



Environmental, Social and Governance Policy
/
Responsible Investment Policy

Version 6
31 January 2025

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1. Introduction

Mori Capital Management Limited (“Mori”, “the Company”, “we”, “us”) is an investment management company incorporated in Malta and specialised in emerging markets. The Company is currently authorised and regulated by the Malta Financial Services Authority (“MFSA”) under license number MORI-IF-10972.

Mori’s ESG Policy is compliant with internationally recognised standards for responsible business operations and investment practices. More specifically, Mori has implemented the United Nations Principles for Responsible Investment (UN PRI) in its business practices and ensures that the companies in the portfolios it manages adhere to, and comply with, the principles in UN Global Compact, UN’s Universal Declaration of Human Rights and the Organisation for Economic Co-Operation and Development (OECD) Guidelines for Multinational Enterprises.

2. Approach to Responsible Investment

Mori’s main duty is to maximise investment returns for our investors without undue risk of loss. At the same time, Mori is a firm advocate of responsible investment, whereby the Company approaches its investment activities with a focus on fostering sustainability and ethical practices. We believe that a responsible investment approach leads to better-informed financial decisions and benefits society.

Mori’s overall blueprint for responsible investment is rooted in a multi-faceted approach based on a combination of ESG-focused strategies, key among them:

- carrying out its stewardship responsibilities with investee companies;
- integrating environmental, social and governance factors (ESG) into the stock selection process;
- applying hard and soft screening of certain sectors or companies based on their activities or business practices;
- actively liaising with our investors to provide commentary and analysis of the main ESG factors impacting our portfolios, as requested.

3. Stewardship

Whilst we are active managers who may invest in a company at different stages of their corporate life, and focus on the specific circumstances and opportunities they may offer, our investment style is typically based on a long-term view of the investee company. Therefore, we seek to actively interact with the board of those companies to ensure their vision and practices are aligned with our own and that of our investors, specifically:

- Long-term value creation: in our view, companies that are focused on steady long-term growth offer a much more attractive, and sustainable, risk profile.
- Sound corporate governance: an essential pillar of long-term corporate success. We look at each company individually, aiming to get a deep understanding of their structures, staff and processes. Please refer to the “corporate governance” section in this policy for more details.
- Sustainable business practices: we expect our investee companies to consider the impact of their actions at an environmental, social and economic level and will demand a proper rationalisation when we believe those principles are not being adhered to.

Mori’s stewardship principles are deliberately broad, as they aim to acknowledge the unique circumstances of every company, as well as the evolving nature of the opportunities and risks involved in the investments we make.

Our engagement with investee companies will typically be based on face-to-face interactions with officials and board members of those firms, as they provide a framework for open and frank discussion of any issues we may want to bring to their attention.

For more detailed information on the Company’s engagement and stewardship principles, please refer to Mori’s Engagement and Stewardship Policy.

4. Integration of Sustainability Risks in the Investment Process

None of the funds under Mori’s management promote environmental or social objectives, nor do they have a sustainable investment objective, as defined under the Sustainable Finance Disclosure Regulation (“SFDR”): *“an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices”*. Therefore, for the purposes of SFDR, both funds fall within the remit of Article 6.

Article 6 of SFDR requires financial market participants to disclose the manner in which sustainability risks are assessed and integrated into the investment process. The Company uses two primary criteria for integrating ESG factors.

- Firstly: via asset ownership and engagement with investee companies, actively participating via shareholder voting, promoting an agenda to increase a company’s ESG footprint and evaluating the firm’s overall corporate governance culture, social and environmental ethics and business practices.
- Secondly: via exclusion screening of companies operating in sectors which go against Mori’s investment principles and philosophy.

Based on the above, we exclude from our investment universe companies that fall short of the following focus areas:

Social and environmental ethics

Mori assesses the behaviour of companies in accordance with the UN Global Compact Principles and the OECD Guidelines for Multinational Enterprises (please refer to annexes 1 and 2). When companies exhibit severe breaches of these principles and guidelines, an enhanced evaluation process is applied. In the event that Mori does not perceive a consistent effort by the company to comply with the aforementioned principles and guidelines over a sustained period of time, Mori will decide to exclude the entity from its investment universe.

Corporate governance

Mori advocates high standards of corporate governance in its investee companies, and seeks to actively cooperate with their management board to promote and ensure the following principles are adhered to:

- have an appropriate number of independent directors;
- provide for adequate transparency about the company's operations and a governance structure that demonstrates appropriate accountabilities;
- take actions to ensure that its officers are not involved in corrupt practices;
- uphold high standards of business integrity and honesty;
- deal with regulators in an open and co-operative manner.

