

URL

https://www.avaron.com/files/docs/Avaron_RI_policy.pdf

Attachment (will be made public)

(Proxy) voting policy

URL/Attachment

URL

URL

https://www.avaron.com/files/docs/Exercise_of_voting_rights_strategy.pdf

Attachment (will be made public)

We do not publicly disclose our investment policy documents

SG 02.2

Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

URL

URL

https://www.avaron.com/files/docs/Avaron_RI_policy.pdf

Attachment

Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment

URL

URL

https://www.avaron.com/files/docs/Avaron_RI_policy.pdf

Attachment

Time horizon of your investment

URL/Attachment

URL

URL

https://www.avaron.com/files/docs/Avaron_RI_policy.pdf

Attachment

Governance structure of organisational ESG responsibilities

URL/Attachment

URL

URL

https://www.avaron.com/files/docs/Avaron_RI_policy.pdf

Attachment

ESG incorporation approaches

URL/Attachment

URL

URL

https://www.avaron.com/files/docs/Avaron_RI_policy.pdf

Attachment

Active ownership approaches

URL/Attachment

URL

URL

https://www.avaron.com/files/docs/Avaron_RI_policy.pdf

Attachment

Reporting

URL/Attachment

URL

	URL
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https://www.avaron.com/files/docs/Avaron_RI_policy.pdf

Attachment

We do not publicly disclose any investment policy components

SG 02.3	Additional information [Optional].
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Avaron's responsible investment approach including the ESG and screening/exclusions criteria guiding our investment process are set within our Responsible Investment Policy that is publicly accessible on our website. The Policy addresses how responsible investing is viewed within Avaron, how we report on our responsible investment activities and sets the framework for ESG research in Avaron. Active ownership approach is detailed in the Responsible Investment Policy and Voting Policy.

SG 03	Mandatory	Public	Core Assessed	General
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SG 03.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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Yes

SG 03.2	Describe your policy on managing potential conflicts of interest in the investment process.
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Conflicts of interest situations in are addressed within Avaron Internal Policy. The Policy determines the overarching principle to act in accordance with the best interests of the client, identifies a list of circumstances that may give rise to a conflict of interest situation and measures adopted to manage such situations. Measures adopted to avoid and manage the conflict of interests situations within the investment process are the following:

- Avaron does not trade on its own account.
- Policy of Personal Transactions prohibits all Avaron employees to trade at any listed security instrument part of Avaron investment universe. The Policy requires to promptly inform the Compliance Officer of any personal security transaction.
- Prohibition on competition is applicable i.e. Avaron employees are not allowed to be engaged in financial or investment services outside Avaron. All employees are required to annually submit declarations of economic interests.
- Best Execution Policy has been implemented to ensure the best execution for clients and avoid preference to any specific counterparties.
- Research Policy has been implemented to clearly indicate accepted research and inducements. Avaron discloses to the client the existence, nature and amount or methodology of calculation of the inducement prior to the provision of the service.

No

Objectives and strategies				
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SG 05	Mandatory	Public	Gateway/Core Assessed	General
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SG 05.1

Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not set/reviewed

SG 05.2

Additional information. [Optional]

Avaron Responsible Investment Committee has oversight of, and responsibility for, all responsible investment related issues including but not limited to development of relevant policies and steering policy implementation. The Committee is made up of senior staff members and is chaired by Executive Board Member and co-CIO Valdur Jaht. Annual objectives for responsible investment activities are set by the Committee.

Governance and human resources

SG 07**Mandatory****Public****Core Assessed****General****SG 07.1**

Indicate the internal and/or external roles used by your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for responsible investment.

Roles

- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Internal Roles (triggers other options)

Select from the below internal roles

- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
Compliance Officer

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
- Investor relations
- Other role, specify (1)
- Other role, specify (2)
- External managers or service providers

SG 07.2	For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.
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Avaron Responsible Investment Committee has oversight of, and responsibility for, all responsible investment related issues including but not limited to development of relevant policies and steering policy implementation. The Committee is made up of senior staff members and is chaired by Executive Board Member and co-CIO Valdur Jaht. The Committee and its Chair have ultimate responsibility to ensure efficiency, compliance and ownership of responsible investment practices in Avaron.

Responsible investment approach in Avaron is fully integrated into the investment process, thus all Analysts and Investment Managers are daily basis following the responsible investment related processes set in our Responsible Investment Policy and Voting Policy, including company level ESG analysis. Investment decisions in Avaron are made by the Investment Committee that among other things validates the ESG analysis within the context of the overall investment case analysis. Investing into companies that have not undergone the ESG analysis is not allowed. Execution of investment decisions and issuing voting instructions is the responsibility of the two CIOs. Regular oversight of the responsible investment process implementation is carried out by the Compliance Officer.

SG 07.3	Indicate the number of dedicated responsible investment staff your organisation has.
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	Number
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0

SG 07.4	Additional information. [Optional]
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In our investment decision making process in-depth knowledge of listed companies is considered as a key ingredient in delivering strong returns to clients. Our investment team has been following the vast majority of our current listed equity universe for a decade, which serves as an important strength in assessing the companies' future potential. In order to have an extensive knowledge base of the companies in our universe we have taken a strategic decision not to outsource ESG analysis to third party providers but rather educate our research team and add an ESG specific layer within our research process.

