

2021

Our Approach to Responsible Investment

VGI Partners (ASX:VGI) is a high conviction global equity manager that invests around \$3 billion (AUD equivalent) across a range of listed investment companies (ASX:VG1, ASX:VG8), unlisted funds and managed funds for high-net-worth investors.

Consistent with our aim of maximising return for our investors over the long term, VGI Partners recognises environmental, social and governance (ESG) factors can have a material impact on the risk, returns and reputation of investments.

As an unconstrained investor, we do not limit our investment universe by explicitly screening for ESG factors. We believe not all screening processes are created equal, not all ESG factors will be relevant to all investments, and companies can improve their management of ESG issues over time.

How we assess ESG risks

- › Our investment process is built on a foundation of vigorous research into – and engagement with – investee companies. This approach provides us the opportunity to critically assess and question both financial and qualitative impacts of our investment decisions, including consideration of ESG factors. This can include review of a wide range of information sources such as annual reports and financial statements, company policies, media and news, regulations and government/community impact, company meetings and data analytics.
- › Our engagement with investee company management teams and boards allows us to encourage enhancement of business practices and disclosures. VGI Partners is committed to continuous assessment and improvement in all our processes and systems.
- › Responsible investment is not static and is an ongoing commitment and our approach to assessing qualitative factors will continue to evolve as we and our investee companies and business practices evolve and change over time. VGI Partners will always aim to align with sustainable, resilient and prosperous investments for our shareholders.



ESG in VGI portfolios

ENVIRONMENTAL CONSIDERATIONS

VGI Partners has not invested directly in energy and power, metals and mining, and utilities companies, significantly reducing the climate change and natural resource scarcity risks in our investment portfolios.

Specifically, we recognise and support the global move to reduce carbon emissions worldwide. The Paris Agreement, ratified by 196 countries including Australia, outlines country-specific targets for reducing carbon emissions.

In addition to supporting efforts to move to a lower carbon economy, we believe that carbon intensive companies will face increasing risks and costs in the future. We factor these risks and costs into our investment decision making process. Where relevant, we also encourage investee companies to assess or disclose their exposure to climate related risks.

SOCIAL CONSIDERATIONS

VGI Partners' investment construction approach is to focus on investment opportunities in countries or jurisdictions with developed markets that are transparent, and which have strong regulatory and governance standards.

We will generally avoid investing in companies that operate in industries that we consider are harmful.

VGI Partners aims to promote and respect observance of basic human rights and freedoms. VGI Partners has prepared a Modern Slavery Statement for 2021 and will file the statement in accordance with Australia's Modern Slavery Act requirements.

VGI Partners regularly monitors its business partners and suppliers and has not identified any risk of modern slavery related to our business and primary services providers. VGI Partners recognises there may be modern slavery risks associated with some of the companies we may invest in. We are consolidating a range of ESG information into our risk management process with the goal of continuing to improve our understanding of risks in this area.

We have from time to time, made investments in gaming companies, including online lotteries and casinos. We identify leading companies in the industries we invest in. The companies we consider have well developed Modern Slavery and/or Human Rights or Resources Policies and Responsible Gambling policies in place. VGI has also invested in companies that produce alcoholic beverages. Investments in such company(s) with MSCI ESG Rating of AA, meaning the company leads its industry in managing the most significant ESG risks.

GOVERNANCE CONSIDERATIONS

VGI Partners is an active investment manager and maintains good governance and transparency around investment responsibilities and activities, via active ownership. VGI Partners exercises proxy votes on resolutions that go to investee company meetings. Proxy voting is via an automated electronic interface that manages the process of meeting notifications and voting. VGI Partners proxy voting and engagement with investee companies applies across all portfolios.

VGI Partners Foundation

Acknowledging our social responsibility, we established a charitable class of investment in 2018. Management and performance fees generated on that class are donated to the VGI Partners Foundation, which distributes to charities that catalyse positive changes in society. This includes charities that provide aboriginal and indigenous support, most recently in the area of homelessness.

Disclaimer

The information contained in this document (Information) is for general information purposes only and is not intended as investment advice. The Information is liable to change and while VGI will attempt to ensure that it is current, VGI does not represent or warrant that the Information is accurate, complete, or up to date and accepts no liability if it is not, as there may be delays, errors or omissions.