Entities which consistently fail to adhere to these principles will be subject to review under the terms of this policy and may fall within the Company's list of exclusions.

Climate change strategy and governance

Mori acknowledges the responsibility of the asset management industry towards climate change risks through its investment decisions and its communications with investee companies and other institutions. We aim to make our contribution to the Paris Agreement ambition to keep temperature rise below 2°C above pre-industrial levels, and to pursue efforts to limit the temperature increase even further to 1.5°C. We also recognise the part that climate change risks play in contributing to the UN's Sustainable Development Goals (SDGs) 7, 12 and 13. Furthermore, we believe that climate change poses both risks and opportunities for our clients' investment portfolios. We aim to identify and manage those risks.

There is overwhelming empirical evidence showing that global climate has been changing due to human activity, primarily through the consumption of fossil fuels and land use changes. As a member

of the global investment community and society at large, the Company endeavours to play its part in the fight against climate change, by adhering to the following practices:

1. Analysing climate-related investment risks relating to our investment portfolios.
2. Raising awareness about climate change risks, through dialogue with clients and the public and, when appropriate, advocating for change in the companies we invest in.
3. Challenging investee companies and promoting industry best practice in climate-risk management, including disclosure in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
4. Integrating financially material climate change-related issues into our regular investment processes, where relevant for the business model.
5. Aligning investments with an emissions reduction pathway that would limit global warming to well below 2°C.

Weapon manufacturing industry

Exclusion is applied to companies that are manufacturers of products that do not comply with the following treaties or legal bans on controversial weapons:

- The **Ottawa Treaty (1997)** which prohibits the use, stockpiling, production and transfer of anti-personnel mines.
- The **Convention on Cluster Munitions (2008)** which prohibits the use, stockpiling, production and transfer of cluster munitions.
- The **Chemical Weapons Convention (1997)** which prohibits the use, stockpiling, production and transfer of chemical weapons.
- **Biological Weapons Convention (1975)** which prohibits the use, stockpiling, production and transfer of biological weapons.
- The **Treaty on the Non-Proliferation of Nuclear Weapons (1968)** which limits the spread of nuclear weapons to the group of so-called Nuclear Weapons States (USA, Russia, UK, France and China).

Tobacco

Mori will not invest in companies that derive more than 25% of revenue from manufacturing tobacco, recreational cannabis, electronic cigarettes or specific components to such products.

Gambling

Mori will not invest in companies that derive more than 5% of revenue from producing, selling, distributing or marketing commercial gambling services and products.

Adult entertainment

Mori will not invest in companies that derive more than 5% of revenue from adult entertainment.

5. Policy Governance

Implementation and monitoring

In compliance with the UNPRI principles, Mori is committed to the incorporation of ESG considerations into its investment analysis, decision-making processes, portfolio companies' policies and business practices. The Company's investment team is responsible for managing the assets within the portfolios, incorporating ESG considerations into the research, analysis and selection of investment, and for implementing good stewardship practices. The compliance officer shall monitor regularly the composition of the portfolio to assess its adherence to the terms of this policy. Existing or potential issues identified by the compliance officer shall be discussed with the investment team as soon as practically possible and ultimately with the management board.

Unless sanctions stipulate specific timelines, ESG policy-based company exclusions apply within three months after the announcement. Possible exceptions on product specific grounds with respect to controversial behaviour exclusions are decided within this period.

Protecting investors' interests

Practical guidelines are followed when implementing the terms of this policy:

- Mori's first and main responsibility is to serve the interests of its clients to the best of its ability.
- The exclusion of companies from our investment funds under the terms of Mori's ESG policy is not expected to significantly alter the risk-return profile of the portfolios. In the event a company is excluded from our investment funds on the grounds that it breaches any terms of this policy, such company will not be excluded from the benchmarks against which these funds are managed (when applicable).
- The list of excluded companies will be reviewed on a regular basis to verify whether any relevant changes have been made to the company's activities or behaviour. A review of such changes may lead to the exclusion being lifted.

Conflicts of interest

Mori's approach to avoiding, identifying and managing conflicts of interest is outlined in the Company's Conflicts of Interest and Anti-Bribery Policy.

6. Policy Scope and Interpretation

The terms of this policy are applicable to all the assets included in the funds over which the Company has full discretion, except for discretionary mandates and client specific portfolios. As of January 2024, Mori is the discretionary portfolio manager of two funds, Mori Eastern European Fund and Mori Ottoman Fund, integrated within an umbrella entity, Mori Umbrella Fund plc, a UCITS financial entity domiciled and regulated in Ireland.