I confirm I have read and understood the Accountability tab for SG 07

I confirm I have read and understood the Accountability tab for SG 07

Promoting responsible investment

SG 09

Mandatory

Public

Core Assessed

PRI 4,5

SG 09.1

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Select all that apply

Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

Basic

Moderate

Advanced

Asian Corporate Governance Association

Australian Council of Superannuation Investors

AFIC – La Commission ESG

BVCA – Responsible Investment Advisory Board

CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

Basic

Moderate

Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

Participated in 2018 CDP Non-Disclosure Campaign as a lead investor.

CDP Forests

Your organisation's role in the initiative during the reporting period (see definitions)

Basic

Moderate

Advanced

CDP Water

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- CFA Institute Centre for Financial Market Integrity
- Code for Responsible Investment in SA (CRISA)
- Code for Responsible Finance in the 21st Century
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- ESG Research Australia
- Invest Europe Responsible Investment Roundtable
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Green Bond Principles
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify
Estonian Corporate Social Responsibility Forum

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced
- Other collaborative organisation/initiative, specify
Association of Estonian Fund Management Companies

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Avaron regularly contributes to the association's work in developing local regulatory framework and best practices.

- Other collaborative organisation/initiative, specify
Association of Estonian Service Industry

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced
- Other collaborative organisation/initiative, specify

SG 10	Mandatory	Public	Core Assessed	PRI 4
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SG 10.1 Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

- Yes

SG 10.2 Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives. Provide a description of your role in contributing to the objectives of the selected action and the typical frequency of your participation/contribution.

- Provided or supported education or training programmes (this includes peer to peer RI support) Your education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisers etc.)

Description

We provide detailed insight into our responsible investment processes, especially ESG analysis, upon clients' requests. Alongside, we give guidance on best practices to brokers and sell-side analysts upon their request.

Frequency of contribution

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad hoc
 - Other
- Provided financial support for academic or industry research on responsible investment
 - Provided input and/or collaborated with academia on RI related work
 - Encouraged better transparency and disclosure of responsible investment practices across the investment industry
 - Spoke publicly at events and conferences to promote responsible investment
 - Wrote and published in-house research papers on responsible investment
 - Encouraged the adoption of the PRI
 - Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)
 - Wrote and published articles on responsible investment in the media
 - A member of PRI advisory committees/ working groups, specify
 - On the Board of, or officially advising, other RI organisations (e.g. local SIFs)
 - Other, specify
- No

Outsourcing to fiduciary managers and investment consultants

SG 12	Mandatory	Public	Core Assessed	PRI 4
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 12.1 Indicate whether your organisation uses investment consultants.

- Yes, we use investment consultants
- No, we do not use investment consultants.

SG 12.7 Additional information [Optional].

Being a bottom-up value manager we believe that it is strategically critical to build the responsible investment and ESG analysis competence within our investment team as it serves as an important strength in assessing the business models we invest in. Thus, we have decided not to outsource ESG analysis to third party providers but rather to develop the ESG related knowhow in-house.

ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
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SG 13.1

Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, to assess future ESG factors
- Yes, to assess future climate-related risks and opportunities
- No, not to assess future ESG/climate-related issues

SG 13.3

Additional information. [OPTIONAL]

Avaron is a bottom-up value manager focused on listed equity asset class within Emerging Europe. Our investment style does not include making allocation decisions based on asset classes, geographies or sectors. In the scope of company specific research we model and carry out scenario analysis on ESG and/or climate related issues in cases where it is deemed necessary for the full business model evaluation.

Asset class implementation not reported in other modules

SG 16**Mandatory****Public****Descriptive****General****SG 16.1**

Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.

Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Fixed income - Corporate (financial)	Our Responsible Investment Policy applies to all equity and corporate or sovereign fixed income investments considered or made by Avaron for Avaron Emerging Europe Fund and any professional investor equity portfolios managed by Avaron regardless of the client or his/her jurisdiction, covering 97% of our AUM. Corporate financial fixed income investments within the mentioned portfolios are subject to similar exclusion principles, ESG analysis and engagement principles to listed equities.
Fixed income - Corporate (non-financial)	Our Responsible Investment Policy applies to all equity and corporate or sovereign fixed income investments considered or made by Avaron for Avaron Emerging Europe Fund and any professional investor equity portfolios managed by Avaron regardless of the client or his/her jurisdiction, covering 97% of our AUM. Corporate non-financial fixed income investments within the mentioned portfolios are subject to similar exclusion principles, ESG analysis and engagement principles to listed equities
Cash	Once per annum a CSR assessment report is compiled on counterparties we use for custody services and banks where we deposit cash. It covers service providers for investment portfolios in which Avaron has the discretion to choose the provider. The CSR assessment covers whether the service provider has sustainability integrated into the business strategy, sustainability reporting, which international standards are being followed and which sustainability or responsible investing related initiatives the company is a signatory to.

Communication

SG 19	Mandatory	Public	Core Assessed	PRI 2, 6
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SG 19.1 Indicate whether your organisation typically discloses asset class specific information proactively. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.

