



LEA 02	Disclosure: Mandatory	Principle: PRI 1, 2, 3
<p>Reason for interaction</p> <p><input checked="" type="checkbox"/> To support investment decisionmaking in & company's material ESG issues</p> <p><input checked="" type="checkbox"/> To encourage corporate transition or identify the need for additional or different investments</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in internal staff</p>	<p>Type of engagement</p> <p>Individual/internal staff engagements</p> <p>Collaborative engagements</p> <p>Service provider engagements</p>	<p><input type="checkbox"/> To support investment decisionmaking in & company's material ESG issues</p> <p><input type="checkbox"/> To encourage corporate transition or identify the need for additional or different investments</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in internal staff</p> <p><input type="checkbox"/> To support investment decisionmaking in & company's material ESG issues</p> <p><input type="checkbox"/> To encourage corporate transition or identify the need for additional or different investments</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in internal staff</p> <p><input type="checkbox"/> To support investment decisionmaking in & company's material ESG issues</p> <p><input type="checkbox"/> To encourage corporate transition or identify the need for additional or different investments</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in internal staff</p>

RI TRANSPARENCY REPORT

2014/15

Prosperity Capital Management

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2014-15 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	🔒	n/a							✓
OO 08	Breakdown of AUM by market	✓	Private							✓
OO 09	Additional information about organisation	✓	Public							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public							✓
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	-	n/a							✓
OA 07	Governance, management structures and RI processes	✓	Public							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Public	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Public	✓						
OA 15	ESG issues for internally managed assets not reported in framework	✓	Public							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Public							✓
OA 19	Internal and external review and assurance of responses	✓	Public							✓

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Public	✓						
LEI 02	Description of ESG incorporation	✓	Public	✓						
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Public	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	✓	Public	✓						
LEI 06	Types of screening applied	✓	Public	✓						
LEI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 08	Processes to ensure fund criteria are not breached	✓	Public	✓						
LEI 09	Types of sustainability thematic funds/mandates	✓	Public	✓						
LEI 10	Description of ESG integration	✓	Public	✓						
LEI 11	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 12	Processes to ensure integration is based on robust analysis	✓	Public	✓						
LEI 13	Aspects of analysis ESG information is integrated into	✓	Public	✓						
LEI 14	ESG issues in index construction	🔒	n/a	✓						
LEI 15	How ESG incorporation has influenced portfolio composition	✓	Public	✓						
LEI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Public	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	-	n/a	✓						
LEI 18	Disclosure of approach to ESG incorporation	✓	Public		✓					✓

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	✓	Public		✓		✓			
LEA 08	Monitor / discuss service provider information	✓	Public		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Public	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Private		✓					
LEA 12	Engagements on E, S and/or G issues	-	n/a		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Private		✓					
LEA 14	Examples of ESG engagements	-	n/a		✓					
LEA 15	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 16	Description of approach to (proxy) voting	-	n/a		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 19	Confirmation of votes	✓	Public		✓					
LEA 20	Securities lending programme	✓	Public		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	✓	Private		✓					
LEA 24	Shareholder resolutions	✓	Private		✓					
LEA 25	Examples of (proxy) voting activities	-	n/a		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

Prosperity Capital Management

Reported Information

Public version

Organisational Overview

PRI disclaimer

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Basic Information

OO 01	Mandatory	Gateway/Peering	General
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OO 01.1 Select the services you offer.

Fund management

% of assets under management (AUM) in ranges

<10%

10-50%

>50%

Fund of funds, manager of managers, sub-advised products

Other, specify

Execution and advisory services

OO 01.2 Additional information. [Optional]

Prosperity Capital Management is an institutional asset manager focused on the equity investment opportunity amongst Russian and Former Soviet Union companies.

OO 02	Mandatory	Peering	General
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OO 02.1 Select the location of your organisation's headquarters.

Cayman Islands

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

1

2-5

6-10

>10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

31

OO 03	Mandatory	Descriptive	General
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OO 03.1

Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 03.3

Additional information. [Optional]

Prosperity Capital Management employs a group-wide policy with respect to the firm's ESG and UNPRI approach.

OO 04

Mandatory

Gateway/Peering

General

OO 04.1

Indicate the year end date for your reporting year.

31/12/2014

OO 04.2

Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets.

	trillions	billions	millions	thousands	hundreds
Total AUM		1	861	774	950
Currency	USD				
Assets in USD		1	861	774	950

OO 04.5

Indicate the level of detail you would like to provide about your asset class mix.

- Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 04.6

Additional information. [Optional]

Prosperity Capital Management is an equity-only asset manager.

OO 06

Mandatory

Descriptive

General

OO 06.1

To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- Publish our asset class mix as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	99.99	0

Fixed income – corporate	0	0
Fixed income – government	0	0
Fixed income – other	0	0
Private debt	0	0
Private equity	0	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	0.01	0
Other (2), specify	0	0

'Other (1)' specified

A very small proportion of Prosperity Capital Management's investments are in unlisted securities.

- Publish our asset class mix as broad ranges
- Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OO 06.2

Additional information. [Optional]

Prosperity Capital Management is an institutional asset manager focused on the equity investment opportunity amongst Russian and Former Soviet Union companies.

OO 09

Voluntary

Descriptive

General

Prosperity Capital Management

Prosperity Capital Management is a leading institutional asset manager focused on the equity investment opportunity amongst Russian and Former Soviet Union companies.

Investment philosophy

Prosperity's investment philosophy is based on a long-only, bottom-up, fundamental-value, active investment approach. We seek to benefit from the significant value generated from the ongoing modernisation, restructuring and consolidation processes in our investee companies. We also actively work to improve corporate governance and mitigate corporate governance risks. In general, Prosperity's investment philosophy can be described as a bottom-up search for companies that are adding value through internal modernisation and consolidation.

In general, Prosperity's investment philosophy can be described as a bottom-up search for companies that are adding value through internal modernisation and consolidation.

Prosperity firmly believes that the successful transformation of companies from Soviet-era "production units" to more modern, "Western-style" corporations generates tremendous productivity growth - which in turn is a key driver of economic growth and shareholder returns over the long-term. In addition, Prosperity places an emphasis on the quality of corporate management and seeks to invest in companies that already benefit from superior management or where management or ownership change has the potential to generate significant shareholder value.

Investment methodology

Prosperity's investment decisions are underpinned by highly-detailed, proprietary investment analysis conducted by the experienced fund advisors and sector-specialist analysts that form the Prosperity investment team.

Our analysis is generally based on a three to five year investment horizon. This in-house research covers a broad spectrum of the region's investment opportunities. Furthermore, having operated in the Russian and Former Soviet Union markets since their effective inception, Prosperity has built up an expansive corporate contact network, which enables us to identify qualitative changes within our companies.

Prosperity seeks to construct concentrated portfolios and actively manage those positions as a constructive shareholder of the businesses. As such, Prosperity is in frequent contact with the investee company's management teams and core shareholders. We strive to add value to our investments by engaging management and other stakeholders.

