




Principle	Engagement	Reason for Interaction	Page
LEA 02	Mandatory	<ul style="list-style-type: none"> To support investment decisions on ESG issues To influence companies to improve ESG practices To ensure compliance with the needs of investors To ensure transparency To ensure accountability To ensure consistency To ensure effectiveness 	123
Type of engagement			
Individual/ internal staff engagements		<ul style="list-style-type: none"> To support investment decisions on ESG issues To influence companies to improve ESG practices To ensure compliance with the needs of investors To ensure transparency To ensure accountability To ensure consistency To ensure effectiveness 	
Collaborative engagements		<ul style="list-style-type: none"> To support investment decisions on ESG issues To influence companies to improve ESG practices To ensure compliance with the needs of investors To ensure transparency To ensure accountability To ensure consistency To ensure effectiveness 	
Service provider engagements		<ul style="list-style-type: none"> To support investment decisions on ESG issues To influence companies to improve ESG practices To ensure compliance with the needs of investors To ensure transparency To ensure accountability To ensure consistency To ensure effectiveness 	

RI TRANSPARENCY REPORT 2018

AS Avaron Asset Management

OO 01	Mandatory	Gateway/Peering	General
OO 01.1	Select the services and funds you offer		
	<input checked="" type="checkbox"/> Fund management		
	% of assets under management (AUM) in ranges		
	<input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%		
	<input type="checkbox"/> Fund of funds, manager of managers, sub-advised products <input type="checkbox"/> Other, specify		
OO 01.3	Additional information. [Optional]		
	<p>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.</p>		
OO 02	Mandatory	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).		
	<input checked="" type="radio"/> 1 <input type="radio"/> 2-5 <input type="radio"/> 6-10 <input type="radio"/> >10		
OO 02.3	Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).		
	16		
OO 02.4	Additional information. [Optional]		
	<p>Avaron is headquartered in Tallinn, Estonia. As of end-2017 Avaron employed 17 people (2016: 14) of which 65% were male and 35% female. The average tenure of our staff was 4.8 years, similar among male and female employees.</p>		
OO 03	Mandatory	Descriptive	General
OO 03.1	Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.		
	<input type="radio"/> Yes <input checked="" type="radio"/> No		
OO 04	Mandatory	Gateway/Peering	General
OO 04.1	Indicate the year end date for your reporting year.		
	31/12/2017		
OO 04.2	Indicate your total AUM at the end of your reporting year, Exclude subsidiaries you have chosen not to report on and any advisory/execution only assets.		
	Total AUM 487,936,469 EUR 578,935,043 USD		
OO 04.5	Additional information. [Optional]		
	<p>As of end 2017 Avaron managed 488 million euros, out of which the core Emerging Europe listed equity strategy accounted for 475 million euros. The Company manages two mutual funds domiciled in Estonia – Emerging Europe Fund and Flexible Strategies. Avaron Emerging Europe Fund is focused solely on Emerging Europe ex-Russia listed equities. Avaron Flexible Strategies Fund is an asset allocation fund combining predominantly Emerging Europe cum-Russia listed equities, fixed income and money market instruments but is not bound to the specific region according to the fund rules and can invest globally. Total assets under management of Avaron's mutual funds in the end of 2017 amounted to 94 million euros, out of which 81 million euros was in Emerging Europe Fund and 13 million euros in Flexible Strategies Fund. Fixed income investments made within the scope of Flexible Strategies fund accounted for 1% of total AUM of Avaron.</p> <p>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 past five years and accounts now for 80% of the assets under management. The total size of institutional investors' mandates in the end of 2017 was 389 million euros. Besides that Avaron also manages 5 million euros worth of portfolios for high net worth individuals.</p>		
OO 05	Mandatory to Report, Voluntary to Disclose	Gateway	General
OO 05.1	Provide an approximate percentage breakdown of your AUM at the end of your reporting year using the following asset classes:		

	Internally managed (%)	Externally managed (%)
Listed equity	>50%	0
Fixed income	<10%	0
Private equity	0	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	10-50%	0
Other (1), specify	0	0
Other (2), specify	0	0

OO 06	Mandatory	Descriptive	General
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OO 06.1	Select how you would like to disclose your asset class mix.
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- as percentage breakdown
- as broad ranges

OO 06.3	Provide contextual information on your AUM asset class split. [Optional]
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As of end 2017 Avaron managed 488 million euros, out of which the core Emerging Europe listed equity strategy accounted for 475 million euros (97% of total AUM), while asset allocation strategy accounted for 13 million euros (3% of total AUM). Within the Emerging Europe listed equity strategy 9% of the assets were held in cash, while 91% were invested in equities. In asset allocation strategy 14% of the assets were invested in listed equities, 38% in fixed income and 48% was in cash.

OO 07	Mandatory to Report, Voluntary to Disclose	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.
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Internally managed	0	SSA
	56	Corporate (financial)
	44	Corporate (non-financial)
	0	Securitized

OO 09	Mandatory to Report, Voluntary to Disclose	Peering	General
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OO 09.1	Indicate the breakdown of your organisation's AUM by market.
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Developed Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50 %
Emerging, Frontier and Other Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
Total	100%

OO 09.2	Additional information. [Optional]
Investments into equities domiciled in developed markets accounted for 11% of total AUM. Majority of these investments were in Austrian listed entities that had more than 50% of their business generated in Emerging Europe region.	

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

Listed equity – engagement
<input checked="" type="checkbox"/> We engage with companies on ESG factors via our staff, collaborations or service providers. <input type="checkbox"/> We do not engage directly and do not require external managers to engage with companies on ESG factors.
Listed equity – voting
<input checked="" type="checkbox"/> We cast our (proxy) votes directly or via dedicated voting providers <input type="checkbox"/> We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf
Fixed income Corporate (financial) – engagement
<input checked="" type="checkbox"/> We engage with companies on ESG factors via our staff, collaborations or service providers. <input type="checkbox"/> We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.
Fixed income Corporate (non-financial) – engagement
<input checked="" type="checkbox"/> We engage with companies on ESG factors via our staff, collaborations or service providers. <input type="checkbox"/> We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

OO 11	Mandatory	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
<input checked="" type="checkbox"/> We address ESG incorporation. <input type="checkbox"/> We do not do ESG incorporation.
Fixed income - corporate (financial)
<input checked="" type="checkbox"/> We address ESG incorporation. <input type="checkbox"/> We do not do ESG incorporation.
Fixed income - corporate (non-financial)
<input checked="" type="checkbox"/> We address ESG incorporation. <input type="checkbox"/> We do not do ESG incorporation.
Cash
<input type="checkbox"/> We address ESG incorporation. <input checked="" type="checkbox"/> We do not do ESG incorporation.

OO 12	Mandatory	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
<input checked="" type="checkbox"/> Organisational Overview <input checked="" type="checkbox"/> Strategy and Governance
RI implementation directly or via service providers
Direct - Listed Equity incorporation
<input checked="" type="checkbox"/> Listed Equity incorporation
Direct - Listed Equity active ownership
<input checked="" type="checkbox"/> Engagements <input checked="" type="checkbox"/> (Proxy) voting
Direct - Fixed Income
<input type="checkbox"/> Fixed income - Corporate (financial) <input type="checkbox"/> Fixed income - Corporate (non-financial)

	Closing module
<input checked="" type="checkbox"/>	Closing module

OO 12.2	Additional information. [Optional]
Corporate fixed income issuers are subject to the same bottom-up fundamental and ESG analysis as listed equities.	

OO LE 01	Mandatory to Report, Voluntary to Disclose	Gateway	General
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OO LE 01.1	Provide a breakdown of your internally managed listed equities by passive, active - quantitative (quant), active - fundamental and active - other strategies.
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0	
	Passive
0	
	Active - quantitative (quant)
100	
	Active - fundamental and active - other

OO LE 01.2	Additional information. [Optional]
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Avaron 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 9 people (total number of employees as of end 2017: 17).