Caution! The order in which asset classes are presented below has been updated in the online tool to match the Reporting Framework overview.

If you are transferring data from an offline document, please check your response carefully.

Listed equity - Incorporation

Do you disclose?

- We do not proactively disclose it to the public and/or clients/beneficiaries
- We disclose to clients/beneficiaries only.
- We disclose it publicly

The information disclosed to clients/beneficiaries is the same

- Yes
- No

Disclosure to public and URL	
Disclosure to public and URL	
<input type="radio"/> Broad approach to ESG incorporation <input checked="" type="radio"/> Detailed explanation of ESG incorporation strategy used	
Frequency	
<input type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> Biannually <input checked="" type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input type="checkbox"/> Ad-hoc/when requested	
URL	
https://www.avaron.com/files/docs/Avaron_RI_policy.pdf	
URL	
https://www.avaron.com/files/docs/Avaron_Sustainability_Report.pdf	

Listed equity - Engagement

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

The information disclosed to clients/beneficiaries is the same

- Yes
- No

Disclosure to public and URL	Disclosure to clients/beneficiaries
<p data-bbox="256 331 1058 398">Disclosure to public and URL</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Details on the overall engagement strategy <input type="checkbox"/> Details on the selection of engagement cases and definition of objectives of the selections, priorities and specific goals <input type="checkbox"/> Number of engagements undertaken <input type="checkbox"/> Breakdown of engagements by type/topic <input type="checkbox"/> Breakdown of engagements by region <input type="checkbox"/> An assessment of the current status of the progress achieved and outcomes against defined objectives <input checked="" type="checkbox"/> Examples of engagement cases <input type="checkbox"/> Details on eventual escalation strategy taken after the initial dialogue has been unsuccessful (i.e. filing resolutions, issuing a statement, voting against management, divestment etc.) <input type="checkbox"/> Details on whether the provided information has been externally assured <input type="checkbox"/> Outcomes that have been achieved from the engagement <input type="checkbox"/> Other information 	<p data-bbox="1083 331 1449 421">Disclosure to clients/beneficiaries</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Details on the overall engagement strategy <input checked="" type="checkbox"/> Details on the selection of engagement cases and definition of objectives of the selections, priorities and specific goals <input checked="" type="checkbox"/> Number of engagements undertaken <input type="checkbox"/> Breakdown of engagements by type/topic <input type="checkbox"/> Breakdown of engagements by region <input checked="" type="checkbox"/> An assessment of the current status of the progress achieved and outcomes against defined objectives <input checked="" type="checkbox"/> Examples of engagement cases <input checked="" type="checkbox"/> Details on eventual escalation strategy taken after the initial dialogue has been unsuccessful (i.e. filing resolutions, issuing a statement, voting against management, divestment etc.) <input type="checkbox"/> Details on whether the provided information has been externally assured <input checked="" type="checkbox"/> Outcomes that have been achieved from the engagement <input type="checkbox"/> Other information
<p data-bbox="256 1456 1058 1523">Frequency</p> <ul style="list-style-type: none"> <input type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> Biannually <input checked="" type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input type="checkbox"/> Ad-hoc/when requested 	<p data-bbox="1083 1456 1449 1523">Frequency</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> Biannually <input type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input type="checkbox"/> Ad-hoc/when requested
<p data-bbox="256 1776 1058 1843">URL</p> <p data-bbox="256 1854 991 1883">https://www.avaron.com/files/docs/Avaron_Sustainability_Report.pdf</p>	

Listed equity – (Proxy) Voting

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

The information disclosed to clients/beneficiaries is the same

- Yes
- No

Disclosure to public and URL	
Disclosure to public and URL	
<input type="radio"/> Disclose all voting decisions <input checked="" type="radio"/> Disclose some voting decisions <input type="radio"/> Only disclose abstentions and votes against management	
Frequency	
<input type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> Biannually <input checked="" type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input type="checkbox"/> Ad hoc/when requested	
URL	
https://www.avaron.com/files/docs/Avaron_Sustainability_Report.pdf	

SG 19.2 Additional information [Optional]

Avaron reports annually on Responsible Investment topics via UNPRI Reporting Framework and Avaron's Sustainability Report. Our annual Sustainability Report includes an overview of sustainable practices on company level as well as our Responsible Investment practices. All latest reports including UNPRI Assessment Report are made public in the Responsible Investment section on our website. Besides that, we report on Responsible Investment related activities on quarterly basis to our clients via our regular newsletters.

AS Avaron Asset Management

Reported Information

Public version

Direct - Listed Equity Incorporation

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

ESG incorporation in actively managed listed equities

Implementation processes


LEI 01	Mandatory	Public	Gateway	PRI 1
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LEI 01.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies (+/- 5%)

ESG incorporation strategy (select all that apply)

- Screening alone (i.e. not combined with any other strategies)
- Thematic alone (i.e. not combined with any other strategies)
- Integration alone (i.e. not combined with any other strategies)
- Screening and integration strategies

Percentage of active listed equity to which the strategy is applied	
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- Thematic and integration strategies
- Screening and thematic strategies
- All three strategies combined
- We do not apply incorporation strategies

Total actively managed listed equities

100%

LEI 01.2

Describe your organisation's approach to incorporation and the reasons for choosing the particular ESG incorporation strategy/strategies.