Prosperity does not seek to engage in any market-timing activity. Instead, Prosperity has established an institutional, sophisticated and stable client base that understands the considerable market opportunity, the risks associated with the investment and take a similar long-term, fundamental-value driven investment approach to Prosperity and the advised Funds. Prosperity actively seeks to inform and educate its client base with our on-the-ground knowledge.

Active and activist investment approach

Each shareholder owns a part of the business that they invest in and have the same rights. This means that Prosperity is a stakeholder in the firms in which we invest on behalf of our shareholders and that it is our job to try to ensure that management works for the benefit of all shareholders.

This activist approach can be expressed in three ways. We engage with the corporate management and core shareholders of the business to discuss issues of corporate governance and corporate finance. This is generally seen as a positive contribution and welcomed by the other stakeholders. Another form is where good corporate governance practices have been or are at risk of being breached. In such cases, we take action to resolve a potential conflict or to minimise the damage where a conflict has already arisen. This activity can take many forms from negotiations, appeals to the regulatory authorities or, in some cases, legal action. The third avenue of our active approach is working with the government, regulators and legislators to improve the overall investment climate.

An active investment approach means helping to make our companies more profitable and valuable. Prosperity is often a large minority shareholder in many of our Funds' investee companies, which often helps us achieve these objectives. Prosperity refers to this investment approach as "constructive activism".

Shareholder value is often created in companies that are in the midst of a transformation - be it a merger, corporate restructuring, change of control or management or an on-going sector consolidation. During such periods, it is important to safeguard good corporate governance standards and an active approach can be a major contributor to enhanced shareholder value.

Whilst Russia is often associated with economic and political concerns, Prosperity's experience is that the most serious risks to our investments relate to corporate governance. Actively engaging with the portfolio companies is an important tool to minimise and mitigate these risks. Recognising big improvements in corporate governance standards and practices can also be a major source of value generation for investors in Prosperity's Funds. Investors in Russia and the Former Soviet Union cannot avoid corporate governance risks entirely, but Prosperity

continues expend considerable energy on issues of corporate governance, which we believe works to improve the overall total returns for our portfolios and is an important part of our policy of responsible investment.

Focus on management

Prosperity believes that the quality of management is very variable in our investment universe and that this qualitative metric has a very significant impact on shareholder value. This is true anywhere, but it is our view that the variance and impact of management quality is greater in Russia than in many other markets. As a result, Prosperity places a considerable emphasis and importance on meetings with company management and core shareholders throughout the investment in order to evaluate their quality.

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The rapid rate of change in Russia also necessitates constant monitoring as the market for corporate control is quite active and both core shareholders and management may change. These changes may sometimes work to dramatically increase the efficiency of a company and its shareholder value. Our long-standing participation in the markets allows us to often have formed a well-researched view of incoming shareholders and management based on their respective previous track records. It also gives us the opportunity to efficiently reach management to discuss strategy and plans for operational improvements.

Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General
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OO 10.1	Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.
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- We incorporate ESG issues into investment decisions on our internally managed assets
- We engage with companies on ESG issues via our staff, collaborations or service providers
- We cast our (proxy) votes directly or via service providers
- None of the above

OO 10.3	Additional information. [Optional]
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Prosperity's investment philosophy is based on a long-only, bottom-up, fundamental-value, active investment approach. We seek to benefit from the significant value generated from the ongoing modernisation, restructuring and consolidation processes in our investee companies. We also actively work to improve corporate governance and mitigate corporate governance risks. In general, Prosperity's investment philosophy can be described as a bottom-up search for companies that are adding value through internal modernisation and consolidation.

In general, Prosperity's investment philosophy can be described as a bottom-up search for companies that are adding value through internal modernisation and consolidation.

Prosperity's investment decisions are underpinned by highly-detailed, proprietary investment analysis conducted by the Moscow-based, sector-specialist analysts that form the Prosperity investment advisory team. Prosperity's investment analysis seeks to consider all factors in its consideration of companies and their equity investment opportunities - including ESG matters. In general, Prosperity strongly feels that environmental and social factors are lead by the quality and effectiveness of corporate governance. That is to say, our experience and understanding is that the better managed companies tend to have appropriate environmental and social policies and actions. Moreover, poor environmental or social practices, such as avoidable oil spills or poor employee safety measures, are indicative of inefficiently management and poorly run businesses. Whilst price and other factors are a consideration, of course, Prosperity generally seeks to invest into fundamentally-sound and well managed businesses.

Furthermore, Prosperity Capital Management is an active shareholder and seeks to behave as a part owner of the businesses in which our clients' capital is invested. As such, we actively seek to engage with owners, management and other stakeholders to drive value in our businesses and, amongst other things, to promote better and good governance practices - which in turn will, in our expectation and experience, manifest itself in better and good environmental and social policies and actions.

OO 11	Mandatory	Gateway	General
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OO 11.1 Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

- Other (1)
- None of the above

'Other (1)' [as defined in OO 05]

A very small proportion of Prosperity Capital Management's investments are in unlisted securities.

OO 11.3 Additional information. [Optional]

Prosperity Capital Management employs a group-wide policy with respect to the firm's ESG and UNPRI approach.

OO 12	Mandatory	Gateway	General
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OO 12.1 The modules and sections that you will be required to complete are listed below.

This list is based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. You are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Fixed Income and Infrastructure are voluntary.

Core modules

- Organisational Overview
- Overarching Approach (including assets which do not have a separate module)

RI implementation directly or via service providers

Direct - Listed Equity incorporation

- Listed Equity incorporation

Direct - Listed Equity active ownership

- Engagements
- (Proxy) voting

Closing module

- Closing module

Prosperity Capital Management

Reported Information

Public version

Overarching Approach

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Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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OA 01.1 Indicate if you have a responsible investment policy.

- Yes
 No

OA 01.2 Indicate if you have other guidance documents or more specific policies related to responsible investment.

- Yes
 No

OA 01.3 Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]

Objective

Prosperity Capital Management's Responsible Investment Policy sets out how Prosperity Capital Management ("PCM") discharges its responsibility towards PCM's clients by promotion of the best corporate governance practices and responsible and balanced social and environmental policies.

Scope

PCM's Responsible Investment Policy applies for all funds and discretionary mandates managed by PCM and it is required reading for all advisors and analysts. The oversight of the policy rests with the Corporate Governance Team and the Group Compliance Officer.

Policy

It is our policy not to exclude any investment. The core belief of PCM is that positive results for environmental, social and governance (ESG) work comes from active involvement in companies rather than from exclusion of certain investments. Divestment may be a final option if the results from our active work is not showed.

The Policy is guided, inter alia, by the Principles for Responsible Investment and by the new Russian Corporate Governance Code approved in 2014 ("the Code"). PCM is a signatory of the United Nations Principles for Responsible Investment (PRI), and PCM Responsible Investment Policy sets out PCM's approach in applying the Principles across the investment management business. The best corporate governance principles and recommendations set out in the Code are addressed primarily to public companies whose securities are traded on a regulated market. Such companies are recommended to disclose information about compliance with the principles of the Code, as well as on the causes of non-compliance with any of these principles. PCM also holds shares of companies that are not listed on a regulated market. PCM strive to implement the best practices of corporate governance and responsible and balanced social and environmental policies in those companies too.