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 to Report, Voluntary to Disclose	Gateway	General
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OO FI 01.1	Provide a breakdown of your internally managed fixed income securities by active and passive strategies
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Corporate (financial)		Passive
	0	
		Active - quantitative (quant)
	0	
		Active - fundamental and active - other
	100	
Corporate (non-financial)		Passive
	0	
		Active - quantitative (quant)
	0	
		Active - fundamental and active - other
	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 to Report, Voluntary to Disclose	Descriptive	General
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OO FI 03.3	Additional information. [Optional]
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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 13 million euros. Out of the total fixed income exposure within the strategy emerging markets accounted for 90% and developed markets for 10% as of end 2017. 60% of the total fixed income exposure did not have a credit rating, 34% were high yield and 6% investment grade issues.

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.

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach	<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
<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 type="checkbox"/> Asset class-specific RI guidelines	
<input type="checkbox"/> Sector specific RI guidelines	
<input checked="" type="checkbox"/> Screening / exclusions policy	
<input type="checkbox"/> Engagement policy	
<input type="checkbox"/> (Proxy) voting policy	
<input type="checkbox"/> Other, specify (1)	
<input type="checkbox"/> Other, specify(2)	

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 and related issues
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

SG 01.4 Describe your organisation's investment principles and overall investment strategy, and how they consider ESG factors and real economy impact.

Avaron is a long-only asset manager with a focus on Emerging Europe listed equity asset class. 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.

Portfolio construction is fully bottom-up without taking into consideration geographical, sector or general benchmark compositions. The focus is put on the individual company as every investment has to make sense on a stand-alone basis. We search for undervalued, well-managed companies with a strong management team and competitive business. Our investment horizon is typically around 2-3 years but are willing to capitalise on short-term price movements to capture value.

As a value-driven bottom-up asset manager that puts a strong emphasis on company quality in its investment process it is essential to take ESG issues into consideration in addition to the conventional financial and non-financial criteria. This enables to identify material ESG risks and value creation opportunities.

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,

Yes | earnings and future prospects of the investment.

No

SG 02

Mandatory

Core Assessed

PRI 6

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

http://avaron.com/files/docs/2016.05.11_Avaron_RI_policy_revised.pdf

Attachment (will be made public)

Formalised guidelines on environmental factors

URL/Attachment

URL

http://www.avaron.com/files/docs/2016.05.11_Avaron_RI_policy_revised.pdf

Attachment (will be made public)

Formalised guidelines on social factors

URL/Attachment

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URL

http://www.avaron.com/files/docs/2016.05.11_Avaron_RI_policy_revised.pdf

Attachment (will be made public)

Screening / exclusions policy

URL/Attachment

URL

http://www.avaron.com/files/docs/2016.05.11_Avaron_RI_policy_revised.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

http://www.avaron.com/files/docs/2016.05.11_Avaron_RI_policy_revised.pdf

Attachment

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

ESG incorporation approaches

URL/Attachment

URL

http://www.avaron.com/files/docs/2016.05.11_Avaron_RI_policy_revised.pdf

Attachment

Active ownership approaches

URL/Attachment

URL

http://www.avaron.com/files/docs/2016.05.11_Exercise_of_voting_rights_strategy_revised.pdf

Attachment

Reporting

	URL/Attachment		
	<input checked="" type="checkbox"/> URL http://www.avaron.com/files/docs/2016.05.11_Avaron_RI_policy_revised.pdf		
	<input type="checkbox"/> Attachment		
	<input type="checkbox"/> Climate-related issues		
	<input type="checkbox"/> We do not publicly disclose any investment policy components		
SG 02.3	Indicate if your organisation's investment principles, and overall investment strategy is publicly available		
	<input type="radio"/> Yes <input checked="" type="radio"/> No		
SG 02.4	Additional information [Optional].		
	<p>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 RI activities and sets the framework for ESG research in Avaron. Active ownership approach is detailed in the Responsible Investment Policy and Exercise of Voting Rights Strategy.</p>		
SG 03	Mandatory	Core Assessed	General
SG 03.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.		
	<input checked="" type="radio"/> Yes		
SG 03.2	Describe your policy on managing potential conflicts of interest in the investment process.		
	<p>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:</p> <ul style="list-style-type: none"> • 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 transaction. • Prohibition on competition is applicable i.e. the relevant persons are not allowed to be engaged in financial or investment services outside Avaron. The relevant persons are required to annually submit declarations of economic interests. • Best Execution Policy has been implemented to ensure the best execution for clients and avoid preferal of 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. 		
	<input type="radio"/> No		
SG 04	Voluntary	Descriptive	General
SG 04.1	Indicate if your organisation has a process for identifying and managing incidents that occur within portfolio companies.		
	<input checked="" type="radio"/> Yes <input type="radio"/> No		
SG 04.2	Describe your process on managing incidents		
	<p>Avaron has developed a checklist of ESG criteria that each company must pass in order to be eligible for investment. Main aim of this norm based company due diligence is to filter out the ones that have significantly and repeatedly breached any of the key criteria. Assessment of compliance with the set criteria is carried out at least on quarterly basis as part of the regular company analysis via company reporting, management interviews, third party check-ups and news flow monitoring. Avaron's investment process prescribes maintaining regular dialogue with the companies we invest in, allowing constant monitoring of corporate responsibility and governance. In case major deficiencies in current or historical conduct are discovered by our investment team, we follow the engage or exclude path. After an incident has been detected our investment team is responsible in assessing the gravity of the issue, namely: (i) temporal proximity (when and for how long has the incident occurred); (ii) size (financial costs, land polluted etc. associated with the incident); (iii) credibility (allegations, legal action taken etc.); (iv) repetitiveness (is the incident a one-off incident or it is evidence of systematic failings over a period of time). Dependent on the company's response Avaron's Investment Committee will decide upon whether to exclude the company from our internal investment universe or not. Information about exclusions and engagements are reported to our clients via the quarterly dedication RI section of our newsletters.</p>		
SG 05	Mandatory	Gateway/Core Assessed	General
SG 05.1	Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.		
	<input type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input checked="" type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad-hoc basis <input type="radio"/> It is not set/reviewed		
SG 05.2	Additional information. [Optional]		
	<p>Avaron has formed Responsible Investing Committe that has the ultimate responsibility in setting objectives for annual RI activities. The Committee is made up of senior staff members and is chaired by Executive Board Member and co-CIO Valdur Jaht.</p>		
SG 06	Voluntary	Descriptive	General
SG 06.1	List the main responsible investment objectives that your organisation set for the reporting year.		

Responsible investment processes							
<input checked="" type="checkbox"/>	Provide training on ESG incorporation						
	<table border="1"> <thead> <tr> <th colspan="2">Key performance indicator</th> </tr> </thead> <tbody> <tr> <td colspan="2">Annual training on Responsible Investment Policy and ESG incorporation to Avaron staff</td> </tr> </tbody> </table>	Key performance indicator		Annual training on Responsible Investment Policy and ESG incorporation to Avaron staff			
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	<table border="1"> <thead> <tr> <th colspan="2">Progress achieved</th> </tr> </thead> <tbody> <tr> <td colspan="2">Internal training for the whole staff of Avaron on existing Responsible Investment Policy and ESG integration was held in December 2017. Main aim was to reintroduce the main RI principles that are of importance to Avaron and how these are taken into account and integrated into our investment process.</td> </tr> </tbody> </table>	Progress achieved		Internal training for the whole staff of Avaron on existing Responsible Investment Policy and ESG integration was held in December 2017. Main aim was to reintroduce the main RI principles that are of importance to Avaron and how these are taken into account and integrated into our investment process.			
Progress achieved							
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<input type="checkbox"/>	Provide training on ESG engagement						
<input type="checkbox"/>	Improved communication of ESG activities within the organisation						
<input type="checkbox"/>	Improved engagement to encourage change with regards to management of ESG issues						
<input type="checkbox"/>	Improved ESG incorporation into investment decision making processes						
<input checked="" type="checkbox"/>	Other, specify (1)						
	Alignment of the responsible investment approach with the requirements of our large managed account clients						
	<table border="1"> <thead> <tr> <th colspan="2">Key performance indicator</th> </tr> </thead> <tbody> <tr> <td colspan="2">1. Incidents of breaching the clients' mandatory restricted list 2. Client requests to amend or change our RI Policy</td> </tr> </tbody> </table>	Key performance indicator		1. Incidents of breaching the clients' mandatory restricted list 2. Client requests to amend or change our RI Policy			
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<input type="checkbox"/>	Other, specify (2)						
<input type="checkbox"/>	Other, specify (3)						
Other activities							
<input checked="" type="checkbox"/>	Joining and/or participation in RI initiatives						
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<input type="checkbox"/>	Encouraging others to join a RI initiative						
<input type="checkbox"/>	Documentation of best practice case studies						
<input type="checkbox"/>	Using case studies to demonstrate engagement and ESG incorporation to clients						
<input type="checkbox"/>	Other, specify (1)						
<input type="checkbox"/>	Other, specify (2)						
<input type="checkbox"/>	Other, specify (3)						