Avaron has integrated the consideration and thoughtful management of ESG issues into the investment process by undertaking ESG due diligence on all prospective and existing investments. We aim to ensure that our Investment Managers and Investment Analysts understand: (i) to which ESG risks and opportunities the investment is exposed to; (ii) how material the ESG issues are for the business, taking into account the industry and individual company exposure; (iii) how are ESG risks managed and what is the likelihood of these risks materializing; and (iv) what kind of impact the ESG issues are likely to have on the value, earnings and future prospects of the investment.

Our ESG integration comprises of two levels to ensure that relevant issues are consistently taken into account when making investment decisions: (i) in order to avoid financing companies that are engaged in activities with clear negative impact on people and environment we apply exclusion principles; and (ii) in-depth analysis of ESG criteria using an internally developed ESG Score that is part of our company quality analysis and enables to assess the ESG performance of companies in our investment universe and take it into account when making investment decisions.

Combining negative screening with ESG profiling enables firstly to address the risk management aspect by excluding companies with undesirable practices or poor ESG performance and secondly to take the company's ESG profile into account in portfolio construction. As a bottom-up value manager it is essential for

us to have such integration within the investment process to ensure sound and thorough fundamental basis for portfolio construction.

(A) Implementation: Screening

LEI 04	Mandatory	Public	Descriptive	PRI 1
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LEI 04.1 Indicate and describe the type of screening you apply to your internally managed active listed equities.

Type of screening

- Negative/exclusionary screening

Screened by

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

Description

Negative screening is used as a tool to ensure no investments are made into activities that have a clear negative impact on people or the environment. It is applied outright for involvement in certain products/services, activities or countries. Principles we apply for negative screening are detailed in our Responsible Investment Policy: https://www.avaron.com/files/docs/Avaron_RI_policy.pdf.

- Positive/best-in-class screening
- Norms-based screening

Screened by

- UN Global Compact Principles
- The UN Guiding Principles on Business and Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises
- Other, specify

Our internal ESG analysis tool, ESG Score, is used for norms-based screening.

Description

ESG analysis is carried out using the ESG Score framework that provides a basis for detecting potential controversies or poor practices. When such issues are detected we firstly engage with the company to push for improved practices. Exclusion is used after a non-successful engagement process or to address severe controversies or infringements of internationally recognized corporate conduct code.

LEI 04.2	Describe how you notify clients and/or beneficiaries when changes are made to your screening criteria.
-----------------	--

Screening principles are detailed in our Responsible Investment Policy that is reviewed annually. In case of changes in the Policy we notify our clients via the quarterly ESG thematic section in our newsletters and in our annual Sustainability Report.

LEI 05	Mandatory	Public	Core Assessed	PRI 1
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LEI 05.1	Indicate which processes your organisation uses to ensure screening is based on robust analysis.
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- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- Third-party ESG ratings are updated regularly to ensure that portfolio holdings comply with fund policies.
- Trading platforms blocking / restricting flagged securities on the black list
- A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- A periodic review of the quality of the research undertaken or provided is carried out
- Review and evaluation of external research providers
- Other, specify
- None of the above

LEI 05.2	Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your ESG screening strategy.
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- <10%
- 10-50%
- 51-90%
- >90%

LEI 05.5

Additional information. [Optional]

ESG related screening is based on the in-house company specific research prepared by our investment team and that drives our portfolio construction. Business model analysis including determining exposure to specific productions, activities or geographies is an integral part of the company research our Analysts undertake. In case of inconclusive public information we reconcile our data with the companies. Exclusion list is reviewed as needed basis, minimum once per year, and approved by the Investment Committee. All trade orders given on behalf of the portfolios Avaron manages are checked against the ESG exclusion list within internal trading systems.

(C) Implementation: Integration of ESG factors

LEI 08

Mandatory




Public

Core Assessed

PRI 1

LEI 08.1

Indicate the ESG factors you systematically research as part of your investment analysis and the proportion of actively managed listed equity portfolios that is impacted by this analysis.

ESG issues	Proportion impacted by analysis
Environmental	 Environmental <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90%
Social	 Social <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90%
Corporate Governance	 Corporate Governance <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90%

LEI 08.2

Additional information. [Optional]

Avaron has developed a proprietary methodology to store information, analyse, screen, score and monitor companies from an ESG standpoint. The ESG Score tool assesses companies' ESG profile comprising 90+ aspects across the three letters. All of these are individually assessed and assigned a score on a 1 to 5 scale, higher score indicating better performance. Via ESG Score the ESG considerations are embedded into the analysis process of each individual company and the rating is assessed against the upside to our fair value target of the company when considering an investment.

LEI 09**Mandatory****Public****Core Assessed****PRI 1****LEI 09.1**

Indicate which processes your organisation uses to ensure ESG integration is based on a robust analysis.

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Third-party ESG ratings are updated regularly.
- A periodic review of the internal research is carried out
- Structured, regular ESG specific meetings between responsible investment staff and the fund manager or within the investments team
- ESG risk profile of a portfolio against benchmark
- Analysis of the impact of ESG factors on investment risk and return performance
- Other, specify
- None of the above

LEI 09.2

Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your integration strategy.

