

OUR RESPONSIBLE INVESTMENT APPROACH

Banor Capital Limited (“Banor”, the “Firm” or the “Investment Manager”) mission is to generate positive risk adjusted returns with responsibility through fundamental analysis, operational excellence, and by being Environmental, Social and Governance (“ESG”) proactive. With more than EUR 2 billion under management, Banor believes it is part of its fiduciary duty to deliver returns by being a responsible investor.

Banor has taken steps to integrate certain ESG factors into its research and investment decisions. In terms of governance, the Firm acknowledges that different asset classes and investment strategies require different approaches to ESG integration. The incorporation of ESG in the Firm’s investment process will follow an inclusive and exclusive approach. Banor has allocated internal resources to develop a framework of ESG research on the investible universe.

We recognise that integrating ESG factors forms part of our fiduciary duty to clients and beneficiaries. By combining financial performance with ESG insight we strive to offer our clients responsible solutions. We believe that we can add value to our clients by actively considering ESG in our analysis and investment decisions - in particular through our investment research and performance monitoring.

PRUPOSE AND SCOPE

The purpose of the Responsible Investment Policy (the “Policy”) is to describe the framework governing the approach of Banor to responsible investments and ESG/sustainability. The responsible investment strategy and activities are overseen by the ESG Board. The ESG Board includes members from the Senior Executive Management team and is chaired by Banor’s CEO.

This policy applies only to Banor funds that are classified as Article 8 under the Sustainable Finance Disclosure Regulation (“SFDR”). This policy is expected to be reviewed annually and is otherwise subject to change as deemed necessary.

THE INVESTMENT PROCESS

Banor includes ESG considerations into its investment process applied at the level of its funds by an exclusion list (1) and will use a “best-in-class” approach to identify those issuers and/or companies with the best practice (2).

1. Exclusion list

Banor manages a diverse range of funds, each following distinct investment strategies. As a result, the exclusion lists may vary slightly between funds or sub-funds. For detailed information regarding the exclusion lists specific to each fund or sub-fund, please refer to the respective prospectus:

- For Banor SICAV prospectus: www.banorsicav.com
- For Aristeia SICAV prospectus: www.aristeasicav.com

Generally, the Investment Manager aims to apply a strict exclusion list, identifying companies whose revenues come mainly from the sales of nuclear weapons or landmines, from gambling, from sales of electricity produced by coal-fired power stations. In that respect, the Investment Manager refers to publicly available lists of companies which are allegedly exposed to activities detrimental for the environmental and human rights.

2. Best in class

Secondly, when selecting investments, Banor adopts a best-in-class approach which seeks to invest in securities of companies with low sustainability risks while avoiding those with high sustainability risks, reducing the investment universe further. For these investments to be in the investment universe, a minimum score, from an industry leading ESG data provider will be required to achieve eligibility. We provide below details of the data providers we consider as industry experts and our acceptable minimum scoring criteria from each provider:

- MSCI: B or above
- Sustainalytics: Below 40 risk score
- Bloomberg: 2 and above
- ISS (Factset) C- and above

As such, all companies in line with the above minimum scoring criteria will be accepted. The Investment Manager considers companies below these scoring thresholds as not aligned with the environmental and social characteristics promoted by its funds.

RELEVANT SUSTAINABILITY RISKS

Banor relies on the indicators used by the selected rating agency, to screen the ESG risks that are the most material accordingly to the sector or industry.

Environmental sustainability risks may include but are not limited to:

- GHG emissions, energy management, waste production, ecological/human health risks, carbon dependency and climate change risks.

Social sustainability risks may include but are not limited to:

- Human rights, data security and privacy, labour market conditions and practices, employee health and safety, diversity and inclusion, subjective well-being indicators and poverty.

Governance sustainability risks may include but are not limited to:

- Business ethics, competitive behaviours, management of legal and regulatory environment, risk management.

ESG PROVIDER

As part of our ongoing commitment to embed ESG considerations into our investment process, we conducted a due diligence review of four major ESG rating providers: MSCI, Bloomberg, Sustainalytics, and ISS - FactSet. Our objective is to ensure that our chosen ESG provider offers accurate, timely, and comprehensive data to

inform our decision-making process. Currently, MSCI is our primary ESG rating provider for the following reasons:

- **Extensive Coverage:** MSCI ESG ratings cover a vast universe of more than 15,000 corporate equity and fixed income issuers, ensuring that we have a broad spectrum of companies to consider for investment.
- **Detailed Analysis:** MSCI assesses approximately 1,000 data points across 37 ESG issues, providing a deep understanding of a company's ESG profile.
- **Dynamic Updates:** MSCI updates its ratings annually and also offers event-driven updates, keeping us informed of any significant ESG developments affecting our portfolio.
- **Ease of Access:** MSCI ESG ratings are readily accessible through various platforms, ensuring easy integration into our investment process.
- **Industry Recognition:** MSCI ESG ratings are widely recognised and utilised by the investment community, affirming their reliability and usefulness.

Our goal is to ensure our investment process incorporates the best ESG considerations to align with our fiduciary responsibilities and commitment to sustainability.

Monitoring

We review the rating agency every year and maintain this information up to date. By reviewing the rating agency every year, we aim to diversify the ESG investment universe and mitigate the potential risk rising from an inconsistency of data provided by the different rating agencies.

GOOD GOVERNANCE PRACTICES

In order to assess good governance practices, the Investment Manager believes that a sound corporate governance structure is essential for creating long-term shareholders value. As the investee companies are selected through the best-in-class process, referring to ESG ratings provided by MSCI, the Investment Manager relies on the governance scoring generated by the rating agency.

MSCI governance assessment relies on key issues being corporate governance (board composition, remuneration, ownership structure and accounting system) and corporate behaviour (business ethics and tax transparency).

Banor considers the scores of the investee companies accordingly and monitors the score throughout the life of the investment.

CONTACT

For ESG related matters and information regarding ESG at Banor please contact:

- Giacomo.Mergoni@banorcapital.com