SG 07	Mandatory	Core Assessed	General
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SG 07.1 Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

Roles present in your organisation	
<input checked="" type="checkbox"/>	Board members or trustees
	<input checked="" type="checkbox"/> Oversight/accountability for responsible investment <input checked="" type="checkbox"/> Implementation of responsible investment <input type="checkbox"/> No oversight/accountability or implementation responsibility for responsible investment
<input checked="" type="checkbox"/>	Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
	<input checked="" type="checkbox"/> Oversight/accountability for responsible investment <input checked="" type="checkbox"/> Implementation of responsible investment <input type="checkbox"/> No oversight/accountability or implementation responsibility for responsible investment
<input checked="" type="checkbox"/>	Other Chief-level staff or head of department, specify
	Compliance Officer
	<input checked="" type="checkbox"/> Oversight/accountability for responsible investment <input type="checkbox"/> 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
- ESG portfolio manager
- Investment analysts
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
- External managers or service providers
- Investor relations
- Other role, specify (1)
- Other role, specify (2)

SG 07.2 For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.

Avaron has formed Responsible Investing Committee that has responsibility for all aspects of RI, including philosophy, policies, setting annual objectives for RI activities, operational issues relating to the implementation of RI factors across existing portfolios, selection of relevant service providers, proxy voting, engagement, and liaison with external RI organisations and groups. The Committee is made up of predominantly senior staff, has 7 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 RI practices in Avaron.

RI approach in Avaron is fully integrated into the investment process, thus all Analysts and Portfolio Managers are daily basis following the prescribed RI related processes, including company level ESG analysis that is detailed in the RI Policy. Investing into companies that have not undergone the ESG due diligence is not allowed.

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

0

SG 07 CC	Voluntary	Descriptive	General
<i>Private</i>			
SG 07.1 CC		Indicate the roles in your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for climate-related issues.	
<i>Private</i>			
SG 07.1a CC		For the board level roles or for which you have climate-related issues oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.	
<i>Private</i>			
SG 07.1b CC		For the management-level roles which assess and manage climate-related issues, provide further information on the structure and process involved.	
<i>Private</i>			

SG 08	Voluntary	Additional Assessed	General
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SG 08.1 Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.

Board members/Board of trustees

- Responsible investment included in personal development and/or training plan

SG 08.2 Describe any activities undertaken during the reporting year to develop and maintain Board members' skills and knowledge in relation to responsible investment.

Avaron holds once per annum internal RI related training for the whole staff including Executive Board Members. Internal training on existing Responsible Investment Policy and ESG integration was held in December 2017. Main aim was to reintroduce the main RI principles that are of importance to Avaron and how these are taken into account and integrated into our investment process.

- None of the above

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

Other C-level staff or head of department

Compliance Officer

- Responsible investment KPIs and/or goals included in objectives

- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

Portfolio managers

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

Investment analysts

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

SG 08.3 Provide any additional information on your organisation’s performance management, reward and/or personal development processes in relation to responsible investment.

Responsible Investing Committee has the responsibility in Avaron for setting annual RI related objectives. The Committee is made up of predominantly senior staff members, including the two co-CIOs and CEO of whom two are Executive Board Members and one Non-Executive Member. The Committee and its Chair have ultimate responsibility to ensure efficiency, compliance and ownership of RI practices in Avaron. Individual goals and KPIs are set in accordance to the overall objectives and are taken into consideration during the annual appraisal process.

Avaron holds once per annum internal RI related training for the whole staff. Personal training plans of the staff are set on annual basis during performance review and may include also specific RI related training if deemed necessary.

SG 09 **Mandatory** **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.

- Principles for Responsible Investment

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

- 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

- CDP Forests

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

- CDP Water

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

- 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
- EVCA – 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
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

SG 10	Mandatory	Core Assessed	PRI 4
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SG 10.1	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
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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.
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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
In July 2017 Avaron investment team provided support to a LatAm investment manager that signed up for PRI by introducing our RI approach and ESG research process.

Frequency of contribution
<input type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> Biannually <input type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input checked="" type="checkbox"/> Ad hoc <input type="checkbox"/> 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

SG 11	Voluntary	Additional Assessed	PRI 4,5,6
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SG 11.1	Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or regulators in support of responsible investment in the reporting year.
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Yes

- Yes, individually
- Yes, in collaboration with others

SG 11.2	Select the methods you have used.
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- Endorsed written submissions to governments, regulators or public policy-makers developed by others
- Drafted your own written submissions to governments, regulators or public-policy markers

- Participated in face-to-face meetings with government members or officials to discuss policy
- Other, specify

SG 11.3 Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.

- Yes, publicly available
 - No
- No

SG 11.4 Provide a brief description of the main topics your organisation has engaged with public policy-makers or regulators on.

In 2017 Avaron supported the Global Witness led investor initiative via PRI collaboration platform on increased transparency on corporate ownership by signing the letter addressed to the European Council and the European Commission expressing support to amend the fourth Anti-Money Laundering Directive to enable public access to beneficial ownership information.

In addition, we lent our support to a statement that was sent to the representatives of the World Health Organization (WHO) and national health ministers supporting the tobacco control measures already taken by governments and encouraging them to continue their efforts.

SG 12	Mandatory	Core Assessed	PRI 4
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SG 12.1 Indicate whether your organisation uses investment consultants.

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

SG 13	Mandatory	Descriptive	PRI 1
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SG 13.1 Indicate if your organisation executes scenario analysis and/or modelling in which the risk profile of future ESG trends at portfolio level is calculated.

- We execute scenario analysis which includes factors representing the investment impacts of future environmental trends
- We execute scenario analysis which includes factors representing the investment impacts of future social trends
- We execute scenario analysis which includes factors representing the investment impacts of future governance trends
- We consider scenario analysis that includes factors representing the investment impacts of future climate-related risks and opportunities
- We execute other scenario analysis, specify
- We do not execute such scenario analysis and/or modelling

SG 14	Mandatory to Report, Voluntary to Disclose	Additional Assessed	PRI 1
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SG 14.1 Describe the process used to identify short, medium and long-term risks and opportunities that could have a material impact on your organisation and its activities.

Risk Management Policy governs the process of identifying and managing potential business related risks in Avaron. The Policy has been drafted by Avaron's Executive Board and Heads of Business Units. It is the responsibility of the Executive Board to approve general risk management principles for Avaron and update such principles regularly, taking into account changes in Avaron's activities, the company's internal structure, products and services offered, and the external environment. The Executive Board takes a leading role in implementing the Risk Management Policy along with Heads of Business Units, including carrying out the following activities:

- monitoring regularly the risks affecting Avaron's activities;
- making proposals for updating the Risk Management Policy;
- suggesting risk management tools for mitigating and controlling risks, and implementing and improving such tools;
- advising staff on internal regulations;
- monitoring risk indicators;
- reporting to the Non-Executive Board once a year.

SG 14.1 CC Describe the processes used to determine which climate-related short, medium and long-term risks and opportunities could have a material impact on your organisation and its activities.

Private

SG 14.2 Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following you act on.

- Changing demographics
- Climate change and related issues

SG 14.2a cc Please describe how you define "short", "medium" and "long term", and describe your material climate-related issues over these time horizons.