- <10%
- 10-50%
- 51-90%
- >90%

LEI 09.4

Indicate how frequently you review internal research that builds your ESG integration strategy.

- Quarterly or more frequently
- Bi-Annually
- Annually
- Less frequently than annually

LEI 09.5

Describe how ESG information is held and used by your portfolio managers.

- ESG information is held within centralised databases or tools and it is accessible by all relevant staff
- ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- Systematic records are kept that capture how ESG information and research was incorporated into investment decisions
- Other, specify
- None of the above

LEI 09.6

Additional information.[Optional]

Our investment process prescribes that all new investments considered have to undergo ESG analysis using the internal ESG Score tool. For each company it is stored within internal database of company specific files and is accessible for the whole investment team. ESG Score assesses companies' ESG profile comprising 90+ aspects across the three letters. All of these are individually assessed and assigned a score on a 1 to 5 scale, higher score indicating better performance. Every Analyst in Avaron is responsible for carrying out the ESG analysis of each company in his or her coverage list. Data for our ESG analysis is collected predominantly through company annual and sustainability reports and one-to-one meetings with management/sustainability teams/IRs. Occasionally we also use third-party information such as sell-side reports and NGO publications. We use ESG Score rating in portfolio construction by assessing it against the upside to our fair value target of the company when considering an investment. We do not make any exclusions based purely on the low ESG rating but it enables to detect potential issues to engage upon. ESG Score ratings are subject to a full review once per annum.

AS Avaron Asset Management

Reported Information

Public version

Direct - Listed Equity Active Ownership

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Overview

LEA 01

Mandatory

Public

Core Assessed

PRI 2

New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 01.1

Indicate whether your organisation has an active ownership policy.

Yes

LEA 01.2

Attach or provide a URL to your active ownership policy.

Attachment provided:

[File 1:Exercise of voting rights strategy.pdf](#)

[File 2:Avaron_RI_policy.pdf](#)

URL provided:

LEA 01.3

Indicate what your active engagement policy covers:

General approach to active ownership

- Conflicts of interest
- Alignment with national stewardship code requirements
- Assets/funds covered by active ownership policy
- Expectations and objectives
- Engagement approach

Engagement

- ESG issues
- Prioritisation of engagement
- Method of engagement
- Transparency of engagement activities
- Due diligence and monitoring process
- Insider information
- Escalation strategies
- Service Provider specific criteria
- Other specify;
- (Proxy) voting approach

Voting

- ESG issues
 - Prioritisation and scope of voting activities
 - Methods of voting
 - Transparency of voting activities
 - Regional voting practice approaches
 - Filing or co-filing resolutions
 - Company dialogue pre/post-vote
 - Decision-making processes
 - Securities lending processes
 - Other specify;
 - Other
 - None of the above
- No

LEA 01.4 Do you outsource any of your active ownership activities to service providers?

- Yes
- No

LEA 01.6 Additional information [optional]

One way Avaron manages and protects the value of its clients' investments is via being an active owner, exercising the shareholder rights and engaging with managements of the listed companies. We take an active approach in communicating our ESG views to companies and seeking improvements where there are shortcomings in performance, or a company has infringed appropriate standards, or to push for adequate disclosure. Engagement may take several forms including direct dialogue with the executive management, formal correspondence with the board of directors or supervisory board, and exercising shareholder's rights on the general assembly.

Engagements may be reactive or proactive. Reactive engagements are company specific and are triggered by a negative ESG event (e.g. norm infringements), while proactive engagements are preventive in nature and target improvement of ESG practices. Proactive engagements can be also theme specific and undertaken across a group of companies. Should our ESG analysis with the ESG Score uncover undesirable practices, or in reaction to a specific ESG related events, reactive engagement actions are undertaken to obtain within a predetermined timeframe specific and measurable changes on the part of the issuers. Engagement is always the preferable option over exclusion in order to thrive towards better ESG awareness and policies. A dialogue with the company is maintained over an extended period if necessary. Escalation and means of the engagement activities are decided upon by the investment team and depend on the specifics of the issue at hand and the company. Actions may include communications through the company's brokers, direct engagement with the management board or joint intervention with other shareholders, and where appropriate, voting against board proposals. Meetings with company executive and non-executive board members are one of the key ingredients of our investment process. During these meetings we have also the opportunity to bring forward our concerns on ESG issues and ask for proper further corrective actions from the company.

Engagement

LEA 02

Mandatory

Public

Core Assessed

PRI 1,2,3

LEA 02.1

Indicate the method of engagement, giving reasons for the interaction.

Type of engagement	Reason for interaction
Individual / Internal staff engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> To gain an understanding of ESG strategy and/or management <input checked="" type="checkbox"/> We do not engage via service providers

LEA 02.4

Additional information. [Optional]

We favour direct engagements with companies, in order to be able to use and enhance our company-specific knowledge that underpins our bottom-up value oriented investment approach.

LEA 03**Mandatory****Public****Core Assessed****PRI 2**

New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 03.1

Indicate whether your organisation has a formal process for identifying and prioritising engagements.

Yes

LEA 03.2

Indicate the criteria used to identify and prioritise engagements for each type of engagement.

