



# **Engagement & Stewardship Policy**

**Version 4**  
**31 January 2023**

## 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 under license number MORI-IF-10972.

Mori takes its engagement and stewardship responsibilities very seriously and we devote significant resources and efforts to ensure our clients’ assets are protected and enhanced over time. We strive to reduce investment risk and enhance returns as well as drive positive impacts for our society and the environment. These are key to achieving sustainable long-term value creation for our clients.

Mori’s Engagement and Stewardship Policy provides an overview of how Mori adopts controls and procedures to ensure compliance with Article 3g of the Shareholder Rights Directive II<sup>1</sup>. 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.

## 2. Individual Engagement

Mori’s engagement with investee companies on behalf of its clients facilitates the responsible allocation and management of capital consistent with its clients’ investment objectives.

Our engagement priorities are based on our observation of global market developments and emerging ESG practices. Our engagements are linked to our key thematic focus areas and we principally engage in a proactive fashion. We use our research and analytical ability to identify issues and companies which most merit engagement. We engage with a view to a company acknowledging the issue and improving its practices before risks materialise or opportunities are lost. Where necessary, we also engage in a reactive fashion following controversies or breaches of international norms such as the United Nations Global Compact.

We will seek to meet and engage with representatives from all levels of the investee company. This includes the board, senior management and operational specialists, amongst others.

The key ESG issues on which our engagement will focus include, but are not limited to:

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<sup>1</sup> Directive (EC) 2007/36 of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies amended by Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 as regards the encouragement of long-term shareholder engagement (text with EEA relevance) (Shareholder Rights Directive II – SRD II).

- Climate change
- Biodiversity
- Environmental resource and eco-systems
- Human capital and diversity
- Public health
- Labour, customer, supply chain management
- Human rights
- Data privacy and security
- Business ethics
- Corporate governance and executive pay
- Controversies and breaches of international norms

Engagement activities include, inter alia:

- Meeting the management of companies and other firms on a regular basis as part of our active investment process. This engagement is a fundamental part of our stock selection process and oversight of client assets. Mori may challenge companies on a wide range of issues, such as their corporate strategy, financial performance, allocation of capital, management of ESG issues, etc.
- Encouraging companies in our investee universe to maintain high levels of transparency, particularly in relation to corporate governance matters. Thus, Mori may raise concerns in areas that may be in the interest of investors, identifying company specific and/or systemic risks.
- Prioritising our engagement on the basis of the importance of the issues concerned and our overall exposure and potential impact of such issues.
- Seeking to engage not just investor relations representatives from investee companies but also, when possible, senior management and other executives within the firm, such as regional heads, strategists or non-executive directors.
- Using a wide range of means to conduct our engagement process. Whilst face to face meeting is Mori's preferred (and more frequent) method of engagement, this may be undertaken through other means such as conference calls, video calls or email communications.

### **3. Collective Engagement**

In order to influence investee companies and promote better corporate governance, risk management, performance or disclosure standards, Mori may engage with other investors in a collective engagement to address company-specific concerns shared by investors or as part of a broad initiative to address more general systemic issues.

Collective engagement helps companies by allowing a focused dialogue with a number of investors on issues of concern. They also allow investors to share resources and insights to address those matters. Mori will always apply great care to ensure strict adherence to any laws and regulations covering acting in concert and other forms of collective action, as well as rules on insider information.

#### **4. Monitoring**

Mori carefully monitors and analyses all companies within our investment universe. The monitoring process is an integral part of our investment process and it covers a wide range of areas: business strategy, financial performance, capital structure, corporate governance, competitive advantage, sustainability and many others.

The monitoring process may comprise the evaluation of data from multiple sources: information provided by the company itself, market data, research from brokers and independent research providers, discussions with other stakeholders and, most importantly, our own evaluation from visiting the firm's offices and working sites when possible. All this information is complemented with the results of our own financial analysis to obtain a clear picture of the firm's financial health and future perspectives.

#### **5. Conflicts of Interest**

Whilst our communications with investee companies is always centred upon advancing and protecting the interests of our investors, we recognise that actual and potential conflicts of interest may arise during the engagement process.

To address this, Mori has established procedures and protocols designed to identify, escalate and manage such conflicts; in particular, through the terms of Mori's Conflicts of Interest and Anti-Bribery Policy, the terms of which are publicly available to all our investors.

#### **6. Voting**

Mori does not incorporate voting rights in the Investment Management Agreement which governs the services provided by the Company. To the extent that Mori may be granted discretionary voting authority by its client, Mori will typically utilise the services of external proxy voting and advisory services organizations to facilitate the voting of proxies, and will normally exercise its voting rights for material equity positions only, unless otherwise is specifically agreed with a client and/or required by applicable law.

When exercising its voting authority as granted by the client, Mori will do so in alignment with the Company's engagement philosophy, ESG ethos and, more importantly, the best interests of our clients. These may include wide-ranging concerns such as suitability of individual directors, board oversight of key risks and strategy, executive pay, dividend and capital related issues and diversity as well as transparency and reporting. We may also vote against proposals as a method to escalate our engagement when it is not sufficiently progressing, especially as related to areas which the Company deems are particularly important. While local best practice codes may adopt different approaches, we expect all companies to seek to closely align with our core global governance principles. Mori publicly discloses its voting via monthly reports to investors.

## **7. Reporting**

Mori will, on an annual basis, publicly disclose how this Policy has been implemented. Both this Policy and the implementation disclosure are publicly available on Mori's website.