Private

SG 14.3 Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

SG 14.4	Indicate which of the following tools you use to manage emissions risks and opportunities
<input type="checkbox"/> Scenario analysis <input type="checkbox"/> Disclosure on emissions risk to clients/trustees/management/beneficiaries <input type="checkbox"/> Climate-related targets <input type="checkbox"/> Encourage internal and/or external portfolio managers to monitor emissions risk <input type="checkbox"/> Emissions risk monitoring and reporting are formalised into contracts when appointing managers <input type="checkbox"/> Weighted average carbon intensity <input type="checkbox"/> Carbon footprint (scope 1 and 2) <input type="checkbox"/> Portfolio carbon footprint <input type="checkbox"/> Total carbon emissions <input type="checkbox"/> Carbon intensity <input type="checkbox"/> Exposure to carbon-related assets <input type="checkbox"/> Other emissions metrics <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> None of the above	
Please explain why not	
We are in a process of compiling a database of carbon footprint data for the companies in our investment universe.	
<input type="checkbox"/> Resource scarcity <input type="checkbox"/> Technology developments <input type="checkbox"/> Other, specify(1) <input type="checkbox"/> Other, specify(2) <input type="checkbox"/> None of the above	

SG 14.6	Additional information [Optional]
In 2016 we decided to limit our exposure to coal (mining, generation etc.) industry to decrease the exposure to carbon intensive industries. Furthermore, we have set a long-term goal to start reporting the carbon footprint of our portfolios and are in a process of mapping our internal investment universe based on carbon emissions disclosure.	

SG 14.7 CC	Describe your risk management processes for identifying, assessing, and managing climate-related risks.
Private	

SG 14.8 CC	Describe your processes for prioritising climate-related risks.
Private	

SG 14.9 CC	Do you conduct engagement activity with investee companies to encourage better disclosure and practices around climate-related risks?
Private	

SG 14.10 CC	Describe how you use data from climate-related disclosures.
Private	

SG 15	Mandatory to Report, Voluntary to Disclose	Descriptive	PRI 1
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SG 15.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
<input type="radio"/> Yes <input checked="" type="radio"/> No	

SG 16	Mandatory	Descriptive	General
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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.
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Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Fixed income - Corporate (financial)	In Avaron the RI policy including ESG analysis covers besides listed equity asset class also corporate fixed income, financial and non-financial. All fixed income investments undergo similar analysis process with similar objectives as listed equity ones.
Fixed income - Corporate (non-financial)	Please refer to the above.

SG 18	Voluntary	Descriptive	General
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SG 18.1	Indicate whether any specific features of your approach to responsible investment are particularly innovative.
<input type="radio"/> Yes <input checked="" type="radio"/> No	

SG 19	Mandatory	Core Assessed	PRI 6
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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					
<table border="1"> <thead> <tr> <th>Disclosure to public and URL</th> </tr> </thead> <tbody> <tr> <td> <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 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 </td> </tr> </tbody> </table>	Disclosure to public and URL	<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 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	<table border="1"> <thead> <tr> <th>Disclosure to clients/beneficiaries</th> </tr> </thead> <tbody> <tr> <td> <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 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 </td> </tr> </tbody> </table>	Disclosure to clients/beneficiaries	<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 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
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Annually	Quarterly or more frequently				
http://www.avaron.com/files/docs/Avaron_Sustainability_Report_2017.pdf					

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			
<table border="1"> <thead> <tr> <th>Disclosure to public and URL</th> </tr> </thead> <tbody> <tr> <td> <input type="radio"/> Explain all voting decisions <input type="radio"/> Explain some voting decisions <input type="radio"/> Only explain abstentions and votes against management <input checked="" type="radio"/> No explanations provided </td> </tr> </tbody> </table>	Disclosure to public and URL	<input type="radio"/> Explain all voting decisions <input type="radio"/> Explain some voting decisions <input type="radio"/> Only explain abstentions and votes against management <input checked="" type="radio"/> No explanations provided	
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<input type="radio"/> Explain all voting decisions <input type="radio"/> Explain some voting decisions <input type="radio"/> Only explain abstentions and votes against management <input checked="" type="radio"/> No explanations provided			
Annually			
http://www.avaron.com/files/docs/Avaron_Sustainability_Report_2017.pdf			

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
<input checked="" type="radio"/> Yes <input type="radio"/> 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	
Annually	
http://www.avaron.com/files/docs/2016.05.11_Avaron_RI_policy_revised.pdf http://www.avaron.com/files/docs/Avaron_Sustainability_Report_2017.pdf	

LEI 01	Mandatory	Core Assessed	PRI 1		
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%)				
	<input checked="" type="checkbox"/> Screening alone (i.e. not combined with any other strategies) <table border="1"> <tr> <td>Percentage of active listed equity to which the strategy is applied</td> <td>100%</td> </tr> </table> <input type="checkbox"/> Thematic alone (i.e. not combined with any other strategies) <input type="checkbox"/> Integration alone (i.e. not combined with any other strategies) <input type="checkbox"/> Screening and integration strategies <input type="checkbox"/> Thematic and integration strategies <input type="checkbox"/> Screening and thematic strategies <input type="checkbox"/> All three strategies combined <input type="checkbox"/> We do not apply incorporation strategies			Percentage of active listed equity to which the strategy is applied	100%
Percentage of active listed equity to which the strategy is applied	100%				
LEI 01.2	Describe your organisation's approach to incorporation and the reasons for choosing the particular ESG incorporation strategy/strategies.				
	<p>ESG factors are considered in the investment decision-making and ownership practices with an aim to reduce investment risk. Screening, which is the main strategy of ESG risk management in Avaron, has proven to be an efficient approach taking into account the cost-benefit considerations that boutique-type houses need to address. At the same time being a bottom-up stock picker it is essential to have an ESG layer integrated into the investment process in order to have a sound and thorough fundamental basis for decision-making.</p>				

LEI 02	Voluntary	Additional Assessed	PRI 1
LEI 02.1	Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.		
	<input checked="" type="checkbox"/> Raw ESG company data <input type="checkbox"/> ESG research provider <input type="checkbox"/> Sell-side <input type="checkbox"/> In-house – specialised ESG analyst or team <input checked="" type="checkbox"/> In-house – analyst or portfolio manager <input checked="" type="checkbox"/> Company-related analysis or ratings <input type="checkbox"/> ESG research provider <input type="checkbox"/> Sell-side <input type="checkbox"/> In-house – specialised ESG analyst or team <input checked="" type="checkbox"/> In-house – analyst or portfolio manager <input type="checkbox"/> Sector-related analysis or ratings <input checked="" type="checkbox"/> Country-related analysis or ratings <input type="checkbox"/> ESG research provider <input type="checkbox"/> Sell-side <input type="checkbox"/> In-house – specialised ESG analyst or team <input checked="" type="checkbox"/> In-house – analyst or portfolio manager <input checked="" type="checkbox"/> Screened stock list <input type="checkbox"/> ESG research provider <input type="checkbox"/> Sell-side <input type="checkbox"/> In-house – specialised ESG analyst or team <input checked="" type="checkbox"/> In-house – analyst or portfolio manager <input type="checkbox"/> ESG issue-specific analysis or ratings <input type="checkbox"/> Other, specify		
LEI 02.2	Provide a brief description of the ESG information used, highlighting any different sources of information across your ESG incorporation strategies.		
	<p>ESG information used for the internal analysis is to a large extent sourced directly from the investee companies and/or any other publicly available information sources.</p>		
LEI 02.3	Indicate if you incentivise brokers to provide ESG research.		
	<input type="radio"/> Yes <input checked="" type="radio"/> No		

LEI 03	Voluntary	Additional Assessed	PRI 1
LEI 03.1	Indicate if your organisation has a process through which information derived from ESG engagement and/or (proxy) voting activities is made available for use in investment decision-making.		
	<input checked="" type="checkbox"/> Engagement		

- We have a systematic process to ensure the information is made available.
- We occasionally make this information available.
- We do not make this information available.

(Proxy) voting

- We have a systematic process to ensure the information is made available.
- We occasionally make this information available.
- We do not make this information available.