Type of engagement	Criteria used to identify/prioritise engagements
Individual / Internal engagements	<div style="background-color: #0070C0; color: white; padding: 5px; margin-bottom: 10px;">Internal / Individual engagements</div> <ul style="list-style-type: none"> <input type="checkbox"/> Geography / market of the companies <input checked="" type="checkbox"/> Materiality of the ESG factors <input type="checkbox"/> Exposure (size of holdings) <input checked="" type="checkbox"/> Responses to ESG impacts that have already occurred <input type="checkbox"/> Responses to divestment pressure <input type="checkbox"/> Consultation with clients/beneficiaries <input type="checkbox"/> Consultation with other stakeholders (e.g. NGOs, trade unions, etc.) <input type="checkbox"/> Follow-up from a voting decision <input type="checkbox"/> Client request <input checked="" type="checkbox"/> Breaches of international norms <input checked="" type="checkbox"/> Other, specify <div style="background-color: #808080; color: white; padding: 5px; margin-bottom: 10px;">specify</div> <p>Relevant themes within our investment universe (e.g. climate change etc)</p> <ul style="list-style-type: none"> <input type="checkbox"/> We do not outline engagement criteria for our individual engagements.
Collaborative engagements	<div style="background-color: #0070C0; color: white; padding: 5px; margin-bottom: 10px;">Collaborative engagements</div> <ul style="list-style-type: none"> <input type="checkbox"/> Potential to enhance knowledge of ESG issues from other investors <input checked="" type="checkbox"/> Ability to have greater impact on ESG issues <input type="checkbox"/> Ability to add value to the collaboration <input checked="" type="checkbox"/> Geography/market of the companies targeted by the collaboration <input checked="" type="checkbox"/> Materiality of ESG factors addressed by the collaboration <input type="checkbox"/> Exposure (size of holdings) to companies targeted by the collaboration <input checked="" type="checkbox"/> Responses to ESG impacts addressed by the collaboration that have already occurred <input type="checkbox"/> Responses to divestment pressure <input type="checkbox"/> Follow-up from a voting decision <input type="checkbox"/> Alleviate the resource burden of engagement <input type="checkbox"/> Consultation with clients/beneficiaries <input type="checkbox"/> Consultation with other stakeholders (e.g. NGOs, trade unions, etc.) <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not outline engagement criteria for our collaborative engagements.

○ No

LEA 03.3 Additional information. [Optional]

Engagements may be reactive or proactive. Reactive engagements are company specific and are triggered by a negative ESG event (e.g. norm infringements), while proactive engagements are preventive in nature and target improvement of ESG practices. Proactive engagements can be also theme specific and undertaken across a group of companies. Should our ESG analysis with the ESG Score uncover undesirable practices, or in reaction to a specific ESG related events, reactive engagement actions are undertaken to obtain within a predetermined timeframe specific and measurable changes on the part of the issuers. Engagement is always the preferable option over exclusion in order to thrive towards better ESG awareness and policies.

We recognize that in some instances joint action together with other stakeholders has the potential to be more effective than acting alone. Thus, in certain circumstances Avaron may consider participation in collaborative engagement initiatives.

LEA 04	Mandatory	Public	Core Assessed	PRI 2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 04.1 Indicate whether you define specific objectives for your organisation's engagement activities.

Individual / Internal engagements	<input checked="" type="radio"/> All engagement activities <input type="radio"/> Majority of engagement activities <input type="radio"/> Minority of engagement activities <input type="radio"/> We do not define specific objectives for engagement activities carried out by internal staff.
Collaborative engagements	<input checked="" type="radio"/> All engagement activities <input type="radio"/> Majority of engagement activities <input type="radio"/> Minority of engagement activities <input type="radio"/> We do not define specific objectives for engagement activities carried out through collaboration

LEA 04.2 Additional information. [Optional]

Engagement process comprises three main phases: planning, dialogue and assessment. The aim in the planning phase is to define the scope, timeline and the types of actions that will be undertaken to achieve the desired outcome. In the dialogue phase our Analyst and/or Investment Manager reaches out to the targeted company, communicates the concerns and desired course of action, and monitors the developments within the set timeframe. Assessment phase is to determine the outcome of the engagement and decide upon the following action. If the engagement objectives are not or only partially met a new engagement cycle may be decided upon or the company will be excluded from our investment universe. Engagement process is carried out by respective Analyst and Investment Manager. Engagement results are reported to the Investment Committee that shall decide upon exclusions from the investment universe and necessity for further engagement. All engagement activities undertaken are tracked and recorded in the engagement database.

LEA 05	Mandatory	Public	Core Assessed	PRI 2
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LEA 05.1 Indicate if you monitor and/or review engagement outcomes.

Individual / Internal engagements	<input checked="" type="radio"/> Yes, in all cases <input type="radio"/> Yes, in majority of cases <input type="radio"/> Yes, in a minority of cases <input type="radio"/> We do not monitor, or review engagement outcomes carried out by our internal staff.
Collaborative engagements	<input type="radio"/> Yes, in all cases <input checked="" type="radio"/> Yes, in a majority of cases <input type="radio"/> Yes, in a minority of cases <input type="radio"/> We do not monitor, or review engagement outcomes via collaborative engagement activities.

