



Celeste Funds Management Limited – Responsible Investment Policy

INTRODUCTION

Celeste believes that environmental, social and corporate governance (ESG) issues impact on investment valuations and can affect the performance of portfolios. Managed poorly, ESG practices have the potential to destroy shareholder value. As an active investment manager we consider in our investment decision making the potential financial impacts of companies' exposure to, and management of these issues. We also believe that it is in the best interest of clients that we encourage high standards of corporate governance and corporate responsibility in the companies in which we invest.

Confidence in management integrity and quality is an essential ingredient in our investment process. Boards and Management who practice the highest standards of corporate governance are likely to achieve success and enrich the position of shareholders, employees and broader society.

POLICY COMMITMENT

Celeste has made a policy commitment to manage all client funds according to responsible investment principles. We deliver on our commitment in four main ways:

1. Through our activism on **corporate governance**, by encouraging companies to follow the IFSA Corporate Governance Guidelines, by promoting best practice on remuneration policy, strategy and succession planning, and by exercising our clients' voting rights in all possible circumstances.
2. By integrating analysis of ESG issues into our **investment process**.
3. By **engaging** with companies and other stakeholders on material social, ethical and environmental issues, particularly climate change.
4. By participating in forums, conferences and policy consultations on responsible investment, and playing an **active role** in promoting corporate governance, corporate responsibility and responsible investment in collaboration with other like-minded investors.

Celeste will manage its business in keeping with emerging ESG standards in the finance sector.

RESOURCES

Primary responsibility for Celeste ESG activities rests with the firms Board. All employees are aware of the Celeste ESG policies and are to varying degrees actively involved in their assessment and implementation.

Celeste recognises the need to build its knowledge and understanding on ESG issues. It does this through analyst attendance of ESG conferences and seminars as well as collaborative engagement processes. Until December 2010 Celeste engaged specialized ESG research providers to enhance its own ESG research capacity. Celeste now does all ESG research in-house, but also encourages broker research on ESG issues.

REPORTING

Clients, and other prequalified parties, can be provided with specific ESG activity reports if requested.

ASSOCIATION

Celeste is committed to promoting further awareness and action on ESG issues. The firm is a signatory to the *United Nations Principals for Responsible Investment* (June 2008) and follows the guidelines set out for integrating ESG considerations into investment decision-making.