LEI 03.2 Additional information. [Optional]

In Avaron engagement processes are carried out and proxy voting instructions given by Investment Managers with the support of Investment Analysts that are responsible for covering the respective company. Thus, all engagement and voting related information is automatically used in investment-decision making.

LEI 04 **Mandatory** **Descriptive** **PRI 1**

LEI 04.1 Indicate and describe the type of screening you apply to your internally managed active listed equities.

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

Description

The first layer of our ESG approach is negative exclusion based on ethical and environmental considerations i.e. sector and/or country exclusion in order to not exceed acceptable levels of involvement in activities considered to be controversial such as weapons, alcohol, tobacco, gambling, adult content, coal mining and coal based energy production, and activities in oppressive regimes. Our tolerance level dependent on the specific consideration ranges from 0% to 30% of company's revenues or operating profit.

The list of oppressive regimes is based on the latest Economist Intelligence Unit (www.eiu.com) Democracy Index, which measures the state of democracy countries across the globe. Oppressive regimes have been defined as countries with 2.0 or lower score on a scale from zero to ten of the Index. Additional country based investment restrictions may be set by the Avaron Investment Committee based on the European Union sanctions within the framework of the Common Foreign and Security Policy (CFSP) and the list of sanctioned countries of the UN Security Council. In case of discretionary mandates from non-EU clients Avaron will follow the sanctions list of respective non-EU countries and make exclusion decisions based on that in collaboration with the client.

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

In-house set governance criteria

Description

The second ESG layer – the ESG compliance check – takes the UN Global Compact as a basis for our social and environmental compliance check for the investee companies. The compliance check of corporate governance issues are assessed based on the in-house set criteria bearing in mind the possible local differences in the prevailing conduct code across our investment geography.

The companies' ESG compliance assessment, is based on 13 criteria covering environmental, social and governance aspects with the aim to filter out companies that have significantly and repeatedly breached any of the key principles. The criteria are the following:

- Abuses of international and/or local environmental norms and protocols
- Activities to promote environmental responsibility and implementation of sustainable technologies
- Abuses of human rights
- Cases of child labour and forced labour usage
- Issues relating to the safety of working environment and products
- Cases of discrimination in respect of employment and occupation
- Freedom of association and recognition of the right to collective bargaining
- Cases of corruption, extortion and bribery
- ESG management
- Accounting risks
- Board access and communication
- Protection of minority shareholder interests
- Exercise of minority shareholder rights

LEI 04.2 Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.

Screening criteria are set in Avaron's RI Policy that outlines our ESG approach. The Policy 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. Latest version of the Policy as well as the Sustainability Report are accessible on our webpage.

LEI 05	Mandatory	Core Assessed	PRI 1
LEI 05.1	Indicate which processes your organisation uses to ensure screening is based on robust analysis.		
	<input checked="" type="checkbox"/> Comprehensive ESG research is undertaken or sourced to determine companies' activities and products. <input type="checkbox"/> Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies <input type="checkbox"/> 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 <input type="checkbox"/> Third-party ESG ratings are updated regularly to ensure that portfolio holdings comply with fund policies. <input checked="" type="checkbox"/> A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions <input type="checkbox"/> A periodic review of the quality of the research undertaken or provided is carried out <input type="checkbox"/> Review and evaluation of external research providers <input type="checkbox"/> Other, specify <input type="checkbox"/> 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.		
	<input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90%		
LEI 05.5	Additional information. [Optional]		
	<p>In Avaron portfolio construction is fully bottom-up. Stock selection is done based on the in-house company specific research. A lot of emphasis is put on company quality i.e. assessment of the management team, business model, financial standing, and ESG issues. ESG research is an integral part of the company analysis our investment team undertakes. We believe that our edge in generating attractive investment returns for our clients is based on the diligent and in-depth company level research approach. Given that this specific accumulated knowledge is strategically important with ESG analysis being one part of it, we have decided to build the ESG related competence of our investment team also in-house and not to rely on third-party service providers. ESG research is carried out by Investment Analysts. Final decision-making body in Avaron is Investment Committee that reviews the research compiled by the Analysts.</p>		
LEI 06	Voluntary	Additional Assessed	PRI 1
LEI 06.1	Indicate which processes your organisation uses to ensure fund criteria are not breached		
	<input checked="" type="checkbox"/> Systematic checks are performed to ensure that stocks meet the funds' screening criteria. <input checked="" type="checkbox"/> Automated IT systems prevent investment managers from investing in excluded stocks or those that do not meet positive screening criteria. <input checked="" type="checkbox"/> Audits of fund holdings are undertaken regularly by internal audit function <input type="checkbox"/> Periodic auditing/checking of the organisations RI funds by external party <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above		
LEI 06.2	If breaches of fund screening criteria are identified - describe the process followed to correct those breaches.		
	<p>In case of breaches on sector/country exclusions (first ESG layer) once a breach is detected the position will be liquidated.</p> <p>Breaches on companies' ESG compliance (second ESG layer) automatically trigger "engage or exclude" action. Furtheron, the responsible Analyst shall assess the gravity/severity of the breach, namely:</p> <ul style="list-style-type: none"> • the temporal proximity (when and for how long has the incident occurred); • size (financial costs, land polluted etc. associated with the incident); • credibility (allegations, legal action taken etc.); • and repetitiveness (is the incident a one-off incident or it is evidence of failings over a period of time). <p>Emphasis is also placed on a company's response to the incident with favourable consideration for positive and responsible practices taken by the company to ensure that such a breach does not occur again. For some controversial activities, in addition to the level of involvement, it is also important to consider how the company approaches and considers its potentially contentious activities. Therefore, the presence (or absence) of relevant and targeted responsible policy that acknowledges the company's involvement in an activity, as well as the existence of systems and practices taken to ensure that it operates in a responsible manner, are important elements in the assessment.</p> <p>Should the ESG compliance breach occur for companies Avaron is currently invested in, then after the initial breach analysis is completed, the responsible Investment Manager decides upon further action. In case the engagement option is excluded, the investment will be liquidated. If engagement will be pursued then the objective and timeline for the engagement will be decided upon and engagement process started. Should the investee company fail to address the raised issue within a reasonable timeframe, the investment will be liquidated at the approval of Investment Committee.</p>		
LEI 12	Voluntary	Descriptive	PRI 1
LEI 12.1	Indicate how your ESG incorporation strategies have influenced the composition of your portfolio(s) or investment universe.		
	<input checked="" type="checkbox"/> Screening		
	Describe any reduction in your starting investment universe or other effects.		
	Governance based screening reductions account for 40% of the total, environmental issues for 33% and ethical issues for 27%.		
	Specify the percentage reduction (+/- 5%)		
	15%		
LEI 12.2	Additional information.[Optional]		

In addition, Avaron uses a quality score to rank companies in terms of quality in our coverage universe on 0-100 scale. Governance issues are also additionally assessed as part of the quality score. Quality score is taken into account in portfolio construction - the lower the quality, the higher upside we require in order the company to be added to the portfolio. Low quality names with a score below 50 are not eligible to invest in.

