Curmi & Partners
(‘the Company’)

Environmental, Social and Governance Policy
(the ‘Policy’)

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Document History

Version	Date	Changes/Modifications	Approval
1.0	18/12/2024	Approval of Document	Board of Directors
1.1	30/06/2025	Further structured content by inclusion of sub-titles related to articles 3, 4 and 5 of the SFDR. Integration of information pertaining to each Article into dedicated sections.	Board of Directors

Contents

1. Purpose and Rationale

1.1 The aim of this document is to set out the environmental, social and governance policy of Curmi & Partners (the "Company") when providing investment services in terms of the Company's investment services licence. This policy has been adopted in accordance with the provisions of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector and Commission Delegated Regulation of 6 April 2022[1] supplementing Regulation (EU) 2019/2088, with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of 'do no significant harm,' specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives.

1.2 The Board of Directors of the Company (the "Board") is satisfied that this document is consistent with the risk-profiles, long-term business strategy, objectives, values, and interests of the Company. The Board recognises that sustainability is key to generating value for all stakeholders.

1.3 The Board will periodically review this document to ensure that it remains up-to-date and consistent with the Company's regulatory obligations under applicable law and risk appetite. The Board shall be responsible for initiating and facilitating an annual review of this document and its implementation, which review shall be carried out in light of legal and business developments as well as the Company's experiences in its implementation.

1.4 All changes or material exceptions to this document are to be approved by the Board, whether in relation to the annual review or otherwise.

2. Defining ESG

2.1 For the purposes of this Policy, the following definitions shall apply:

- "the Policy" means the ESG Policy;
- "the Company" means Curmi & Partners;
- "SFDR" refers to the Sustainable Finance Disclosure Regulation (EU) 2019/2088;
- "ESG" means Environmental, Social, and Governance;
- "Sustainability Risk" means an ESG event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment;
- "Sustainability Factors" mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

2.2 While the Company tries to avoid too narrowly defining ESG as it evolves and improves its integration of these factors, generally, the Company evaluates ESG considerations as follows:

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[1] https://ec.europa.eu/finance/docs/level-2-measures/C_2022_1931_1_EN_ACT_part1_v6%20(1).pdf

Environmental:

- GHG emissions and decarbonisation
- Energy management
- Climate risk and resilience
- Product design and circular economy
- Materials use & sourcing
- Ecological impacts and land use
- Air quality and noise
- Water use
- Waste management

Social:

- Supply chain and responsible sourcing
- Labour practices
- Diversity and inclusion
- Health and safety, and wellbeing
- Cyber and data privacy
- Community relations
- Product safety
- Selling practices
- Consumer welfare
- Access and affordability

Corporate Governance:

- ESG governance, planning and reporting
- Risk management
- Regulatory management
- Business ethics and competitive behaviour for e.g., anti-money laundering, bribery and corruption, and whistleblowing
- High level E&S legal and regulatory compliance review

3. Regulatory Status of the Company

Curmi & Partners Ltd is licensed by the MFSA to conduct investment services business under the Investment Services Act (Cap 370 of the Laws of Malta) and is a Member of the Malta Stock Exchange.

4. Regulatory Obligations

4.1 The Company qualifies as a Financial Market Participant and a Financial Advisor in terms of the SFDR. As a result, the Company is required to have in place policies and procedures setting out the approach adopted by the Company on the integration of sustainability factors in the investment decision-making process, within its investment advisory process and within its risk management framework. SFDR defines "sustainability factors" as *"…environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters…"* (the "ESG Factors").

4.2 The Company is also required to publish on its website information about its policies on the integration of sustainability risks in its investment decision-making process. As a company involved in the provision of advisory services, the Company is also required to publish on its website information about its policies on the integration of sustainability risks in its investment advisory process. SFDR defines *'sustainability risk'* as an "*environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment"* (the "ESG Risk").

4.3 The Company is also required to include in its remuneration policies information on how these policies are consistent with the integration of ESG Risks and to include a description of the following matters in its pre-contractual disclosures:

a. the manner in which sustainability risks are integrated into their investment decisions and investment advice; and

b. the results of the assessment of the likely impacts of sustainability risks on the returns of the financial products they make available.

