



Sanctions Policy

Version 2
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, license number MORI-IF-10972.

Failure to comply with relevant sanctions laws constitutes a legal and regulatory breach which can carry significant reputational damage, legal and regulatory action, and financial loss. Sanctions can take the form of any of a range of restrictive or coercive measures and typically require observance the moment that they enter into effect, or as soon as a party targeted by sanctions, and with whom transactions are prohibited, is identified. Any party who does not adhere to a given obligation under a relevant sanction will generally be considered in breach, regardless of intent. Therefore, sanction monitoring requires firms to have in place a robust and ongoing monitoring framework.

Mori is committed to conducting its business in full compliance with any applicable economic and trade sanctions laws in all the jurisdictions in which it operates. The Company will make every effort to ensure that the Company’s activities do not benefit parties who have been targeted by sanctions, unless an exemption, license, or other authorisation exists that allows for any transaction with that party to occur.

2. Purpose and Scope

This document describes the measures adopted by the Company to identify those persons and transactions that are subject to sanctions, as well as Mori’s approach to sanctions risk management and compliance, including:

- guidance concerning the meaning of sanctions and compliance with sanctions through specific procedures;
- principles and measures that Mori follows to comply with sanctions legislation, rules, and regulations, and to identify, mitigate and manage sanctions risks in the jurisdictions in which it operates; and
- consequences of failing to comply with the Company’s sanctions screening policy and procedures.

Mori’s monitoring efforts may involve enhanced due diligence procedures with respect to staff, contractors or clients. All screening techniques are tailored to ensure that they are proportionate to the nature and size of Mori’s operations and are likely to identify all true matches of potential sanctions concern.

This policy applies to all Company staff, contractors and clients in any location. Company staff are expected to review the terms of this policy and ensure they are carried out effectively.

3. Overview of Sanctions

Sanctions are tools used by national governments, international organisations (such as the United Nations) and supranational bodies (such as the European Union) to:

- limit the adverse consequences of a situation of international concern (for example, by denying access to military or paramilitary goods; or to goods, technologies or funding that are enabling the pursuit of programmes such as the proliferation of weapons of mass destruction);
- seek to influence those responsible for giving rise to a situation of international concern to modify their behaviour (by motivating them to adopt different policies); and
- penalise those responsible for violating sanctions (for example, by denying access to international travel or to the international financial system).

Sanctions are also intended to deter a range of activities, including providing safe sanctuary for international criminals (such as terrorists), nuclear development and abuses of fundamental human rights. Sanctions affect the business operations of international companies and their customers by placing restrictions and controls on the movement of goods, services and funds. Restrictions can include:

- export bans, import bans, and prohibitions on the provision of certain specified services;
- prohibiting certain commercial activities (such as joint ventures and other investment);
- preventing the transfer of funds to and from a sanctioned country;
- freezing the assets of and prohibiting any dealings with, a government, as well as corporate entities and individuals associated with the situation;
- travel bans;
- any other financial restrictions.

Sanctions regimes may be subject to frequent and sometimes sudden change. Any country, international organisation or supranational body can impose them at any time and, in general, their effect is immediate.

4. Mori Risk Profile

Mori operates in a highly regulated financial environment and has a low risk appetite in its activities. Whilst the Company understands that it can be exposed to sanctions risk while providing financial services, it aims to minimise its exposure by screening clients, staff and contractors, keeping abreast

of the latest updates to international sanctions lists and escalating potential violations for review by senior management or outside counsel, when appropriate.

All Mori staff must remain vigilant and execute appropriate due diligence before engaging, finalising, executing, or entering into any business activity where Mori is a participant. Any staff member that can speak for, bind, or otherwise obligate the Company to a business agreement must be alert to and flag potential sanctions violations as described in these procedures, and shall follow the due diligence and compliance protocols established by Mori.

The responsibility for implementing this policy and the sanctions compliance protocols established by the Company, and for providing training in sanctions related matters, falls primarily upon Mori's Compliance Officer / Money Laundering Reporting Officer (CO/MLRO). However, Mori's management and directors are fully committed to compliance with all relevant sanctions laws and managing sanctions risks and will provide guidance and leadership to all staff members. All staff and contractors are accountable for their own actions and are expected to remain in compliance with sanctions requirements at all times.

5. Sanctions Screening Policy and Procedures

Key sanctions controls implemented by the Company include, but are not limited to:

- individuals responsible for overseeing day-to-day compliance with applicable sanctions regulations;
- relevant policies and procedures covering the Company's sanctions operations;
- periodic, specialised training to appropriate employees;
- screening of both customer and transaction data to ensure the Company does not facilitate prohibited business with, on behalf of, or for the benefit of sanctioned parties or activities;
- regular testing and review of the Company's sanctions-related policies and procedures.