As an active investment manager, PCM advocates high standards of corporate governance, social and environmental policies in investee companies through the following actions:

- Communication, including in cooperation with other minority shareholders, with an issuer's management and controlling shareholder with aim to promote good corporate governance and, in cases when respective flaws exist, responsible and balanced social and environmental policy.
- Nomination and election, including in alliance with other minority investors, of independent directors and minority shareholders' representatives to the Boards of Directors.
- Being elected to a Board of Directors, PCM's supported candidates endeavour to contribute their best knowledge and experience to the Board of Directors and its committees' work and to further good corporate governance, social and environmental practices. For example, being appointed to a Remuneration Committee, they support incentive schemes which genuinely incentivise executives to pursue strategies

which will increase long-term shareholder value and which align the interests of executives and shareholders.

- Active and proactive approach to important corporate actions, including charters' amendments, take-overs, mergers and acquisitions, large-scale and related party transactions, additional shares' issues, to ensure shareholders' rights' observance during such actions.
- In case of anticipated or actual minority shareholders rights' violations, negotiations with the issuer's management and controlling shareholder (in order to prevent or redress damage to minority shareholders' interests) and complaints to the financial market regulator or lawsuits' filings (in case if the negotiations end in failure).
- Control of companies' full disclosure of material information, including related to corporate governance, social and environmental policies, in accordance with applicable requirements. If information is not disclosed, requests of such information.
- Active and informed participation in general shareholders' meetings ("GSM"). In the absence of sufficient information provided by a company on a proposed GSM's resolution, PCM will vote against the resolution.

Relevant Stakeholders

As an active investment manager, PCM cooperates with the Government, regulators, stock exchanges and legislators to improve the overall standards of corporate governance in Russia. PCM's representatives are involved in activity of "Creation of International Financial Centre in Russian Federation" Working Group ("the Working Group"). A think-tank created by the President and entrusted with a task to improve investment climate in Russia. One of the main priorities of the Working Group is to improve corporate governance in the Russian Federation. Also, PCM's representatives were co-authors of the Code. PCM's representatives' are actively devoted to the following issues:

- shareholders' rights' protection, including protection of dividend rights; - effectiveness of a board of directors; - liability of controlling persons, managers and directors;
- disclosure of material information about a public company and its controlled entities; - significant corporate actions and respective shareholders' rights.

As a responsible investment manager, PCM considers itself as a co-owner of respective company and therefore it is in PCM's interest and those of our investors that the companies are run as efficiently as possible. We closely monitor the companies in which we invest, and vote at company meetings. If PCM comes across a company with no appropriate ESG performance this will be raised by PCM and discussed. PCM believes that good corporate governance, high standards of environmental protection and responsible social policies are indicative of efficient management. Cases of serious environmental disregard resulting in spills or other degradation are signals of inefficient management and should be taken into consideration during investment analysis' process. PCM is a member of Investor Protection Association (Russia) since 1999 and are active in its independent directors' nomination, minority shareholders' rights' defence, corporate legislation's enhancement and improvement of the efficiency of corporate governance at state-owned companies projects. PCM similarly sees unsafe and unhealthy working conditions are inefficient and detrimental not only to the people affected but also to the financial health of the company. Good working practices are conducive to higher productivity and therefore fully in line with the interests of all shareholders. Accidents and spills will be seen as negative events in the companies and PCM will endeavour to challenge the management whenever possible as to why this has occurred and what will be done to minimise such events in the future.

PCM uses in-house expertise for the ESG research. This is performed by the advisors and analysts. All the progress in our ESG work will be made public through UNPRI's website.

PCM Responsible Investment Policy will be reviewed annually or more frequently should circumstances require it. The PCM Responsible Investment Policy has been approved by the board of Directors.

OA 02	Mandatory	Core Assessed	PRI 6
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OA 02.1	Indicate if your responsible investment policy is publicly available.
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Yes

OA 02.2 Provide a URL to your responsible investment policy.

URL

<http://www.prosperitycapital.com>

No

OA 02.3 Indicate if your other policies or guidance documents related to responsible investment are publicly available.

Yes

No

OA 02.5 Additional information. [Optional]

Prosperity Capital Management makes its Responsible Investment Policy publicly available, where appropriate and to the extent possible. Certain other policies and guidance documents associated with the Responsible Investment Policy are considered to be integral to the investment management process and, as such, are treated as sensitive and are not made publicly available. An example of such a document is Prosperity Capital Management's Proxy Voting Policy.

OA 03 **Mandatory** **Core Assessed** **PRI 1,2**

OA 03.1 Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Engagement/active ownership policy <input checked="" type="checkbox"/> Specific guidelines on corporate governance <input checked="" type="checkbox"/> Specific guidelines on environmental issues <input checked="" type="checkbox"/> Specific guidelines on social issues <input checked="" type="checkbox"/> Asset class-specific guidelines <input checked="" type="checkbox"/> Screening/exclusion policy <input checked="" type="checkbox"/> Other, specify Code of Ethics policy <input checked="" type="checkbox"/> Other, specify Conflicts of Interest policy	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

OA 04 **Mandatory** **Core Assessed** **General**

OA 04.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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- Yes
- No

Objectives and strategies

OA 05	Mandatory	Gateway/Core Assessed	General
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OA 05.1	Indicate if your organisation sets objectives for its responsible investment activities.
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- Yes

OA 05.2	Indicate how frequently your organisation sets or revises objectives for responsible investment.
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- At least once per year
- Less than once per year

OA 05.3	Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.
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- Quarterly
 - Biannually
 - Annually
 - Every two years or less
 - It is not reviewed
- No

OA 05.4	Additional information. [Optional]
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Prosperity Capital Management reviews its performance against its objectives for responsible investment as part of the investment process on an ongoing basis. Additionally oversight by the Corporate Governance and Compliance teams is regular and dynamic.

Governance and human resources

OA 07	Voluntary	Descriptive	General
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OA 07.1	Provide a brief description of your organisation's governance, management structures and processes related to responsible investment.
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Investment team

Responsible investment issues are considered alongside other factors in the investment process. Prosperity Capital Management's investment team employs a collective and collaborative approach in their investment analysis and implementation. As such, the full investment team works together to identify, discuss and resolve issues related to responsible investment.

Corporate governance team

Not only are Prosperity's corporate governance team an integral member of the investment team, but they also maintain an oversight role (alongside Prosperity's compliance team) for the implementation of Prosperity Capital Management's Responsible Investment Policy.

Compliance team

Prosperity's compliance team monitors, amongst other things, Prosperity Capital Management's adherence to its stated policies and practices, including the Responsible Investment Policy. Moreover, the compliance team actively considers the ongoing appropriateness and relevance of Prosperity's policies and practices and seeks to ensure that these are regularly reviewed and changed where necessary.