4.4 Where it does not currently consider adverse impacts of investment decisions on sustainability factors, the Company must publish clear reasons for why it does not do so, including, where relevant, information as to whether and when it intends to consider such adverse impacts.

5. Responsible and Ethical Business Practices

5.1 The Company is committed to incorporating ESG into how it manages its business and internal operations. The Company is committed to assessing the ESG factors that impact its business practices and this includes identifying opportunities to reduce the Company's environmental footprint, having a positive impact on the communities in which the Company operates and operating with a strong culture of compliance.

5.2 The Company has a Code of Ethics that requires its employees to conduct their business dealings with honesty, integrity, fairness, and respect for others. The Company fully understands its fiduciary duty to its clients and seeks to encourage transparency in its business practices.

6. ESG Investment Guidelines

6.1 The Board is charged with the promotion of awareness and understanding of ESG considerations with the investment team and to integrate due consideration of ESG Factors and ESG Risks into their investment decision making process, investment advisory process, engagement efforts and to share such knowledge with other employees of the Company.

6.2 The Company seeks to understand and identify material ESG Factors that have investment ramifications, and which can have a material impact on the investment's long-term financial performance. ESG Factors that are considered by the Company include, but are not limited to:

- <u>Environmental:</u> climate change; air/water pollution; biodiversity; deforestation; energy efficiency; carbon intensity; depletion of finite resources; and product evolution (energy-efficient products/renewable energy).
- <u>Social:</u> human rights; equal treatment and opportunities for all; unethical supply chains;

severe labour controversies; brand and reputational issues; and illegal working conditions.

- Governance: transparency & integrity; inadequate management of conflicts of interests; corporate governance failures; lack of appropriate board oversight; shareholder rights; bribery and corruption; the protection of whistle-blowers; the role of the Company's administrative, management, and supervisory bodies with regard to sustainability matters; internal control and risk management systems.

6.3 Information on ESG Factors is integrated in the Company's investment decision making process and investment advisory process for all asset classes that it deals in with the aim of enhancing the financial outcome for its clients in the form of improved risk adjusted returns. Guidelines apply to all asset classes where data is available.

6.4 The Company carries out an assessment and obtains information of ESG Factors in respect of the individual investments in which it invests at an investment strategy level through the Company's subscription to MSCI ESG Manager process. This is done with a view to ensuring that ESG Risk is identified and appropriately managed.

6.5 Information on ESG Factors and related ESG Risks is incorporated into the Company's investment decision-making processes and investment advisory process at the asset selection stage when undertaking due diligence on such asset class and, where possible, assessed in terms of the potential financial impact in the long term.

7. Outsourcing, Delegation and Appointment of Investment Advisors

7.1 In the event that the Company outsources or delegates to other third party managers and/or investment advisors (the "Delegates"), the performance of any of its functions, the Company shall ensure that the Delegates have in place an ESG policy or as a minimum adopt the Company's ESG Policy.

7.2 Furthermore, the Delegates shall adhere to the same level of ESG disclosures as the Company and shall be contractually bound to provide the necessary disclosures to the Company to abide to its obligations under SFDR. The Company will ensure that any third party is contractually bound to provide relevant ESG reporting.

8. ESG Investment Procedures

8.1 Integration of Sustainability Risks – Article 3 of the SFDR

The Company adopts various approaches in the inclusion of information on ESG Factors in its investment decision making process and investment advisory process with a view to managing the related ESG Risks. These include:

- ESG Negative Screening;
- ESG Integration;
- ESG Themed Investing.

8.2 ESG Screening: Negative Screening

8.2.1 The Company applies negative and conditional screening based on internal policies and client-specific ESG preferences. Certain clients may have concerns about specific activities or industries and may instruct the Company to exclude such activities or industries. In these circumstances, the Company will actively engage with its clients to better understand and define these criteria such that it is able to maintain such exclusions on an on-going basis. These exclusions are aligned with the Company's broader sustainability goals and risk mitigation efforts.

8.2.2 The Company will seek appropriate disclosure on ESG issues by the entities in which it invests.

8.3 ESG Integration

8.3.1 The Company integrates information on ESG Factors in its investment strategy, whereby ESG Risks are considered in the broader investment process and analyses across the asset classes and ultimately in the investment decisions / investment recommendations undertaken by the Company.