LEA 05.2

Indicate if you do any of the following to monitor and review the progress of engagement activities.

Individual / Internal staff engagements	<input checked="" type="checkbox"/> Define timelines/milestones for your objectives <input checked="" type="checkbox"/> Track and/or monitor progress against defined objectives and/or KPIs <input checked="" type="checkbox"/> Track and/or monitor the progress of action taken when original objectives are not met <input checked="" type="checkbox"/> Revisit and, if necessary, revise objectives on continuous basis <input type="checkbox"/> Other; specify
Collaborative engagements	<input checked="" type="checkbox"/> Define timelines/milestones for your objectives <input checked="" type="checkbox"/> Track and/or monitor progress against defined objectives and/or KPIs <input checked="" type="checkbox"/> Track and/or monitor the progress of action taken when original objectives are not met <input checked="" type="checkbox"/> Revisit and, if necessary, revise objectives on continuous basis <input type="checkbox"/> Other; specify

LEA 05.3

Additional information [Optional]

Engagement process comprises three main phases: planning, dialogue and assessment. The aim in the planning phase is to define the scope, timeline and the types of actions that will be undertaken to achieve the desired outcome. In the dialogue phase our Analyst and/or Investment Manager reaches out to the targeted company, communicates the concerns and desired course of action, and monitors the developments within the set timeframe. Assessment phase is to determine the outcome of the engagement and decide upon the following action. If the engagement objectives are not or only partially met a new engagement cycle may be decided upon or the company will be excluded from our investment universe. Engagement process is carried out by respective Analyst and Investment Manager. Engagement results are reported to the Investment Committee that shall decide upon exclusions from the investment universe and necessity for further engagement. All engagement activities undertaken are tracked and recorded in the engagement database.

LEA 06

Mandatory

Public

Additional Assessed

PRI 2,4

LEA 06.1

Indicate whether your organisation has an escalation strategy when engagements are unsuccessful.

Yes

LEA 06.2

Indicate the escalation strategies used at your organisation following unsuccessful engagements.

- Collaborating with other investors
 - Issuing a public statement
 - Filing/submitting a shareholder resolution
 - Voting against the re-election of the relevant directors
 - Voting against the board of directors or the the annual financial report
 - Submitting nominations for election to the board
 - Seeking legal remedy / litigation
 - Reducing exposure (size of holdings)
 - Divestment
 - Other, specify
- No

LEA 06.3

Additional information. [Optional]

Engagement is always the preferable option over exclusion in order to thrive towards better ESG awareness and policies. A dialogue with the company is maintained over an extended period if necessary. Escalation and means of the engagement activities are decided upon by the investment team and depend on the specifics of the issue at hand and the company. Actions may include communications through the company's brokers, direct engagement with the management board or joint intervention with other shareholders, and where appropriate, voting against board proposals. Scaling down the position or full divestment at the approval of the Investment Committee may be considered if deemed necessary.

LEA 08

Mandatory

Public

Gateway

PRI 2

LEA 08.1

Indicate if you track the number of your engagement activities.

Type of engagement	Tracking engagements
Individual / Internal staff engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> We do not track
Collaborative engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> We do not track

LEA 08.2

Additional information. [OPTIONAL]

We keep a record of all engagement activites in our internal database.

Outputs and outcomes

LEA 09	Mandatory to Report Voluntary to Disclose	Public	Core Assessed	PRI 2
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LEA 09.1 Indicate the proportion of companies from your listed equities portfolio with which your organisation engaged with during the reporting year.

	We did not complete any engagements in the reporting year.	Number of companies engaged (avoid double counting, see explanatory notes)	Proportion of companies engaged with, out of total listed equities portfolio
Individual / Internal staff engagements	<input type="checkbox"/>	2	4
Collaborative engagements	<input type="checkbox"/>	1	2

LEA 09.2 Indicate the proportion breakdown of engagements conducted within the reporting year by the number of interactions (including interactions made on your behalf)

No. of interactions with a company	% of engagements
One interaction	<input type="radio"/> >76% <input type="radio"/> 51-75% <input type="radio"/> 11-50% <input type="radio"/> 1-10% <input checked="" type="radio"/> None
2 to 3 interactions	<input checked="" type="radio"/> >76% <input type="radio"/> 51-75% <input type="radio"/> 11-50% <input type="radio"/> 1-10% <input type="radio"/> None
More than 3 interactions	<input type="radio"/> >76% <input type="radio"/> 51-75% <input type="radio"/> 11-50% <input type="radio"/> 1-10% <input checked="" type="radio"/> None
Total	100%

LEA 09.3

Indicate the percentage of your collaborative engagements for which you were a leading organisation during the reporting year.

Type of engagement	% Leading role
Collaborative engagements	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None

(Proxy) voting and shareholder resolutions

LEA 12

Mandatory

Public

Descriptive

PRI 2

LEA 12.1

Indicate how you typically make your (proxy) voting decisions.

Approach

- We use our own research or voting team and make voting decisions without the use of service providers.