LEI 13	Voluntary	Additional Assessed	PRI 1						
LEI 13.1	Indicate whether your organisation measures how your approach to responsible investment in Listed Equity has affected your portfolio's financial and/or ESG performance.								
<input type="checkbox"/> We measure whether our approach to ESG issues impacts funds' reputation <input checked="" type="checkbox"/> We measure whether our approach to ESG issues impacts funds' financial performance: return									
b) Funds' financial performance: return									
<table border="1"> <thead> <tr> <th>Describe the impact on:</th> <th>Describe the impact</th> <th>Which strategies were analysed?</th> </tr> </thead> <tbody> <tr> <td>Funds' financial performance: return</td> <td> <input checked="" type="checkbox"/> Positive <input type="checkbox"/> Negative <input type="checkbox"/> No impact </td> <td></td> </tr> </tbody> </table>				Describe the impact on:	Describe the impact	Which strategies were analysed?	Funds' financial performance: return	<input checked="" type="checkbox"/> Positive <input type="checkbox"/> Negative <input type="checkbox"/> No impact	
Describe the impact on:	Describe the impact	Which strategies were analysed?							
Funds' financial performance: return	<input checked="" type="checkbox"/> Positive <input type="checkbox"/> Negative <input type="checkbox"/> No impact								
<input checked="" type="checkbox"/> We measure whether our approach to ESG issues impacts funds' financial performance: risk									
c) Funds' financial performance: risk									
<table border="1"> <thead> <tr> <th>Describe the impact on:</th> <th>Describe the impact</th> <th>Which strategies were analysed?</th> </tr> </thead> <tbody> <tr> <td>Funds' financial performance: risk</td> <td> <input checked="" type="checkbox"/> Positive <input type="checkbox"/> Negative <input type="checkbox"/> No impact </td> <td> <input checked="" type="checkbox"/> Screening </td> </tr> </tbody> </table>				Describe the impact on:	Describe the impact	Which strategies were analysed?	Funds' financial performance: risk	<input checked="" type="checkbox"/> Positive <input type="checkbox"/> Negative <input type="checkbox"/> No impact	<input checked="" type="checkbox"/> Screening
Describe the impact on:	Describe the impact	Which strategies were analysed?							
Funds' financial performance: risk	<input checked="" type="checkbox"/> Positive <input type="checkbox"/> Negative <input type="checkbox"/> No impact	<input checked="" type="checkbox"/> Screening							
<input type="checkbox"/> We measure whether our approach to ESG issues impacts funds' ESG performance <input type="checkbox"/> None of the above									
LEI 13.2	Describe how you are able to determine these outcomes.								
<p>On annual basis we measure how our ESG approach has impacted the financial performance of our investment portfolios by comparing 5-year volatility and risk-adjusted returns (Sharpe ratio) of equally weighted portfolio of excluded companies and compare it to Avaron Emerging Europe Fund and its benchmark. As of end-2017 the Sharpe ratio of Avaron Emerging Europe Fund was 1.03, volatility 9% and total return 56% compared to 0.43, 15% and 28% of the equal-weight portfolio of excluded companies.</p>									

LEI 14	Voluntary	Descriptive	PRI 1					
LEI 14.1	Provide examples of ESG issues that affected your investment view and/or performance during the reporting year.							
<input checked="" type="checkbox"/> ESG issue 1								
<table border="1"> <tr> <td>ESG issue and explanation</td> </tr> <tr> <td>In February-March 2017 we exited Turkish state-owned Halkbank on rising concerns over corporate governance standards amid increasing misalignment of the interests of the majority owner, Turkish state, and minority investors. Politically induced involvement at the expense of other stakeholders in the state-owned banks increasingly became an issue in Turkey and thus forced us to cut our exposure to such banks.</td> </tr> <tr> <td>Screening</td> </tr> <tr> <td>Impact on investment decision or performance</td> </tr> <tr> <td>Exited the position from the portfolios.</td> </tr> </table>				ESG issue and explanation	In February-March 2017 we exited Turkish state-owned Halkbank on rising concerns over corporate governance standards amid increasing misalignment of the interests of the majority owner, Turkish state, and minority investors. Politically induced involvement at the expense of other stakeholders in the state-owned banks increasingly became an issue in Turkey and thus forced us to cut our exposure to such banks.	Screening	Impact on investment decision or performance	Exited the position from the portfolios.
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Screening								
Impact on investment decision or performance								
Exited the position from the portfolios.								
<input checked="" type="checkbox"/> ESG issue 2								
<table border="1"> <tr> <td>ESG issue and explanation</td> </tr> <tr> <td>In June 2017 we refrained from participating in the 20% stake ABB of Polish mining equipment production company Famur related to company's high exposure to coal mining sector, although our RI Policy limits investing only in coal mining and coal based energy production companies.</td> </tr> <tr> <td>Screening</td> </tr> <tr> <td>Impact on investment decision or performance</td> </tr> <tr> <td>Decided not to invest in the company.</td> </tr> </table>				ESG issue and explanation	In June 2017 we refrained from participating in the 20% stake ABB of Polish mining equipment production company Famur related to company's high exposure to coal mining sector, although our RI Policy limits investing only in coal mining and coal based energy production companies.	Screening	Impact on investment decision or performance	Decided not to invest in the company.
ESG issue and explanation								
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Screening								
Impact on investment decision or performance								
Decided not to invest in the company.								
<input type="checkbox"/> ESG issue 3 <input type="checkbox"/> ESG issue 4 <input type="checkbox"/> ESG issue 5								

LEA 01	Mandatory	Core Assessed	PRI 2
LEA 01.1	Indicate whether your organisation has a formal engagement policy.		
<input checked="" type="checkbox"/> Yes			
LEA 01.2	Attach or provide a URL to your engagement policy.		
<input type="checkbox"/> Attachment provided: <input checked="" type="checkbox"/> URL provided: http://avaron.com/files/docs/2016.05.11_Avaron_RI_policy_revised.pdf			
LEA 01.3	Indicate what your engagement policy covers:		
<input type="checkbox"/> Conflicts of interest <input type="checkbox"/> Insider information <input type="checkbox"/> Alignment with national stewardship code requirements <input checked="" type="checkbox"/> Due diligence and monitoring process <input type="checkbox"/> Prioritisation of engagements <input checked="" type="checkbox"/> Transparency of engagement activities <input checked="" type="checkbox"/> Environmental factors <input checked="" type="checkbox"/> Social factors <input checked="" type="checkbox"/> Governance factors <input type="checkbox"/> Other, describe <input type="checkbox"/> None of the above			
LEA 01.4	Provide a brief overview of your organization's approach to engagement		
<p>Avaron takes an active approach to communicating its ESG views to companies and seeking improvements where there are shortcomings in performance, or a company has failed to apply appropriate standards, or to provide adequate disclosure. Following an ESG compliance check that uncovers undesirable practices, or in reaction to a specific ESG related event, engagement actions are undertaken to obtain, within a predetermined timeframe, specific and measurable changes on the part of issuers. Engagement is always the preferable option over exclusion in order to thrive towards better ESG awareness and policies. Escalation and means of the engagement activities are decided by the investment team and depend on the specifics of the issue at hand and the company.</p>			
<input type="checkbox"/> No			

LEA 02	Mandatory	Gateway	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 type="checkbox"/> Other, specify <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 type="checkbox"/> Other, specify <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"/> Other, specify <input checked="" type="checkbox"/> We do not engage via service providers	
		<input type="checkbox"/> Please specify why your organisation does not engage via service providers. Have not found a suitable service provider with respect to Avaron's Emerging Europe focus.	

LEA 03	Mandatory	Core Assessed	PRI 2
LEA 03.1	Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.		
<input checked="" type="checkbox"/> Yes			
LEA 03.2	Describe the criteria used to identify and prioritise engagement activities carried out by internal staff.		
<input type="checkbox"/> Geography / market of the companies <input checked="" type="checkbox"/> Materiality of ESG factors <input type="checkbox"/> Systemic risks to global portfolios			

- Exposure (holdings)
 - In response to ESG impacts that have already occurred.
 - As a response to divestment pressure
 - Consultation with clients/beneficiaries
 - Consultation with other stakeholders (i.e. NGOs, trade unions etc.)
 - As a follow-up from a voting decision
 - Client request
 - Other, describe
- No

LEA 04	Mandatory	Core Assessed	PRI 2
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LEA 04.1	Indicate if you define specific objectives for your engagement activities.
----------	--

- Yes
 - Yes, for all engagement activities
 - Yes, for the majority of engagement activities
 - Yes, for a minority of engagement activities
- We do not define specific objectives for engagement activities carried out by internal staff.

LEA 04.2	Indicate if you monitor the actions that companies take during and following your engagements activities carried out by internal staff.
----------	---

- Yes
 - Yes, in all cases
 - Yes, in the majority of cases
 - Yes, in the minority of cases
- We do not monitor the actions that companies take following engagement activities carried out by internal staff.