The Company has established a number of preventive measures to identify and avoid the risk of sanctions violations. The Company may not be able to engage in business activity or transactions that relate to certain individuals, entities or jurisdictions, even if that activity is not locally prohibited. The sanctions regulations applicable to a particular client/transaction depend on the nature and type of the client/transaction, and the jurisdiction in or to/from which a transaction is processed. Whilst every case is treated on an individual basis, the Company's fundamental business philosophy is that it shall not engage into any activities that contradict applicable sanctions laws. For example, the Company shall not:

- engage, either directly or indirectly, in transactions or provision of services, or in any activities for the ultimate benefit of countries subject to sanctions;

- engage, either directly or indirectly, in any activities into which legal entities or individuals or vessels that appear on sanctions lists are involved.

In compliance with the foregoing, Mori has implemented due diligence and sanctions screening procedures at the time of onboarding new staff, contractors, and clients. They complement Mori's approach to prevent money laundering and terrorism financing activities.

The following parties will be screened at the onset of engagement:

1. all third parties that enter into a business relationship with the Company;
2. all suppliers and contractors;
3. all financial institutions with whom Mori engages in financial dealings, whether as an investor or service provider;

Parties and transactions will be screened against:

- the United Nations (UN) Security Council consolidated sanctions list;
- the EU's consolidated sanctions list of persons, groups and entities;
- the US Department of the Treasury, Office of Foreign Assets Control sanctions lists (OFAC);
- the Malta Sanctions Monitoring Board;
- Mori's internal list of entities and persons;
- any restrictions stemming from sanctions implemented by the European Union or a partner country of the North Atlantic Treaty Organization (NATO).

Therefore, unless permitted by law or by an appropriate, valid government-issued permit or license, the Company does not currently provide financial services in connection with the following:

- **Crimea Region** – The Company does not undertake any transaction involving the Crimea Region or any party in the Crimea Region;
- **Iran** – The Company does not undertake any transaction involving Iran, any party in Iran, or the Government of Iran or any of its political subdivisions, agencies, or instrumentalities;
- **North Korea** – The Company does not undertake any transaction involving North Korea, any party in North Korea, or the Government of North Korea or any of its political subdivisions, agencies, or instrumentalities;
- **Russia** – The Company does not undertake any transaction involving any individual, entity, or activity sanctioned under internationally approved economic sanctions on Russia;
- **Syria** – The Company does not undertake any transaction involving Syria, any party in Syria, or the Government of Syria or any of its political subdivisions, agencies, or instrumentalities;
- **Venezuela** – The Company does not undertake any transaction related to the provision of financing for or any other dealing involving the Venezuelan Government, including entities owned (50% or more) or controlled by the Venezuelan Government, or any Venezuelan political

subdivisions, agencies, or instrumentalities, or those identified by the international authorities as close associates of the Maduro regime;

The above list is demonstrative, not exhaustive, and the Company has processes in place to respond to and comply with changes in laws and regulations. The Company may change the prohibitions described here without notice at any time. Clients and prospective clients are instructed to contact the Company if they are engaging in, or intend to engage in, business with jurisdictions, governments, individuals, or entities that may be the subject or target of economic sanctions.

Mori may, in its sole discretion, decide not to process transactions, provide products or services or otherwise facilitate transactions, even where permitted by applicable sanctions laws and regulations, where these activities fall outside of Mori's risk appetite or Mori reasonably believes that the transactions or the services are exposed to the risk of potential sanctions violations. At the same time, the Company may approve investments related to sanctions when, for example, they are allowed under a licence from a competent authority. Each transaction will be considered on a case-by-case basis, and the respective client must submit to the Company all supporting documents and information for the investments before the execution thereof.

Mori shall maintain complete records of every transaction where a sanctioned interest is present for at least five years. Records include any financing and payment information, wire requests and correspondence (including but not limited to electronic mail and facsimile transmissions) and any other relevant information obtained by the Company.

6. Sanctions Training

All staff members shall be trained on the contents of Mori's sanctions policies and procedures. Such training will provide guidance as to sanctions due diligence and screening, including escalation procedures in the event of a potential sanctions match. Compliance training will include refresher training at appropriate intervals. Training will be based on the nature, scale and complexity of a person's respective role within the Company.

The CO/MLRO determines the frequency, content and criteria for sanctions training and is responsible for ensuring that relevant personnel complete sanctions training. Continuous on-the-job compliance training will be provided as appropriate, an example of which is email correspondence noting changes to this Policy or accompanying procedures. At a minimum, staff and contractors must complete regulatory compliance training as part of the Company's training program. Training may take the form of regular email updates, virtual or in-person presentations.