Board of Directors

The relevant board of Directors have ultimate responsibility for all of Prosperity's activities on behalf of its clients.

I would like to attach an organisation chart (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OA 08	Mandatory	Gateway/Core Assessed	General
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OA 08.1	Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.
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Roles present in your organisation

- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
 - Corporate Governance
 - Compliance

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
- External managers or service providers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify
- Other role, specify

OA 08.3	Additional information. [Optional]
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Investment team

Responsible investment issues are considered alongside other factors in the investment process. Prosperity Capital Management's investment team employs a collective and collaborative approach in their investment analysis and implementation. As such, the full investment team works together to identify, discuss and resolve issues related to responsible investment.

Corporate governance team

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Board of Directors

The relevant board of Directors have ultimate responsibility for all of Prosperity's activities on behalf of its clients.

Promoting responsible investment

OA 10	Mandatory	Core Assessed	PRI 4,5
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OA 10.1	Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.
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Select all that apply

Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- Asian Corporate Governance Association
- Association for Sustainable & Responsible Investment in Asia
- Australian Council of Superannuation Investors
- CDP Climate Change
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify
Corporate Governance Working Group, Moscow International Financial Centre

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Alexander Branis, Prosperity's Chief Investment Advisor, leads the Corporate Governance Working Group within Moscow International Financial Centre - a Presidentially-formed commission designed to help advance corporate governance standards across Russia, as part of a wider drive to improve the business-climate and investibility of Russia.

Prosperity's head of Corporate Governance, Denis Spirin is also deeply involved in developing, driving forward and implementing initiatives, alongside Alexander Branis.

Other collaborative organisation/initiative, specify

Association of Institutional Investors (previously known as Investor Protection Association)

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Prosperity Capital Management was a co-founder of the Investor Protection Association, and Alexander Branis, Prosperity's Chief Investment Advisor serves as its Chairman.

Other collaborative organisation/initiative, specify

Other collaborative organisation/initiative, specify

OA 11

Mandatory

Core Assessed

PRI 4

OA 11.1

Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

Yes

OA 11.2

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Other, specify

No

OA 11.3	Additional information. [Optional]
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Prosperity Capital Management participated in drafting the New Russian Corporate Governance Code and employed considerable efforts for its promotion and implementation in the thirteen largest state-owned enterprises. Our Head of Corporate Governance also wrote a chapter in Russia's National Corporate Governance 2014 Report.

OA 12	Voluntary	Additional Assessed	PRI 4,5,6
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OA 12.1	Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or standard-setters in support of responsible investment in the reporting year.
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- Yes
 - Yes, individually
 - Yes, in collaboration with others

OA 12.2	Select the methods you have used.
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- Endorsed written submissions to governments, regulators or standard-setters developed by others
- Drafted your own written submissions to governments, regulators or standard-setters
- Participated in face-to-face meetings with government members or officials to discuss policy
- Other, specify

OA 12.3	Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.
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- Yes, publicly available
- No
- No

ESG issues in asset allocation

OA 13	Voluntary	Descriptive	PRI 1
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OA 13.1	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.
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- Yes
 - Allocation between asset classes
 - Determining fixed income duration
 - Allocation of assets between geographic markets
 - Other, specify

OA 13.2

Describe how you apply ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.

Prosperity Capital Management invests in equity opportunities amongst Russian and Former Soviet Union businesses. Prosperity applies the same bar with respect to corporate governance standards across its investment universe when assessing investment opportunities. Whilst Prosperity makes allowances for local standards, the development of the market and other factors when assessing environment and social indicators, it should be noted that we believe and have observed that well-run companies (i.e. those with good corporate governance standards) tend to have strong and regionally competitive environmental and social practices.

No

OA 14	Voluntary	Descriptive	PRI 1
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OA 14.1

Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

Yes

No

Asset class implementation not reported in other modules

OA 15	Voluntary	Descriptive	General
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OA 15.1

Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.

Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Other (1) [as defined in Organisational Overview module]	Prosperity Capital Management is an equity-only asset manager and applies its responsible investment policy across all funds and mandates.

OA 15.2

Additional information.

Innovation

OA 18	Voluntary	Descriptive	General
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OA 18.1	Indicate whether any specific features of your approach to responsible investment are particularly innovative.
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Yes

OA 18.2	Describe any specific features of your approach to responsible investment that you believe are particularly innovative.
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"We always tell ourselves that we own parts of actual companies, not simply pieces of paper. Our holdings represent stakes in commercial organizations, that can always be further developed and better-managed. They are not just share certificates that someone might pay more for tomorrow."

Mattias Westman, Founder

Each shareholder owns a part of the business that they invest in and have the same rights. This means that Prosperity is a stakeholder in the firms in which we invest on behalf of our shareholders and that it is our job to try to ensure that management works for the benefit of all shareholders.

This activist approach can be expressed in three ways. We engage with the corporate management and core shareholders of the business to discuss issues of corporate governance and corporate finance. This is generally seen as a positive contribution and welcomed by the other stakeholders. Another form is where good corporate governance practices have been or are at risk of being breached. In such cases, we take action to resolve a potential conflict or to minimise the damage where a conflict has already arisen. This activity can take many forms from negotiations, appeals to the regulatory authorities or, in some cases, legal action. The third avenue of our active approach is working with the government, regulators and legislators to improve the overall investment climate.

An active investment approach means helping to make our companies more profitable and valuable. Prosperity is often a large minority shareholder in many of our Funds' investee companies, which often helps us achieve these objectives. Prosperity refers to this investment approach as "constructive activism".

In addition to this, Prosperity works in isolation with partners and as part of established institutions and initiatives to promote and develop improved corporate governance standards across the investment region. This means that Prosperity regularly and actively engages with the government, financial market institutions and regulators and other market participants to advocate and help implement enhancement to Russia's corporate governance codes, practices and standards.

Prosperity strongly believes that good governance standards and practices will also manifest in appropriate and strong environmental and social standards and policies. As such, we feel that our work on seeking to drive corporate governance standards will not only improve the ESG levels of our portfolio companies, but perhaps even raise those standards across our investment universe at an aggregate level.

No

Assurance of responses

OA 19	Voluntary	Additional Assessed	General
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OA 19.1	Indicate whether your reported information has been reviewed, validated and/or assured by internal and/or external parties.
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Yes

OA 19.2

Indicate who has reviewed, validated and/or assured your reported information.

- Reviewed by Board, CEO, CIO or Investment Committee
- Validated by internal audit or compliance function
- Assured by an external independent provider, specify name
- No

Prosperity Capital Management

Reported Information

Public version

Direct - Listed Equity Incorporation

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Overview

LEI 01	Mandatory to Report Voluntary to Disclose	Gateway/Peering	PRI 1
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LEI 01.1 Provide a breakdown of your internally managed listed equities by passive, quantitative, fundamental and other active strategies. For strategies that account for less than 10% of your internally managed listed equities, indicate if you would still like to report your activities.