LEA 04.3	Indicate if you do any of the following to monitor and evaluate the progress of your engagement activities carried out by internal staff.
----------	---

- Define timelines for your objectives
- Tracking and/or monitoring progress against defined objectives
- Tracking and or monitoring progress of actions taken when original objectives are not met
- Revisit and, if necessary, revise objectives on continuous basis
- Other, please specify
- We do not monitor and evaluate progress of engagement activities carried out by internal staff

LEA 05	Mandatory	Core Assessed	PRI 2
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LEA 05.1	Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements
----------	--

- Yes
- No

LEA 05.3	Additional information [Optional]
----------	-----------------------------------

Avoron participates in collaborative engagements that are targeting the companies within our investment universe or are important from our ESG approach perspective.

LEA 06	Mandatory	Core Assessed	PRI 2
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LEA 06.1	Indicate if you define specific objectives for your engagement activities carried out collaboratively.
----------	--

- Yes
 - Yes, for all engagement activities
 - Yes, for the majority of engagement activities
 - Yes, for a minority of engagement activities
- We do not define specific objectives for engagement activities carried out collaboratively.

LEA 06.2	Indicate if you monitor the actions companies take during and following your collaborative engagements.
----------	---

- Yes
 - Yes, in all cases
 - Yes, in the majority of cases
 - Yes, in the minority of cases
- We do not monitor the actions that companies take following engagement activities carried out collaboratively

LEA 06.3	Indicate if you do any of the following to monitor and evaluate the progress of your collaborative engagement activities.
----------	---

- Define timelines for your objectives
- Tracking and/or monitoring progress against defined objectives
- Tracking and or monitoring progress of actions taken when original objectives are not met
- Revisit and, if necessary, revise objectives on continuous basis
- Other, please specify
- We do not monitor and evaluate progress of engagement activities carried out by internal staff

LEA 09	Voluntary	Additional Assessed	PRI 1,2
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LEA 09.1 Indicate if insights gained from your engagements are shared with your internal or external investment managers.

Type of engagement	Insights shared
Individual/Internal staff engagements	<input checked="" type="checkbox"/> Yes, systematically <input type="checkbox"/> Yes, occasionally <input type="checkbox"/> No
Collaborative engagements	<input type="checkbox"/> Yes, systematically <input checked="" type="checkbox"/> Yes, occasionally <input type="checkbox"/> No

LEA 09.2 Additional information. [Optional]

All engagements are carried out internally by our investment team members, and information and insights shared across the team.

LEA 10	Mandatory	Gateway	PRI 2
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LEA 10.1 Indicate if you track the number of your engagement activities.

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

LEA 10.2 Additional information. [OPTIONAL]

We keep a record of all engagement meetings and engagement asks in our internal database.

LEA 11	Mandatory to Report, Voluntary to Disclose	Core Assessed	PRI 2
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LEA 11.1 Indicate the amount of your listed equities portfolio with which your organisation engaged during the reporting year.

	Number of companies engaged (avoid double counting, see explanatory notes)	Proportion (to the nearest 5%)	Specify the basis on which this percentage is calculated
Individual / Internal staff engagements	1	5Proportion (to the nearest 5%)	<input checked="" type="checkbox"/> of the total number of companies you hold <input type="checkbox"/> of the total value of your listed equity holdings
Collaborative engagements	1	5Proportion (to the nearest 5%)	<input checked="" type="checkbox"/> of the total number of companies you hold <input type="checkbox"/> of the total value of your listed equity holdings

LEA 11.2 Indicate the proportion of engagements that involved multiple, substantive and detailed discussions or interactions with a company during the reporting year relating to ESG issue.

Type of engagement	% Comprehensive engagements
--------------------	-----------------------------

Individual / Internal staff engagements	<input checked="" type="radio"/> > 50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None
Collaborative engagements	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None

LEA 11.3 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

LEA 12	Voluntary	Additional Assessed	PRI 2
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LEA 12.1 Indicate which of the following your engagement involved.

- Letters and emails to companies
 - In some cases
 - In majority cases
 - In all cases
- Meetings and/or calls with the appropriate team
 - In some cases
 - In majority cases
 - In all cases
- Visits to operations
- Participation in roadshows
- Other, specify

LEA 13	Voluntary	Descriptive	PRI 2
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LEA 13.1 Indicate whether you track the number of cases during the reporting year in which a company changed its practices, or made a formal commitment to do so, following your organisation's and/or your service provider's engagement activities.

Yes

Do you track number of companies that changed or made a formal commitment to change in the reporting year following your organisation's and/or your service provider's engagement activities?

Yes, we do track information

LEA 13.2 Indicate the number of companies that changed or made a formal commitment to change in the reporting year following your organisation's and/or your service provider's engagement activities.

	Number of companies	% of total portfolio
Individual / Internal staff engagements	1	
Collaborative engagements	1	

We do not track this information

No

LEA 14	Voluntary	Additional Assessed	PRI 2
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LEA 14.1 Provide examples of the engagements that your organisation or your service provider carried out during the reporting year.

Add Example 1

ESG factors	Social
ESG issue	Security and safety of the operational sites of a Romanian oil and gas company
Conducted by	Individual / Internal

Objectives	Our engagement followed the news of a start of trial where the company was charged with involuntary manslaughter after a fatality at the perimeter of company's gas well. Two objectives of our engagement were to assess the potential financial impact of the incident and company's response in mitigating the risk of such incidents reoccurring in the future.
Scope and Process	We engaged with the company via exchanging e-mails and meeting the CEO and IR team.
Outcomes	In the case the civil parties indicated a claim for damages amounting to €9mil (4% of company's 2016 net profit). The company had made a provision of €1.5mil related to that claim. Following the publication of the case the indirect financial impact in our assessment was not meaningful and did not affect the ongoing business operations. According to the company theft of the safeguarding fence was the main cause of the accident. In order to minimize the theft risk, the company is introducing fences from materials that are less likely to be stolen and easily monetized. Also the effort to increase security surveillance have been stepped up. As a general prevention measure over the last years, the company has elaborated and rolled out Safety Awareness campaigns nearby the company's production sites for all community members organizing public meetings in schools targeting children, teachers and parents. During these events awareness brochures "Safety in my community" are distributed as a support material for the campaign.

Add Example 2

ESG factors	Environment
ESG issue	Carbon emissions disclosure
Conducted by	Collaborative
Objectives	In 2016 Avaron joined the PRI-led engagement on corporate carbon footprint disclosure taking a lead role with a Turkish holding company to encourage to disclose its Scope 1 and 2 emissions. Mid-2017 this engagement came to a close.
Scope and Process	PRI sent out a letter to the company outlining the issue, while we held multiple follow-up calls with the representatives of the targeted company.
Outcomes	The company reports carbon emissions on the group level but that does not cover the entire holding. Scope 1 and 2 are not disclosed as only a few of the group companies do have the reporting to the Carbon Disclosure Program in place. So far there had not been any stakeholder push towards the issue and this was actually the first time someone had raised this topic with them. The company acknowledged the importance in improving the transparency regarding carbon emissions and said it is committed to go forward, however, the size of the holding (more than 110 companies in the group) poses the major obstacle to overcome.

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

LEA 15	Mandatory	Core Assessed	PRI 1,2,3
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LEA 15.1 Indicate whether your organisation has a formal voting policy.

Yes

LEA 15.2 Indicate what your voting policy covers:

- Conflicts of interest
- Share blocking
- Securities lending process
- Prioritisation of voting activities
- Decision making processes
- Environmental factors
- Social factors
- Governance factors
- Filing/co-filing resolutions
- Extraordinary meetings
- Regional voting practices
- Transparency of proxy voting activities
- Company dialogue pre/post vote
- Other, describe
- None of the above

LEA 15.3 Attach or provide a URL to your voting policy. [Optional]

LEA 15.4 Provide a brief overview of your organization's approach to (proxy) voting.

Avaron normally participates on behalf of the managed portfolios where it holds the right to exercise ownership rights, in shareholders' meetings, according to the level of advantage that this participation would bring to the portfolios, as well as for the opportunity to affect decisions. We participate in all shareholders' meetings where the portfolios that carry ownership rights in aggregate hold 5% or more of the company's share capital. If the set limit is not exceeded, then participation and voting rights shall be exercised if required by the need to safeguard the interest of the clients.

