midas
WEALTH MANAGEMENT

Responsible Investment Policy

“Responsible investment is the financial expression of your values and beliefs”[1]

Introduction

We were convinced even before the COP21 Paris agreement that the financial sector has a crucial role to endorse in the transitioning phase to a sustainable economy and society. Furthermore, sustainability can only be achieved if every single citizen, government and corporation uses its expertise and best effort to reach for this goal.

As a company, we aim to do our part according to our values – independence, transparency, confidentiality, performance, availability and responsibility.

Through engaging with our stakeholders (investors, clients and employees), we identified our company’s sustainability values, beliefs and visions of the economy and society. Results of this engagement are the core values of our Responsible Investment policy.

Scope

The scope of our responsible investments policy is to apply our visions and values in the investment decisions without jeopardizing financial returns. In addition, through our investments, we want to promote sustainability along all countries and businesses, regardless of their size and sector, by directly engaging with them.

In addition, our goal is to apply the principles set forth by the United Nations (UN Principles for Responsible Investments).

Furthermore, we aim to obtain all ESG certifications available in our client’s markets and that best match our stakeholder’s interests.

This Policy will guide our investment team to embed harmoniously ESG factors into their investment decisions.

The policy applies to some of our own investment funds (*see Annex 1*).

Definition[2]

Responsible Investment is an approach to investing that aims to integrate environmental, social and governance (ESG) factors[3] into investment decisions, to better manage risk and generate long-term sustainable returns.
Environmental issues are relating to the quality and functioning of the natural environment and natural systems.
Social issues are relating to the rights, well-being and interests of people and communities.
Governance issues are relating to the governance of companies and other investee entities.

ESG incorporation approach

Equities

Our ESG incorporation process is mixed and is based on the following approaches:

1. Negative screening - our stakeholder’s values, beliefs and visions are not aligned with:

    - companies generating more than 5% of their revenues from **adult entertainment** production and/or distribution.
    - companies directly involved in **child labour[4] controversies** in the last two years,
    - companies involved in **controversial weapons**, including cluster munitions, anti-personnel mines, biological weapons, chemical weapons, and nuclear weapons.
    - companies generating more than 5% of their revenues from **tobacco** production and/or distribution.
    - companies generating more than 20% of their revenues from the production of **thermal coal**;
    - companies generating more than 20% of their revenues from **oil sands extraction**.

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[1] Quote by *Chris McKnett, State Street Global Advisor and Head ESG Strategist (2014).*
[2] Our definition of Responsible investment and environment, social and governance aspects are the same as published by UNPRI in their report: “PRI Reporting Framework: Main Definitions 2018”.
[3] Defined by UNPRI in their report: “PRI Reporting Framework Glossary 2024”.
[4] Child Labour as defined by the International Labour Organization (ILO).

In our ESG incorporation process we automatically exclude any entity directly involved in those categories. The negative screening approach is performed by the ESG team with the use of several programs.

2. Best-in Class – with this method we want to motivate companies to have an acceptable degree of implementation and/or commitment towards ESG aspects and Corporate Social Responsibility. As such, all companies having a Thomson Reuter's ESG (TR) score below C- will be excluded. We consider companies below this score threshold as not sustainable or enough committed (see Annex 2).

3. ESG Integration - when analysing ESG data we believe materiality[5] aspects to be of crucial importance to define a company's true ESG value. For this reason, upon investment and over the life of the product, we assess and monitor indicators that are deemed to indicate the presence of a principal adverse impact as referred to in Annex I of the SFDR Delegated Regulation. Subject to data availability, we monitor the selected PAI indicators on an ongoing basis using an internally developed monitoring system. Issuers identified as outliers on specific indicators, or which exhibit high adverse impact across several indicators are subject to further analysis, which will then discuss if the materiality of these impacts requires an exit.

Our ESG data are supplied by Thomson Reuters, MSCI, Sustainalytics, ISS and Bloomberg.

Unavailable ESG Data

In the event of unavailable ESG data, the ESG Team will analyse and evaluate companies individually. The ESG Team will work towards obtaining relevant information by engaging with the company and/or collecting publicly available information and subsequently fill our internal 'ESG aspects checklist' (see Annex 3) to give an ESG score to the company. Results will be brought at the attention of the Investment Team. Meanwhile the ESG Team researches and analyses, the Investment Team can invest only if 'negative screening' conditions are met (see 'negative screening' paragraph).

As mentioned earlier, our scope is to promote sustainability along all countries and businesses, regardless of their size and sector. As such, understanding each company specificity (size, location, business model, corporate culture, etc…) is crucial in giving a true and fair opinion. Hence, while assessing companies not having third party provider ESG data, we consider all specificities.

In addition, it could happen that companies recently considered sustainability aspects crucial for their business and as a result have no or few data. In this case, we will implement a 'best-effort' approach: the company shows a clear understanding and commitment to improve on ESG aspects.

Fixed Income

Our sub funds may invest in fixed income instruments issued by corporations, governments, public institutions and supranational (GPI&S). The ESG analysis applied for the different issuers is as follows:

- Corporations: same ESG incorporation process as for equities (if the issuer is listed).
- Governments, public institutions and supranational: ESG score provided by the ESG rating agency[6].

Should the ESG rating agency not dispose of a score for a GPI&S, the ESG Team can:

- Rely on another ESG rating agency having a similar methodology, or
- Analyse the governance and the sustainability of the entity.