Strategies

- Passive
- Active – quantitative (quant)
- Active – fundamental and other active strategies

	% of internally managed listed equities
<input type="radio"/>	<10%
<input type="radio"/>	10-50%
<input checked="" type="radio"/>	>50%

LEI 01.2 Additional information. [Optional]

Prosperity Capital Management is a leading asset manager focused solely on the equity investment opportunity amongst Russian and Former Soviet Union companies.

Prosperity's investment philosophy is based on a long-only, bottom-up, fundamental-value and an active investment approach. We seek to benefit from the significant value generated from the ongoing modernisation, restructuring and consolidation processes in our investee companies. We also actively work to improve corporate governance and mitigate corporate governance risks. In general, Prosperity's investment philosophy can be described as a bottom-up search for companies that are adding value through internal modernisation and consolidation.

Prosperity firmly believes that the successful transformation of companies from Soviet-era "production units" to more modern, "Western-style" corporations generates tremendous productivity growth - which in turn is a key driver of economic growth and shareholder returns over the long-term. In addition, Prosperity places an emphasis on the quality of corporate management and seeks to invest in companies that already benefit from superior management or where management or ownership change has the potential to generate significant shareholder value.

LEI 02	Voluntary	Descriptive	PRI 1
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LEI 02.1 Provide a brief overview of how you incorporate ESG issues into listed equity investments.

Prosperity Capital Management seeks to consider all factors, including ESG issues, in its investment research and investment management. In addition to this, Prosperity works as an active and activist shareholder to drive ESG standards forward in our investment universe.

It is our policy not to exclude any investment. The core belief of PCM is that positive results for environmental, social and governance (ESG) work comes from active involvement in companies rather than from exclusion of certain investments. Divestment may be a final option if the results from our active work is not showed.

Prosperity's responsible investment approach is governed by its Responsible Investment Policy, which is guided, inter alia, by the Principles for Responsible Investment and by the new Russian Corporate Governance Code approved in 2014 ("the Code"). PCM is a signatory of the United Nations Principles for Responsible Investment (PRI), and PCM Responsible Investment Policy sets out PCM's approach in applying the Principles across the investment management business. The best corporate governance principles and recommendations set out in the Code are addressed primarily to public companies whose securities are traded on a regulated market. Such

companies are recommended to disclose information about compliance with the principles of the Code, as well as on the causes of non-compliance with any of these principles. PCM also holds shares of companies that are not listed on a regulated market. PCM strive to implement the best practices of corporate governance and responsible and balanced social and environmental policies in those companies too.

As an active investment manager, PCM advocates high standards of corporate governance, social and environmental policies in investee companies through the following actions:

- Communication, including in cooperation with other minority shareholders, with an issuer's management and controlling shareholder with aim to promote good corporate governance and, in cases when respective flaws exist, responsible and balanced social and environmental policy.
- Nomination and election, including in alliance with other minority investors, of independent directors and minority shareholders' representatives to the Boards of Directors.
- Being elected to a Board of Directors, PCM's supported candidates endeavour to contribute their best knowledge and experience to the Board of Directors and its committees' work and to further good corporate governance, social and environmental practices. For example, being appointed to a Remuneration Committee, they support incentive schemes which genuinely incentivise executives to pursue strategies which will increase long-term shareholder value and which align the interests of executives and shareholders.
- Active and proactive approach to important corporate actions, including charters' amendments, take-overs, mergers and acquisitions, large-scale and related party transactions, additional shares' issues, to ensure shareholders' rights' observance during such actions.
- In case of anticipated or actual minority shareholders rights' violations, negotiations with the issuer's management and controlling shareholder (in order to prevent or redress damage to minority shareholders' interests) and complaints to the financial market regulator or lawsuits' filings (in case if the negotiations end in failure).
- Control of companies' full disclosure of material information, including related to corporate governance, social and environmental policies, in accordance with applicable requirements. If information is not disclosed, requests of such information.
- Active and informed participation in general shareholders' meetings ("GSM"). In the absence of sufficient information provided by a company on a proposed GSM's resolution, PCM will vote against the resolution.

As an active investment manager, PCM cooperates with the Government, regulators, stock exchanges and legislators to improve the overall standards of corporate governance in Russia. PCM's representatives are involved in activity of "Creation of International Financial Centre in Russian Federation" Working Group ("the Working Group"). A think-tank created by the President and entrusted with a task to improve investment climate in Russia. One of the main priorities of the Working Group is to improve corporate governance in the Russian Federation. Also, PCM's representatives were co-authors of the Code. PCM's representatives' are actively devoted to the following issues:

- shareholders' rights' protection, including protection of dividend rights; - effectiveness of a board of directors; - liability of controlling persons, managers and directors;
- disclosure of material information about a public company and its controlled entities; - significant corporate actions and respective shareholders' rights.

As a responsible investment manager, PCM considers itself as a co-owner of respective company and therefore it is in PCM's interest and those of our investors that the company is run as efficiently as possible. We closely monitor the companies in which we invest, and vote at company meetings. If PCM comes across a company with no appropriate ESG performance this will be raised by PCM and discussed. PCM believes that good corporate governance, high standards of environmental protection and responsible social policies are indicative of efficient management. Cases of serious environmental disregard resulting in spills or other degradation are signals of inefficient management and should be taken into consideration during investment analysis' process. PCM is a member of Investor Protection Association (Russia) since 1999 and are active in its independent directors' nomination, minority shareholders' rights' defence, corporate legislation's enhancement and improvement of the efficiency of corporate governance at state-owned companies projects. PCM similarly sees unsafe and unhealthy working conditions are inefficient and detrimental not only to the people affected but also to the financial health of the company. Good working practices are conducive to higher productivity and therefore fully in line with the interests of all shareholders. Accidents and spills will be seen as negative events in the companies and PCM will endeavour to challenge the management whenever possible as to why this has occurred and what will be done to minimise such events in the future.

PCM uses in-house expertise for the ESG research. This is performed by the advisors and analysts. All the progress in our ESG work will be made public through UNPRI's website.

PCM's responsible investment approach is governed by the firm's Responsible Investment Policy, which will be reviewed annually or more frequently should circumstances require it. The PCM Responsible Investment Policy has been approved by the board of Directors.

ESG incorporation in actively managed listed equities

Implementation processes

LEI 03	Mandatory	Gateway/Core Assessed	PRI 1
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LEI 03.1	Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies.
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ESG incorporation strategy (select all that apply)

- Screening alone (i.e. not combined with any other strategies)
- Thematic alone (i.e. not combined with any other strategies)
- Integration alone (i.e. not combined with any other strategies)
- Screening + Integration strategies
- Thematic + integration strategies
- Screening + thematic strategies
- All three strategies combined

Percentage of actively managed listed equities to which each strategy or combination of strategies is applied - you may (estimate +/- 10%)	<p>99.99</p>
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- No incorporation strategies applied

Total actively managed listed equities
--

99.99%

LEI 03.2	Describe your primary reasons for choosing a particular ESG incorporation strategy.
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Prosperity Capital Management seeks to consider all factors, including ESG issues, into its investment analysis and investment management. We seek to employ all available methods of doing so to build a holistic and detailed view of the companies within our investment universe.

