



MAOR ESG Chart

September 2024

Integration of ESG in the investment policy

1) Pre-Investment

Maor is a sector-agnostic VC fund investing in Israeli-related, revenue-generating technology startups. As the Investment Advisor, Maor selects investment opportunities in multiple tech verticals (CyberSecurity, SportsTech, FinTech, AgriTech. etc.).

Exclusions

Maor has defined an Excluded Investments Sectors list, which consists of sectors that generate additional risks (ethical, legal, reputational, financial). As such, Maor does not invest in:

- Companies involved in production of and trade in weapons and ammunitions of any kind;
- Companies involved in production of and trade in tobacco and distilled alcoholic beverages and related products;
- Companies involved in internet gambling and online casinos, or pornography;
- Companies that generate a significant part (>20%) of their annual revenues from coal-based production as well as fossil fuel production;
- Companies whose business activity consists of illegal economic activity;
- Companies that have demonstrated a systematic denial of basic human rights; and
- Companies that participate in child labor and or forced labor.

2) Due Diligence

Our disciplined investment approach drives us to consider ESG criteria alongside financial criteria in the analysis of potential investments. Any potential new investment (at an advanced stage of diligence) is subject to an *ESG Rating Assessment* of ESG factors as part of our due diligence process.

ESG factors may include (but not limited to):

- **Environmental criteria:** the environmental impact generated by the company's products and offerings, corporate climate policies, energy use, waste, pollution, direct and indirect greenhouse gas emissions and impact on biodiversity. These criteria help to evaluate any environmental risks a company might face and how well-positioned the company will be in managing those risks, as well as the net environmental impact created by the company's operations.
- **Social criteria:** the company's relations with its stakeholders, (i.e., employees, customers, suppliers, and the communities in which it operates) as reflected from both qualitative & quantitative criteria, such as the financial security of employees, diversity & inclusion in

the workforce, health, wellness and safety of employees, engagement & satisfaction of employees and community involvement.

- **Governance criteria:** accuracy and transparency in accounting methods and reporting, integrity and diversity in leadership & board selection, the Company's data governance and cyber security posture.

ESG factors are assessed in partnership with the management team of the prospective portfolio company as stated in the Investment Advisor's internal ESG framework. The framework is built on existing and recognized frameworks, relevant for the VC and tech industries, including, but not limited to, the [ESG VC framework](#) and [the B Impact Assessment](#).

To assess target companies against relevant ESG factors (as presented above), a questionnaire with detailed questions on each relevant factor is filled in by the target company, and then analyzed and graded internally by the Investment Advisor.

Additionally, an ESG materiality analysis is performed based on the [VentureESG Materiality Assessment for Venture Capital](#) framework and the [SASB materiality finder](#).

In doing so, the Investment Advisor better understands the company's current ESG practices, current disclosure and performance on selected KPIs, plans to set new ESG practices and/or reach KPIs' targets. The Investment Advisor, along with the management team, is thus able to identify key areas of improvement on selected KPIs and new policies for the Company to integrate (*see Portfolio Monitoring*).

The Investment Advisor includes these ESG analyses (both quantitative & qualitative) in its Investment Committee memorandum and meetings, as part of the overall analysis of the investment. Following said, if the Investment Advisor considers that the ESG risks are material, it can recommend to the AIFM not to invest in such company or ask the management or lead investor to build an action plan to improve the ESG situation.

As a sector-agnostic VC fund investing in tech, and mostly in software companies, relevant ESG factors are mainly related to Social topics, and to a lesser extent to Governance matters. In general, the Environmental factor is much less relevant. The main issue identified in our portfolio companies, and in the high-tech industry in general, is around Diversity & Inclusion considerations.

As such, when leading an investment round, Maor includes an ESG clause focusing on Diversity & Inclusion in the Term Sheet and asks investees to include a similar clause in their Articles of Association (or equivalent document). In essence, this clause reflects a commitment by the management team to build a diverse and inclusive organization, implement an equal-pay policy, and report on the status and efforts made to promote Diversity & Inclusion.

3) Portfolio Monitoring

As a VC fund, Maor believes that it has a responsibility to include ESG attributes in its portfolio companies' strategy and reporting.

Maor is committed to initiating and maintaining ESG approach with the management of its portfolio companies to create value and improve overall ESG performance.

From day one of investment to divesture, Maor aims to raise awareness and to define, in collaboration with the company's management, relevant, and measurable, social and environmental indicators which can be monitored over the long term.

As such, Maor collects updated ESG questionnaires, as part of the annual follow-up on ESG topics, from which an updated ESG rating and materiality analysis are derived. These analyses enable to have a follow-up on the ESG risks and opportunities (if any) identified at the time of investment, as well as to identify any new risks and opportunities arising at a later stage. If necessary, Maor can create, together with the Company, an appropriate action plan to address such issues.

Additionally, Maor performs, on an annual basis, an internal assessment of active portfolio companies' contribution to the [UN SDGs](#). All contributions identified refer to how Companies' products and services contribute to specific targets (and not to the SDGs).

As part as of our commitment towards improving Diversity & Inclusion aspects, we also partner with [Power In Diversity \(PID\)](#), a joint venture of Israeli VC firms and startups, and encourage our portfolio startups to monitor diversity data, enabling to identify key strengths and weaknesses in terms of diversity representations and adopt the relevant practices to tackle them.

ESG Governance at Maor

ESG Commitments

As Maor requires that portfolio companies maintain good ESG standards, Maor commits to maintaining the same standards in order to become better investors. To do so, Maor commits to:

- Continually improve Maor's ESG assessment methodology.
- Promote diversity within Maor's workforce.
- Determine a person leading ESG and responsible for ESG reporting.
- Implement annual employee training on ESG issues.

Lobbying and political involvement

Maor does take part in lobbying organizations that promotes VC and tech ecosystem motives, including [IATI](#) (Israel Advanced Technology Industries), an NGO which connects Israel's tech industry players through action-focused workgroups and task forces that together influence public policy decisions and foster industry stability and business certainty. For the time being, Maor does not intend to be directly involved with political stakeholders.

Integration of ESG in the remuneration policy

The annual objectives of Maor's partners and execution team members may include an ESG dimension. These objectives may include, inter alia, the integration of Maor's ESG policy in the investment process, portfolio monitoring process, and internal operations, and the promotion of ESG topics among the local investment ecosystems.

On an annual basis, Maor's general partners may review to what extent these objectives have been met by each individual employee, and accordingly decide the impact on the level of variable compensation for this employee.



Sustainable Finance Disclosure Regulation (2019/2088)

The Compartment is eligible to be an article 8 fund under SFDR¹, which is defined as *“a financial product which promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices.”*

This classification has been officially included in the Fund’s corporate documents and required website disclosures can be found on Maor’s Investors’ portal.

Disclaimer Regarding Maor II

The sections “Integration of ESG in the Investment Policy” and “Sustainable Finance Disclosure Regulation (2019/2088)” are applicable to MAOR SLP SICAV-RAIF (the Fund), acting in respect of its compartment MAOR SLP SICAV-RAIF - Fund II (the Compartment).

MAOR T&F Advisory Ltd. acts as the Investment Advisor in respect of the Fund and its Compartment and provides advisory services such as the sourcing of investment opportunities and the assistance in respect of the preparation and implementation of investment decisions. Any investment decision to be made will be submitted by the Investment Advisor to the Investment Committee of the AIFM.

¹ The EU Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector as amended and restated from time to time. Link: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019R2088&from=EN>