8.3.2 When assessing a target company, the Company takes into account the extent to which the target company:

i. Embeds responsible business conduct not its policies;
ii. Identifies and assesses adverse impacts in operations, supply chains and business relationships;
iii. Prevents or mitigates adverse impacts on ESG Factors;
iv. Tracks and implements enhancements to its processes; and
v. Communicates how adverse impacts are assessed.

8.3.3 The Company does not automatically exclude investments in products / target companies purely on ESG grounds if the Company, feels that such ESG Risks do not necessarily pose a financial risk in the long term. The purpose of integrating information on ESG Factors and related ESG Risks in the investment decision making process or investment advisory process does not automatically exclude certain products / target companies as the investment decision making process and investment advisory process takes into consideration other factors and risks.

8.3.4 The Company has established the following ESG related parameters within its investment decision- making process, including ESG scoring and exclusions, in support of the Company's integration obligations in terms of Article 3 of the SFDR:

Exclusions – The Company will not invest in entities which operate) within the following industries:

- Adult entertainment/Pornography;
- Child labour.

Conditional exclusion – The Company will not invest in entities which have significant operations (business activity accounts to c.20% of EBITDA) within the following industries:

- Tobacco;
- The manufacturing and/or distribution of military weapons.

8.3.5 The proposed investment portfolio should have an ESG score (from MSCI ESG Manager)[2] that is BBB or higher. The portfolio cannot have more than 10% of its investments which are classified as laggards and are therefore, behind in the ESG implementation process.

8.3.6 The portfolio cannot have more than 30% of its investments which are classified as not covered by the MCSI ESG Manager and therefore, cannot be assessed from an ESG perspective.

8.3.7 The Company will ordinarily also rely on due diligence measures adopted by target companies to identify, mitigate, and report on ESG Risk.

8.3.8 Inadequate management of ESG Risk can lead to inefficiencies, operational disruption, litigation, and reputational damage. These outcomes may impact the performance of the investment and ultimately the financial returns of the Company's clients.

8.3.9 The integration of information on ESG Factors and ESG Risks into investment decision making processes and the investment advisory process enhances the Company's understanding of sectors, assets and companies and their ability to deliver sustainable, long term shareholder value.

8.4 ESG Labelled / Themed Investing

8.4.1 The Company does not offer Article 8 or 9 products under SFDR and does not market explicitly ESG-themed portfolios. Nonetheless, ESG principles are applied, where appropriate, to enhance risk-return outcomes and meet client expectations.

9. Principal Adverse Impacts (PAIs) – Article 4 of the SFDR

9.1 As permitted under Article 4(1)(b) of the SFDR, he Company does not currently consider the adverse impacts of investment decisions on sustainability factors.

9.2 At product level, the Portfolio Manager has elected to exercise its discretion under Article 4(1)(b) of SFDR not to commit to considering the adverse impacts of investment decisions of the financial products on sustainability factors in the manner specifically contemplated by Article 4(1)(a) of the SFDR.

9.3 Rationale:

9.3.1 SFDR does not impose mandatory PAI reporting on firms of the Company's size

[2] The Company is subscribed to ESG research and data platform, MSCI ESG Manager: https://www.msci.com/our-solutions/esg-investing

9.3.2 Data quality and coverage for certain instruments remain insufficient

9.3.3 The Company instead manages ESG risks through a practical, risk-based approach, guided by its internal ESG policy

9.4 However, the Company monitors regulatory developments and may reassess its position on PAI reporting in the future.

10. Remuneration Policy Alignment – Article 5 of the SFDR

10.1 In line with Article 5 of SFDR, the Company's Remuneration Policy incorporates ESG-related considerations to avoid excessive risk-taking. The remuneration policy is consistent with the integration of sustainability risks and does not encourage excessive risk-taking with respect to sustainability. Performance assessments incorporate both financial and non-financial criteria, including compliance with the Company's ESG-related guidelines and policies.

10.2 Remuneration is based on the consideration of various factors including:

- Business unit performance
- Individual performance (including non-financial ESG-related metrics)
- Overall Company results

10.3 This structure ensures alignment between incentive structures and the sustainable, long-term performance of investments and business conduct.

11. Policy Review

This document shall be reviewed annually by the Board. Material changes must be approved by the Board, with updates made in light of evolving regulation, ESG best practices, and implementation experience.