Screening

Negative: Prosperity excludes cluster munitions companies and those that are on relevant sanctions lists.

Positive: Prosperity believes that the quality of management is very variable in our investment universe and that this qualitative metric has a very significant impact on shareholder value. This is true anywhere, but it is our view that the variance and impact of management quality is greater in Russia than in many other markets. As a result, Prosperity places a considerable emphasis and importance on meetings with company management

and core shareholders throughout the investment in order to evaluate their quality. As such, Prosperity positively screens on corporate governance quality.

Norms-based: Prosperity conducts peer analysis of the companies in our investment universe and portfolios against equivalent and leading businesses around the world. We engage in such analysis not only to identify the strengths and weaknesses of our portfolio companies and of the companies in the broader investment universe, but also to assess the opportunities available to them to improve their operations and businesses - which we actively promote through our engagement with stakeholders.

Themed

Prosperity strongly believes that companies with higher standards and practices in corporate governance tend to have better defined policies and approaches to environmental and social issues. As such, these companies are inherently more sustainable in our opinion and experience. From a broad thematic perspective, Prosperity seeks to invest into the equity opportunities of fundamentally-sound, well-managed businesses and to behave as a part-owner of those businesses, working to ensure that management works for the benefit of all shareholders and for ESG-matters.

Integration

Prosperity specifically includes the consideration of ESG factors, alongside other factors, to develop a holistic and detailed understanding of the businesses in our investment universe.

LEI 03.3	Where assets are managed using a combination of ESG incorporation strategies, briefly describe how these combinations are used. [Optional]
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Prosperity's investment decisions are underpinned by highly-detailed, proprietary investment analysis conducted by the Moscow-based, sector-specialist analysts that form the Prosperity investment advisory team. Prosperity seeks to develop a thorough and robust understanding of the businesses in our investment universe and portfolios. ESG considerations are just one factor of far broader ranging investment analysis criteria. In the consideration of ESG factors, the various incorporation strategies detailed previously are blended to produce a holistic and comprehensive understanding of the company in question's operations and activities. No one implementation strategy carries a higher weight than the other by rote, instead our approach is tailored to the individual company and prevailing situation in a dynamic fashion.

LEI 04	Voluntary	Additional Assessed	PRI 1
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LEI 04.1	Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.
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Type of ESG information

- Raw ESG company data

Indicate who provides this information

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – analyst or portfolio manager
- Company-related analysis or ratings

Indicate who provides this information

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – analyst or portfolio manager
- Sector-related analysis or ratings

Indicate who provides this information

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – analyst or portfolio manager
- Country-related analysis or ratings

Indicate who provides this information

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – analyst or portfolio manager
- Screened stock list

Indicate who provides this information

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – analyst or portfolio manager
- ESG issue-specific analysis or ratings

Indicate who provides this information

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – analyst or portfolio manager
- Other, specify

LEI 04.2	Provide a brief description of the ESG information used, highlighting any differences of sources of information across your ESG incorporation strategies.
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Prosperity's investment decisions are underpinned by highly-detailed, proprietary investment analysis conducted by the Moscow-based, sector-specialist analysts that form the Prosperity investment advisory team. In building their analysis, the Prosperity investment team seeks to use all sources of information and data available to them. Furthermore, having operated in the Russian and FSU markets for as long as it has generally been possible to practically do so, Prosperity has built up an expansive corporate contact network that can be harnessed to, add further insight in our analysis, to identify opportunities that are regularly overlooked by most investors and also to engage in dynamic events that have often historically proven to be value-accretive.

Prosperity believes that accessing high-quality management is extremely important in achieving investment success in Russia and the FSU. There are substantial opportunities in these dynamic and quickly evolving markets and it is Prosperity's view that strong and capable management teams are most able to benefit from

these characteristics - whilst also minimising the risk of corporate governance malfeasance and breaches. At the same time, high quality management and well-run businesses tend to have appropriate environmental and social policies.

As such, Prosperity places considerable emphasis and importance on meetings with company management, executives, majority shareholders and other stakeholders throughout the investment consideration, inception, monitoring and exit process. Access to senior parties is generally considered to be very good in Russia and the Former Soviet Union.

Prosperity seeks management teams with a sound understanding of the business and the competitive environment in which they operate, with a clear focus and strategy for the successful execution of the company's development plans. It is also considered important that the management and their incentive structures are strongly aligned with shareholders interests.

Triangulation (i.e. speaking with a company's external stakeholders, such as suppliers, distributors, competitors, etc.) is considered an important part of the process, allowing Prosperity - in conjunction with our considerable experience of investing in Russia and the FSU since 1996 and our long historical knowledge of many companies - to build strong convictions in our views and to take significantly contrarian stances to the general market and sell-side analysts with considered and monitored comfort.

Members of Prosperity's investment team conduct over 500 company meetings and engagements each year. It is considered that on average;

- 65% of such meetings take place at Prosperity's or the respective company's offices
- 20% "on-site"
- 10% at conferences
- 5% by tele/videophone.

LEI 04.3	Indicate if you incentivise brokers to provide ESG research.
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- Yes
 No

LEI 05	Voluntary	Additional Assessed	PRI 1
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LEI 05.1	Indicate if your organisation has a process through which information derived from ESG engagement and/or (proxy) voting activities is made available for use in investment decision-making.
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- Engagement
- We have a systematic process to ensure the information is made available.
 - We occasionally make this information available.
 - We do not make this information available.
- (Proxy) voting
- We have a systematic process to ensure the information is made available.
 - We occasionally make this information available.
 - We do not make this information available.

LEI 05.2	Additional information. [Optional]
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Prosperity Capital Management's active and activist approach is considered to be an integral part of the investment function. Of the ten strong Prosperity investment team, two are devoted to corporate governance affairs - including, but not limited to, engagement and voting activities. The corporate governance members of the investment team do not do these duties in isolation, however, and all such actions are considered as part of the investment process, which is operated in a collegial and collective manner with all investment team members participating in all decisions.

(A) Implementation: Screening

LEI 06	Mandatory	Descriptive	PRI 1
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LEI 06.1	Indicate and describe the type of screening you apply to your internally managed active listed equities.
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Type of screening

- Negative/exclusionary screening

Screened by

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

	Description
--	-------------

With the exception of cluster munitions and relevant sanctioned entities, Prosperity Capital Management does not seek to exclude any potential investment. The core belief of Prosperity is that positive results for environmental, social and governance (ESG) work comes from active involvement in companies rather than from exclusion of certain investments.

Broadly-speaking, Prosperity Capital Management seeks to invest into fundamentally-sound and well-managed businesses. In this way, those companies that have poor corporate governance practices tend to be unattractive.

As a value investor with an active and activist investment approach, it should however be noted that such decisions are made on case-by-case basis with many influencing factors, not least price and the ability to engage with the owners, management, shareholders and other stakeholders to promote positive changes in a business.