Depending on the scope of the fixed income instruments, we will analyse the sustainability of the issuer:

- Should a fixed income instrument be issued by a subsidiary or related company, we will analyse the sustainability of the parent company.
- Should the company be state owned, we will give an ESG Score and/or consider it as GPI&S and analyse it accordingly.
- Should the entity issuing the fixed income instrument be public institution, we will analyse the sustainability of the correspondent government.
- Should the entity issuing the fixed income instrument be a private equity firm, we will analyse its responsible investment policy and approach.

[5] Sustainability Accounting Standards Board (SASB) definition: "sustainability topics that are reasonably likely to be material and to have material impacts on the financial condition or operating performance of companies in an industry".
[6] The ESG rating agency is ISS and the minimum ESG score for GPI&S is an ESG category of C-.

Issuers not meeting the minimum score requirement can exceptionally be included only if the purpose is to benefit the investors and prior consent of the ESG team.

Divestment process

In the event of a company being in breach with this policy, we will firstly check from our sources whether the information is true, and if so, proceed with divestment considering the investor's best interest. Divestment process may take up to three months: enough time to verify the information and exploit market momentum in investor's best interest. Divestment process taking more than three months is exceptionally allowed if the purpose is to protect our investors and prior consent of the ESG Team.

Negative screening

The negative screening approach is performed by the ESG or Investment Team with the use of several programs and websites (see Annex 4). After the search is completed, there are three options:

1. No evidence of negative screening categories – *proceed with 'Best-in class' approach.*

2. No evidence of negative screening categories but the search identified rumours, inconsistencies or controversies that occurred in the past – *further investigation performed by the ESG Team meanwhile the Investment Team is allowed to invest in the company*.

3. Evidence of negative screening categories – *no investment can be made*.

Derivatives and others

Once again, our responsible investment scope is to apply our stakeholder's visions and values in the investment decisions without jeopardizing financial returns. As such, the investment team may use derivatives, structured products, ABS/CLO, funds and ETF, commodities and cash in line with the respective prospectus.

Miscellaneous

Any material related to ESG incorporation that is not covered in this policy has to be decided by the Investment and ESG Team for all funds this policy applies to.

MIDAS ESG Committee

The ESG Committee is composed of the:

- CEO
- CIO
- Head of Portfolio management
- Fund managers

Midas ESG Committee's objective is to review, update and strengthen our responsible investments process.

The ESG Committee will meet once a year to review and discuss the following aspects:

- Overview of the sub-funds ESG situation
- Responsible Investment legislation
- ESG training
- Macro level ESG topics and trends
- Responsible Investment policy
- Negative screening: Exclusion list
- ESG Reporting

Additional participants can attend prior invitation by any of the Midas ESG Committee member.

Reporting

Information on our Responsible Investment approach is available on our website as well as in the following documents:

- Prospectus
- Factsheet
- KIID

Content published in the reports will be decided and approved by the board of director of MWM SICAV.

Annex 1

The investment funds to which our Responsible Investment Policy applies are:

- MWM SICAV - Global Equities
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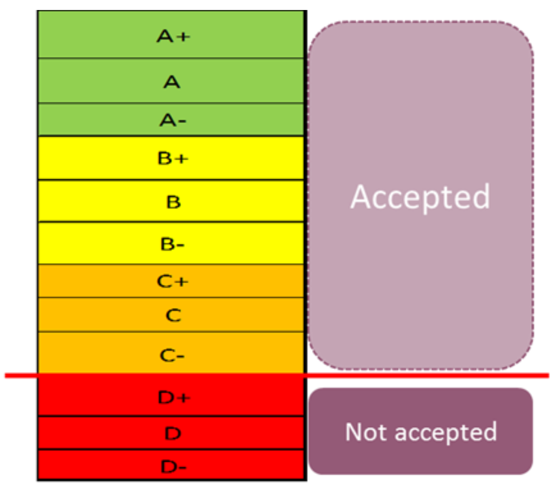
Annex 2

Thomson Reuter's ESG score goes from D- up to A+.

ESG scores in the D category are considered as not sustainable, therefore companies do not have an acceptable degree of engagement towards ESG aspects and Corporate Social Responsibility.



Annex 3

The 'ESG aspects checklist' is used by the ESG Team to gather information and give an ESG score regarding the company for which Thomson Reuters ESG data are not available.

In this document we have:

- Overview of the negative screening, sensible categories to our stakeholders and controversies
- Information to understand company's specificities (size, location, business model, etc…).
- Findings on the company's ESG material aspects.
- Overall score concerning the level of sustainability and corporate social responsibility.

The methodology used in this activity is similar to the Midas Materiality Scorecard but considers as well company's specificities.

The ESG Team will then give an ESG score (from 0 to 10) to the company based on the analysis performed. In order to be accepted into our investment universe a minimum score of 4 is required.

Annex 4

Below the non-exhaustive list of programs and websites used by the ESG Team to gather non-financial information:

Amnesty International
Bloomberg
Business for Social Responsibility (BSR)
Carbon Disclosure Project
CERES
CFA Institute
CIA World Factbook
Conservation International
Corporate Watch
Doctors without borders
Food and Water Watch
Global Reporting Initiative (GRI)
Greenpeace
Humans Right Watch
McKinsey & Company
Natural Resources Defense Council
Novethic
OECD Watch
Oxfam
PAX
Sierra Club
Thomson Reuters
Transparency International
UN Bodies
World Bank
World Resources Institute
World Wildlife Fund (WWF)