No

LEA 16 **Mandatory** **Descriptive** **PRI 2**

LEA 16.1 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 policy
- other, explain

- We hire service provider(s) that make voting recommendations or provide research that we use to inform our voting decisions.
- We hire service provider(s) that make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.
- We hire service provider(s) that make voting decisions on our behalf.

LEA 16.2 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 (if applicable).

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 19 **Voluntary** **Additional Assessed** **PRI 2**

LEA 19.1 Indicate if your organisation has a securities lending programme.

- Yes
- No

LEA 19.2 Describe why your organisation does not lend securities?

Do not want to take on additional operational risks.

LEA 20 **Mandatory** **Core Assessed** **PRI 2**

LEA 20.1 Indicate whether you or the service providers acting on your behalf raise any concerns with companies ahead of voting

- Yes, in most cases
- Sometimes, in the following cases:
 - Votes for selected markets
 - Votes relating to certain ESG issues
 - Votes for significant shareholdings
 - Votes for companies we are engaging with
 - On request by clients
 - Other
- Neither we nor our service provider raise concerns with companies ahead of voting

LEA 20.2 Indicate whether you and/or the service provider(s) acting on your behalf, communicate the rationale to companies, when , you abstain or vote against management recommendations.

- Yes, in most cases
- Sometimes, in the following cases.
 - Votes in selected markets
 - Votes on certain issues
 - Votes for significant shareholdings
 - Votes for companies we are engaging with
 - On request by clients
 - On request by companies
 - Other
- 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 21	Mandatory	Core Assessed	PRI 2
LEA 21.1	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.		
<input checked="" type="checkbox"/> We do track or collect this information			
	Votes cast (to the nearest 1%)		
	17%		
	Specify the basis on which this percentage is calculated		
<input type="checkbox"/> of the total number of ballot items on which you could have issued instructions <input checked="" type="checkbox"/> of the total number of company meetings at which you could have voted <input type="checkbox"/> of the total value of your listed equity holdings on which you could have voted			
LEA 21.2	Explain your reason(s) for not voting certain holdings		
<input type="checkbox"/> Shares were blocked <input checked="" type="checkbox"/> Notice, ballots or materials not received in time <input type="checkbox"/> Missed deadline <input type="checkbox"/> Geographical restrictions (non-home market) <input checked="" type="checkbox"/> Cost <input type="checkbox"/> Conflicts of interest <input type="checkbox"/> Holdings deemed too small <input checked="" type="checkbox"/> Administrative impediments (e.g., power of attorney requirements, ineligibility due to participation in share placement) <input type="checkbox"/> On request by clients <input type="checkbox"/> Other			
<input type="checkbox"/> We do not track or collect this information			

LEA 22	Mandatory	Additional Assessed	PRI 2								
LEA 22.1	Indicate if you track the voting instructions that you and/or your service provider on your behalf have issued.										
<input checked="" type="checkbox"/> Yes, we track this information											
LEA 22.2	Of the voting instructions that you and/or third parties on your behalf issued, indicate the proportion of ballot items that were:										
	<table border="1"> <thead> <tr> <th>Voting instructions</th> <th>Breakdown as percentage of votes cast</th> </tr> </thead> <tbody> <tr> <td>For (supporting) management recommendations</td> <td>75%</td> </tr> <tr> <td>Against (opposing) management recommendations</td> <td>12%</td> </tr> <tr> <td>Abstentions</td> <td>13%</td> </tr> </tbody> </table>	Voting instructions	Breakdown as percentage of votes cast	For (supporting) management recommendations	75%	Against (opposing) management recommendations	12%	Abstentions	13%		
Voting instructions	Breakdown as percentage of votes cast										
For (supporting) management recommendations	75%										
Against (opposing) management recommendations	12%										
Abstentions	13%										
LEA 22.3	Describe the actions you take in relation to voting against management recommendations.										
For companies in which we are engaging, we communicate our vote intentions against management recommendations and explain the rationales.											
<input type="checkbox"/> No, we do not track this information											

LEA 23	Voluntary	Descriptive	PRI 2
LEA 23.1	Indicate if your organisation directly or via a service provider filed or co-filed any ESG shareholder resolutions during the reporting year.		
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
LEA 23.6	Describe whether your organisation reviews ESG shareholder resolutions filed by other investors.		
Voting decisions are taken internally and we review all shareholder resolutions including ESG resolutions filed by other investors.			

LEA 24	Voluntary	Descriptive	PRI 2
LEA 24.1	Provide examples of the (proxy) voting activities that your organisation and/or service provider carried out during the reporting year.		
<input checked="" type="checkbox"/> Add Example 1			
ESG Factors	<input type="checkbox"/> Environment <input type="checkbox"/> Social <input checked="" type="checkbox"/> Governance		
ESG issue	Independent board members		
Conducted by	Individual/Internal		

Objectives	To support independent board member candidates and oppose majority shareholder proposed political candidates in Romanian state-owned companies.
Scope and Process	Voted against board candidates that represented majority shareholders and supported non-political independent candidates.
Outcomes	Our voting actions did not result in meaningful changes for the better in the board composition in Romanian state-owned companies we are invested in.

- 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

CM1 01.1	Mandatory	Core Assessed	General		
CM1 01.1	Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:				
	<input type="checkbox"/> Third party assurance over selected responses from this year's PRI Transparency Report <input type="checkbox"/> Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year <input type="checkbox"/> Third party assurance or audit of the implementation of RI processes (that have been reported to the PRI this year) <input type="checkbox"/> Internal audit conducted by internal auditors of the implementation of RI processes and/or RI data that have been reported to the PRI this year) <input checked="" type="checkbox"/> Internal verification of responses before submission to the PRI (e.g. by the CEO or the board) <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Whole PRI Transparency Report has been internally verified <input type="checkbox"/> Selected data has been internally verified <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above				
CM1 01.2 & 01.8	Mandatory	Descriptive	Planned assurance of this year's PRI Transparency Report		
CM1 01.2	Do you plan to conduct third party assurance of this year's PRI Transparency report?				
	<input type="radio"/> Whole PRI Transparency Report will be assured <input type="radio"/> Selected data will be assured <input checked="" type="radio"/> We do not plan to assure this year's PRI Transparency report				
CM1 01.3 & 01.9	Mandatory	Descriptive	General		
CM1 01.3	We undertook third party assurance on last year's PRI Transparency Report				
	<input type="radio"/> Whole PRI Transparency Report was assured last year <input type="radio"/> Selected data was assured in last year's PRI Transparency Report <input checked="" type="radio"/> We did not assure last year's PRI Transparency report, or we did not have such a report last year.				
CM1 01.4, 10-12	Mandatory	Descriptive	General		
CM1 01.4	We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:				
	<input type="checkbox"/> We adhere to an RI certification or labelling scheme <input type="checkbox"/> We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year's PRI Transparency Report <input type="checkbox"/> ESG audit of holdings <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> None of the above				
CM1 01.7	Mandatory	Descriptive	General		
CM1 01.7	Indicate who has reviewed/verified internally the whole - or selected data of the - PRI Transparency Report . and if this applies to selected data please specify what data was reviewed				
	<input type="checkbox"/> CEO or other Chief-Level staff <input checked="" type="checkbox"/> The Board <table border="1" style="margin-left: 20px;"> <tr> <td>Sign-off or review of responses</td> </tr> <tr> <td> <input checked="" type="checkbox"/> Sign-off <input type="checkbox"/> Review of responses </td> </tr> </table> <input type="checkbox"/> Investment Committee <input checked="" type="checkbox"/> Compliance Function <input checked="" type="checkbox"/> RI/ESG Team <input type="checkbox"/> Investment Teams <input type="checkbox"/> Legal Department <input type="checkbox"/> Other (specify)			Sign-off or review of responses	<input checked="" type="checkbox"/> Sign-off <input type="checkbox"/> Review of responses
Sign-off or review of responses					
<input checked="" type="checkbox"/> Sign-off <input type="checkbox"/> Review of responses					
CM1 01.13	Additional information for all confidence building measures [OPTIONAL]				
	The report has been reviewed by the Compliance Officer and signed off by the Executive Board.				