- Positive/best-in-class screening

Screened by

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

Description

Prosperity believes that the quality of management is very variable in our investment universe and that this qualitative metric has a very significant impact on shareholder value. This is true anywhere, but it is our view that the variance and impact of management quality is greater in Russia than in many other markets. As a result, Prosperity places a considerable emphasis and importance on meetings with company management and core shareholders throughout the investment in order to evaluate their quality.

The rapid rate of change in Russia also necessitates constant monitoring as the market for corporate control is quite active and both core shareholders and management may change. These changes may sometimes work to dramatically increase the efficiency of a company and its shareholder value. Our long-standing participation in the markets allows us to often have formed a well-researched view of incoming shareholders and management based on their respective previous track records. It also gives us the opportunity to efficiently reach management to discuss strategy and plans for operational improvements.

Prosperity Capital Management seeks to invest into fundamentally-sound and well-managed businesses. In this way, those companies that have strong corporate governance practices tend to be attractive. Moreover, Prosperity actively seeks to promote the improvement of our portfolio companies through active engagement, not least with respect to their corporate governance practices and policies.

- Norms-based screening

Screened by

- UN Global Compact Principles
- Universal Declaration of Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises
- Other, specify

Where appropriate, Prosperity employs a proprietary benchmarking analysis against global industry peers to ascertain global industry best practices as part of our investment process.

Description

Where appropriate, Prosperity employs a proprietary benchmarking analysis against global industry peers to ascertain global industry best practices to seek to identify areas of strength and of opportunity for our portfolio companies. Where we see areas of opportunity to improve for our portfolio companies, we will actively engage with them to seek to demonstrate and discuss those, promoting positive changes and seeking to add value over time.

LEI 06.2

Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.

Prosperity's screening criteria are an intergrated part of the investment process. As such, they are reviewed and evolved on an ongoing basis, as we continue to learn from our decisions and to seek to ever-enhance our processes. At the very least, a formal review is conducted once per annum.

Where significant changes are made to our screening criteria, which is not anticipated, Prosperity would communicate these to the relevant stakeholders, with reverence and consideration to the due process and our general communication approach.

LEI 07**Mandatory****Core Assessed****PRI 1****LEI 07.1**

Indicate which processes your organisation uses to ensure that screening is based on robust analysis.

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies
- A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- A periodic review of the quality of the research undertaken or provided is carried out
- Other, specify
Prosperity's investment team, comprised of sector-specialist analysts, works in a collaborative fashion before seeking to reach a consensus agreement on a company.
- None of the above

LEI 07.2

Additional information. [Optional]

Prosperity believes that accessing high-quality management is extremely important in achieving investment success in Russia and the FSU. There are substantial opportunities in these dynamic and quickly evolving markets and it is Prosperity's view that strong and capable management teams are most able to benefit from these characteristics - whilst also minimising the risk of corporate governance malfeasance and breaches.

As such, Prosperity places considerable emphasis and importance on meetings with company management, executives, majority shareholders and other stakeholders throughout the investment consideration, inception, monitoring and exit process.

Triangulation (i.e. speaking with a company's external stakeholders, such as suppliers, distributors, competitors, etc.) is considered an important part of the process, allowing Prosperity - in conjunction with our considerable experience of investing in Russia and the FSU since 1996 and our long historical knowledge of many companies - to build strong convictions in our views and to take significantly contrarian stances to the general market and sell-side analysts with considered and monitored comfort.

Members of Prosperity's investment team conduct over 500 company meetings and engagements each year. It is considered that on average;

- 65% of such meetings take place at Prosperity's or the respective company's offices
- 20% "on-site"
- 10% at conferences
- 5% by tele/videophone.

Access to senior corporate personnel and management is generally considered to be very good in Russia and the Former Soviet Union and affords Prosperity the opportunity to develop a robust understanding of the company and its practices, in conjunction with other investment research work.

LEI 08	Voluntary	Additional Assessed	PRI 1
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LEI 08.1	Indicate which processes your organisation uses to ensure that fund criteria are not breached
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- Checks are performed to ensure that stocks meet the funds' screening criteria. These checks are:
 - Systematic
 - Occasional
- Automated IT systems prevent investment managers from investing in excluded stocks or those that do not meet positive screening criteria.
- Audits of fund holdings are undertaken regularly by internal audit function
- Other, specify
 - Prosperity's investment team, comprised of sector-specialist analysts, works in a collaborative fashion before seeking to reach a consensus agreement on a company.
- None of the above

LEI 08.2	If breaches of fund screening criteria are identified - describe the process followed to correct those breaches.
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The Compliance team conducts monitoring exercises in order to ascertain that the Company adheres to rules, regulation and internal policies. If a breach is discovered in the investment process then this would immediately be escalated to the Risk Committee. The Committee will discuss the matter with all relevant stakeholders and make ensure that the breach is rectified, whilst also considering additional enhancements to Prosperity's processes.

(B) Implementation: Thematic

LEI 09	Mandatory	Descriptive	PRI 1
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LEI 09.1	Indicate the type of sustainability thematic funds or mandates that your organisation manages.
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- Environmentally themed funds
- Socially themed funds
- Combination of themes

LEI 09.2	Describe your organisation's processes for sustainability themed funds. [Optional]
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It is Prosperity's view that well-managed businesses tend to have better and good corporate governance, environmental and social policies and that they are, as a result, inherently more sustainable than their poorly-managed counterparts. As such, the quality of management and corporate governance are key to sustainability.

Prosperity seeks to invest into fundamentally-sound, well-managed businesses and to adopt an active shareholder approach to work to add value through engagement with owners, management and other stakeholders on issues such as corporate governance, for example.

(C) Implementation: Integration of ESG issues

LEI 10	Voluntary	Descriptive	PRI 1
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LEI 10.1 Describe how you integrate ESG factors into investment decision making processes.

Prosperity Capital Management seeks to consider all factors, including ESG issues, into its investment analysis and investment management. We seek to employ all available methods of doing so to build a hollistic and detailed view of the companies within our investment universe.

LEI 11	Mandatory	Core Assessed	PRI 1
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LEI 11.1 Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

LEI 11.2 Additional information. [Optional]

Prosperity Capital Management seeks to consider all factors, including ESG issues, into its investment analysis and investment management. We seek to employ all available methods of doing so to build a hollistic and detailed view of the companies within our investment universe.

Each shareholder owns a part of the business that they invest in and have the same rights. This means that Prosperity is a stakeholder in the firms in which we invest on behalf of our shareholders and that it is our job to try to ensure that management works for the benefit of all shareholders.

This activist approach can be expressed in three ways. We engage with the corporate management and core shareholders of the business to discuss issues of corporate governance and corporate finance. This is generally seen as a positive contribution and welcomed by the other stakeholders. Another form is where good corporate governance practices have been or are at risk of being breached. In such cases, we take action to resolve a potential conflict or to minimise the damage where a conflict has already arisen. This activity can take many forms from negotiations, appeals to the regulatory authorities or, in some cases, legal action. The third

avenue of our active approach is working with the government, regulators and legislators to improve the overall investment climate.