7. Investigation and Reporting

Whenever a Company employee identifies, or suspects, a possible sanctions violation in the execution of the Company's activities, they shall report it to the Company's CO/MLRO immediately. Upon being notified of a possible violation, the CO/MLRO shall request the production of all retained documents and information related to the questionable transaction. To the extent deemed necessary, the CO/MLRO shall contact legal counsel to analyse the breadth and scope of liability derived from the transaction. If the CO/MLRO concludes there are grounds to suspect a potential breach of sanctions regulations, they shall report their findings to senior management.

The CO/MLRO will take steps to determine whether the violation is ongoing or historic. If the violation is ongoing, all efforts must be made to cease the conduct, or transaction, as quickly as possible. Continuing to engage in an ongoing violation may be deemed evidence of a wilful disregard for sanctions compliance. Staff and/or contractors directly and indirectly involved in the possible violation must be interviewed. These interviews should complement and add insight to the documentary evidence retained for the transaction.

Where Mori believes that the Company has unwittingly engaged in prohibited sanctions-related conduct, it will consult with legal counsel to determine whether it will self-report the possible violation. As a general rule, it is Mori's belief that self-reporting possible violations to relevant sanctions authorities is usually the most beneficial course of action as it demonstrates Mori's willingness to cooperate with governmental enforcement bodies, and also facilitates a culture of compliance within the Company. In that event, the matter will be communicated as soon as possible to Malta's Financial Intelligence Analysis Unit and the authorities responsible for administering the sanctions that were breached.

The self-disclosure process must comply with the specific applicable regulatory reporting requirements and include all relevant documentation associated with the transaction. At a minimum, Mori will report the following information to the relevant authority:

- a) the information on which the knowledge or belief of the breach is based;
- b) any information held by Mori about the sanctions target by which the person can be identified;
- c) a list of parties involved in the transaction;
- d) any relevant dates upon which a prohibited transaction(s) occurred; and
- e) the nature and amount or quantity of any funds or economic resources implicated in the transaction, and specifically, whether such transaction was blocked or rejected.

8. Policy and Procedures Governance

8.1. Review of Policy and Procedures

Mori's sanctions policy and procedures will be reviewed annually by the CO/MLRO to ensure they are up to date and aligned with the Company's risk profile. Proposed amendments that are material in nature must be submitted to the Board of Directors for noting and approval. In addition, the policy and procedures will be reviewed following any substantive changes to sanctions legislation or internal and external factors including regulatory feedback.

8.2. Exceptions and Dispensations

Exceptions and dispensations may be required in the event the Company considers there are unique characteristics or legal requirements applicable to the transactions. Exceptions and dispensations may occur only by submitting a request, in writing, to the Company's Board of Directors, who shall review the evidence presented and approve/reject it, as appropriate. The request must state, at a minimum, the basis for the request, including a detailed description of why the request is being made, the impact such a request will have on the integrity of Mori's sanctions policies and procedures, and the duration of the dispensation.

The Board of Directors must review the request and make a determination as to whether the request should be granted in full or in part. If the dispensation requires a revision to Mori's sanctions policy and/or procedures, the CO/MLRO shall modify the terms of the appropriate documentation and obtain approval for the amended text from the Board of Directors. Any dispensation will be granted in writing and will be carried out subject to the conditions set by the Board of Directors. Dispensations are not indefinite unless otherwise authorised.

8.3. Non-Compliance

Non-compliance with these policies and procedures could have serious consequences for the Company, including civil and/or criminal penalties, injunctions, and reputational damage. All staff and contractors are responsible for understanding how these policies and procedures apply to their roles. No part of Mori's sanctions policies or procedures should be interpreted as contravening or superseding any other legal and regulatory requirements imposed upon Mori in any jurisdiction in which it operates, is registered, or licensed.

Examples of situations that will be considered as non-compliance include, but are not limited to:

- i. entering into any transaction with a designated entity where Mori's sanctions policy prohibits it;
- ii. adjusting a business engagement to avoid detection of sanctions obligations. This includes, but is not limited to, advising potential investors to amend their information to include details

that may be false or misleading, or changing or omitting information from a transaction that would otherwise lead to detection.

All non-compliance incidents and breaches must be reported to the CO/MLRO who, in consultation with the Board of Directors, will take appropriate action after consideration of all the relevant details. A breach may, in some circumstances, result in disciplinary action up to and including dismissal. Internal disciplinary procedures are independent from any action that may be initiated by any relevant regulators or authorities, if a breach occurs.

9. Policy Communication

The CO/MLRO is responsible for developing a suitable communication plan to publicise Mori's sanctions policy and procedures, their key features, and changes, as necessary. This includes, but is not limited to, training and periodic testing of current policies and procedures.