Based on

- our own voting policy
- our clients' requests or policies
- other, explain
- We hire service provider(s) who make voting recommendations and/or provide research that we use to guide our voting decisions.
- We hire service provider(s) who make voting decisions on our behalf, except for some pre-defined scenarios where we review and make voting decisions.
- We hire service provider(s) who make voting decisions on our behalf.

LEA 12.2

Provide an overview of how you ensure your voting policy is adhered to, giving details of your approach when exceptions to the policy are made.

Voting rights in Avaron are exercised internally i.e. our investment team reviews the agendas of shareholder meetings of the companies we are invested in. Voting proposals are put forth by the Analysts that cover the companies, approved by Investment Managers and then forwarded to our global custodian or directly sent to the companies.

LEA 15

Mandatory

Public

Descriptive

PRI 2

LEA 15.1

Indicate the proportion of votes where you or the service providers acting on your behalf have raised concerns with companies ahead of voting.

- 100%
- 99-75%
- 74-50%
- 49-25%
- 24-1%
- Neither we nor our service provider(s) raise concerns with companies ahead of voting

LEA 16**Mandatory****Public****Core Assessed****PRI 2****LEA 16.1**

Indicate the proportion of votes participated in within the reporting year in which, you and/or the service provider(s) acting on your behalf, have communicated to companies the rationale for abstaining or voting against management recommendations.

- 100%
- 99-75%
- 74-50%
- 49-25%
- 24-1%
- We do not communicate the rationale to companies
- Not applicable because we and/or our service providers do not abstain or vote against management recommendations

LEA 16.2

Indicate the reasons your organisation would communicate to companies, the rationale for abstaining or voting against management recommendations.

- Votes for selected markets
- Votes for selected sectors
- Votes relating to certain ESG issues
- Votes on companies exposed to controversy on specific ESG issues
- Votes for significant shareholdings
- On request by clients
- Other

Explain

According to our Voting Policy we communicate our rationale when voting against management recommendations irrespective of the specific reason. In case of abstaining in most cases we do not communicate the reasoning.

LEA 16.3

In cases where your organisation does communicate the rationale for the abstention or the vote against management recommendations, indicate whether this rationale is made public.

- Yes
- No

LEA 17	Mandatory	Public	Core Assessed	PRI 2
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LEA 17.1 For listed equities where you and/or your service provider have the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.

We do track or collect this information

Votes cast (to the nearest 1%)

%

85

Specify the basis on which this percentage is calculated

- of the total number of ballot items on which you could have issued instructions
- of the total number of company meetings at which you could have voted
- of the total value of your listed equity holdings on which you could have voted

We do not track or collect this information

LEA 17.2 Explain your reason(s) for not voting on certain holdings

- Shares were blocked
- Notice, ballots or materials not received in time
- Missed deadline
- Geographical restrictions (non-home market)
- Cost
- Conflicts of interest
- Holdings deemed too small
- Administrative impediments (e.g., power of attorney requirements, ineligibility due to participation in share placement)
- Client request
- Other

LEA 19	Mandatory	Public	Core Assessed	PRI 2
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LEA 19.1 Indicate whether your organisation has a formal escalation strategy following unsuccessful voting.

- Yes
- No

LEA 21	Voluntary	Public	Descriptive	PRI 2
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LEA 21.1 Provide examples of the (proxy) voting activities that your organisation and/or service provider carried out during the reporting year.

- Add Example 1

ESG Topic	<p>Other governance</p> <ul style="list-style-type: none"> <input type="checkbox"/> Executive Remuneration <input type="checkbox"/> Climate Change <input type="checkbox"/> Human rights <input type="checkbox"/> Company leadership issues <input type="checkbox"/> Pollution <input type="checkbox"/> General ESG <input type="checkbox"/> Diversity <input type="checkbox"/> Shareholder rights <input type="checkbox"/> Health and Safety <input type="checkbox"/> Sustainability reporting <input type="checkbox"/> Water risks <input type="checkbox"/> Labour practices and supply chain management <input type="checkbox"/> Anti-bribery and corruption <input type="checkbox"/> Deforestation <input type="checkbox"/> Aggressive tax planning <input type="checkbox"/> Cyber security <input type="checkbox"/> Political spending / lobbying <input checked="" type="checkbox"/> Other governance <input type="checkbox"/> Plastics <input type="checkbox"/> Other
Conducted by	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Individual/Internal <input type="checkbox"/> Service provider
Objectives	<p>To support independent board member candidates and oppose majority shareholder proposed political candidates in Romanian SOEs (Nuclearelectrica, Romgaz).</p>
Scope and Process	<p>Voted against board candidates that represented majority shareholders and supported non-political independent candidates.</p>
Outcomes	<ul style="list-style-type: none"> <input type="checkbox"/> Company changed practice <input type="checkbox"/> Company committed to change <input type="checkbox"/> Disclosure / report published <input type="checkbox"/> Divestment <input checked="" type="checkbox"/> Failed/no outcome <input type="checkbox"/> Increased understanding / information <input type="checkbox"/> Invested in company <input type="checkbox"/> Ongoing <input type="checkbox"/> Voting <input type="checkbox"/> Other

- Add Example 2
- Add Example 3
- Add Example 4
- Add Example 5
- Add Example 6
- Add Example 7
- Add Example 8
- Add Example 9
- Add Example 10