Any requests for exemptions to the policy must be first submitted to the Company's compliance officer for review. Following this, a request for exemption shall be tabled at the Company's management board meeting for final approval.

This policy will be interpreted in accordance with local laws and regulations. As regards the scope of the policy vis-à-vis the potential exclusion of companies from Mori's investment universe, the following guidelines shall be observed:

- For company exclusions, all companies within the investment universe are in scope.
- For controversial behaviour cases, a "comply or explain" principle applies. Mori's Chief Investment Officer may, on a case-by-case basis, grant exceptions for specific investments subject to Mori's management board approving the report outlining the grounds for the exception.
- Thresholds apply for controversial behaviour: 0% for controversial weapons and 50% for ownership.
- For discretionary mandates and client specific funds, Mori will only apply restrictions when required by applicable sanctions, rules and regulations. On a case by case basis, Mori can also apply further restrictions and/or:
 - a. Implement any exclusion list if agreed with the client.
 - b. If company A is partially owned by company B and company B is involved in controversial behaviour or controversial weapons, Mori will not exclude company A.

7. Review

This policy is reviewed and updated on a regular basis and at least annually. A review is also conducted when required due to changes to the principles set out in this policy and in the event of any regulatory changes likely to affect Mori. Proposals for updates to this policy may be submitted by Mori's compliance officer, Mori's investment committee members and/or members of Mori's management board. Ultimately, any such changes must be approved by Mori's management board to become effective.

8. Reporting

Mori will, on an annual basis, publicly disclose on the Company's website how the Responsible Investment Policy and Engagement & Stewardship policies have been implemented.

9. Disclaimer

The information contained in this document is a general disclosure on the investment approach and should not be considered as (i) investment advice, (ii) an endorsement or recommendation in a financial product or service, (iii) an offer to sell or a solicitation of an offer to purchase any securities or other financial instruments. It is distributed for information purposes only. It does not constitute an agreement between yourself and Mori nor does it create any legally binding or enforceable obligations on Mori.

Individual investment objectives as well as any individual's personal and financial situation have not been considered either. On no account should the document be regarded as a substitute for the recipient procuring information for oneself or exercising one's own judgments. We therefore expressly point out that this document does not constitute personal investment advice.

The document does not constitute an investment strategy pursuant to Article 3 (1) No. 34 Regulation (EU) No 596/2014 on market abuse (market abuse regulation) nor an investment recommendation pursuant to Article 3 (1) No. 35 Regulation (EU) No 596/2014.

Investment decisions should always be made on the basis of the sales documentation (key investor information, sales prospectus and the current annual report), which provide detailed comments on the opportunities and risks of the financial instrument.

The statements made herein have not been audited by an external party, particularly not an independent auditing firm. All views expressed are those of Mori.

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ANNEX 1

UN Global Compact Principles

Human rights

Businesses should

- support and respect the protection of internationally proclaimed human rights;
- ensure that they are not complicit in human-rights abuses;

Labour standards

Businesses should uphold

- the freedom of association and the effective recognition of the right to collective bargaining;
- the elimination of all forms of forced and compulsory labour;
- the effective abolition of child labour;
- the elimination of discrimination in respect of employment and occupation;

The environment

Businesses should

- support a precautionary approach to environmental challenges;
- undertake initiatives to promote greater environmental responsibility;
- encourage the development and diffusion of environmentally friendly technologies;

Anti-corruption

Businesses should

- work against corruption in all its forms, including extortion and bribery;

ANNEX 2

OECD Guidelines for Multinational Enterprises

HUMAN RIGHTS

Protection and respect	Policy
Political involvement	Due diligence
Remedy	

LABOUR

Employment relationships	Forced labour
Workers' rights	Child labour
Occupational health and safety	Non-discrimination in employment and occupation
Employing local workers and providing training	Promoting cooperation between employers and workers
Creating employment opportunities	Facilitating training opportunities

ECONOMIC AND BUSINESS ISSUES

Combating bribery and extortion	Involvement in local political activities
Competition	Taxation
Information disclosure	

CONSUMER ISSUES

Consumer interests	Fair marketing
Consumers' health and safety	Consumers' access to complaint and dispute resolution
Protection of personal data and privacy	

COMMUNITY DEVELOPMENT

Local capacity building	Employment opportunities
Training of employees	Employing local workers
Providing education and training	Science and technology

ENVIRONMENT

Precautionary approach	Environmental behaviour
Environmentally sound technologies	Environmental management system
Education and training of employees	Contingency plans