An active investment approach means helping to make our companies more profitable and valuable. Prosperity is often a large minority shareholder in many of our Funds' investee companies, which often helps us achieve these objectives. Prosperity refers to this investment approach as "constructive activism".

Shareholder value is often created in companies that are in the midst of a transformation - be it a merger, corporate restructuring, change of control or management or an on-going sector consolidation. During such periods, it is important to safeguard good corporate governance standards and an active approach can be a major contributor to enhanced shareholder value.

Whilst Russia is often associated with economic and political concerns, Prosperity's experience is that the most serious risks to our investments relate to corporate governance. Actively engaging with the portfolio companies is an important tool to minimise and mitigate these risks. Recognising big improvements in corporate governance standards and practices can also be a major source of value generation for investors in Prosperity's Funds. Investors in Russia and the Former Soviet Union cannot avoid corporate governance risks entirely, but Prosperity continues to expend considerable energy on issues of corporate governance, which we believe works to improve the overall total returns for our portfolios and is an important part of our policy of responsible investment.

We strongly believe that well managed businesses tend to not only have better corporate governance practices, but also to have strong environmental and social policies. As such, our work to promote good corporate governance is important in itself and also generally leads to better ESG practices in our portfolio companies and the corporate community.

LEI 12	Voluntary	Additional Assessed	PRI 1
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LEI 12.1	Indicate which processes your organisation uses to ensure that ESG integration is based on a robust analysis.
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- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Company information and/or ratings on ESG are updated regularly
- A periodic review of the quality of the research undertaken or provided is carried out
- Other, specify

Prosperity's investment team, comprised of sector-specialist analysts, works in a collaborative fashion before seeking to reach a consensus agreement on a company.

None of the above

LEI 12.2	Describe how ESG information is held and used by your portfolio managers.
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- ESG information is held within centralised databases or tools and it is accessible by all relevant staff
- ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- Systematic records are kept that capture how ESG information and research was incorporated into investment decisions
- Other, specify

Prosperity's investment team, comprised of sector-specialist analysts, works in a collaborative fashion before seeking to reach a consensus agreement on a company.

None of the above

Prosperity Capital Management seeks to consider all factors, including ESG issues, into its investment analysis and investment management. We seek to employ all available methods of doing so to build a holistic and detailed view of the companies within our investment universe.

Each shareholder owns a part of the business that they invest in and have the same rights. This means that Prosperity is a stakeholder in the firms in which we invest on behalf of our shareholders and that it is our job to try to ensure that management works for the benefit of all shareholders.

This activist approach can be expressed in three ways. We engage with the corporate management and core shareholders of the business to discuss issues of corporate governance and corporate finance. This is generally seen as a positive contribution and welcomed by the other stakeholders. Another form is where good corporate governance practices have been or are at risk of being breached. In such cases, we take action to resolve a potential conflict or to minimise the damage where a conflict has already arisen. This activity can take many forms from negotiations, appeals to the regulatory authorities or, in some cases, legal action. The third avenue of our active approach is working with the government, regulators and legislators to improve the overall investment climate.

An active investment approach means helping to make our companies more profitable and valuable. Prosperity is often a large minority shareholder in many of our Funds' investee companies, which often helps us achieve these objectives. Prosperity refers to this investment approach as "constructive activism".

Shareholder value is often created in companies that are in the midst of a transformation - be it a merger, corporate restructuring, change of control or management or an on-going sector consolidation. During such periods, it is important to safeguard good corporate governance standards and an active approach can be a major contributor to enhanced shareholder value.

Whilst Russia is often associated with economic and political concerns, Prosperity's experience is that the most serious risks to our investments relate to corporate governance. Actively engaging with the portfolio companies is an important tool to minimise and mitigate these risks. Recognising big improvements in corporate governance standards and practices can also be a major source of value generation for investors in Prosperity's Funds. Investors in Russia and the Former Soviet Union cannot avoid corporate governance risks entirely, but Prosperity continues to expend considerable energy on issues of corporate governance, which we believe works to improve the overall total returns for our portfolios and is an important part of our policy of responsible investment.

We strongly believe that well managed businesses tend to not only have better corporate governance practices, but also to have strong environmental and social policies. As such, our work to promote good corporate governance is important in itself and also generally leads to better ESG practices in our portfolio companies and the corporate community.

LEI 13.1

Indicate into which aspects of investment analysis you integrate ESG information.

- (Macro) economic analysis
 - Systematically
 - Occasionally
- Industry analysis
 - Systematically
 - Occasionally
- Analysis of company strategy and quality of management
 - Systematically
 - Occasionally
- Idea generation
 - Systematically
 - Occasionally
- Portfolio construction
 - Systematically
 - Occasionally
- Fair value/fundamental analysis
 - Systematically
 - Occasionally

LEI 13.2

Indicate which methods are part of your process to integrate ESG information into fair value/fundamental analysis.

- Adjustments to income forecasts (sales, earnings, cash flows)
- Adjustments to valuation tools (discount rates, return forecasts, growth rates)
- Other adjustments to fair value projections, specify

Prosperity believes that the quality of management and governance has a very significant impact on shareholder value.

- Other, specify

LEI 13.3

Additional information.

Prosperity believes that accessing high-quality management is extremely important in achieving investment success in Russia and the FSU. There are substantial opportunities in these dynamic and quickly evolving markets and it is Prosperity's view that strong and capable management teams are most able to benefit from these characteristics - whilst also minimising the risk of corporate governance malfeasance and breaches.

Prosperity seeks management teams with a sound understanding of the business and the competitive environment in which they operate, with a clear focus and strategy for the successful execution of the company's development plans. It is also considered important that the management and their incentive structures are strongly aligned with shareholders interests.

Outputs and outcomes

LEI 15	Voluntary	Descriptive	PRI 1
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LEI 15.1	Indicate how your ESG incorporation strategies have influenced the composition of your portfolio(s) or investment universe.
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Screening

Describe any reduction in your starting investment universe or other effects.

Prosperity Capital Management does not invest in cluster munitions businesses or sanctioned companies.

Thematic

Describe any alteration to your investment universe or other effects.

Prosperity believes that the quality of management is very variable in our investment universe and that this qualitative metric has a very significant impact on shareholder value. This is true anywhere, but it is our view that the variance and impact of management quality is greater in Russia than in many other markets. As a result, companies that are well-managed and employ strong corporate governance practices are more attractive to Prosperity than their more poorly-managed peers.

With that said, as a value investor with an active investment approach, price is (amongst other things) an important consideration.

Moreover, Prosperity actively seeks to engage with the owners, management and other stakeholders of our portfolio companies to promote positive improvements to a business, not least with respect to corporate governance, and to add shareholder value over time.

Integration of ESG issues

Select which of these effects followed your ESG integration:
--

- Reduce or prioritise the investment universe
- Overweight/underweight at sector level
- Overweight/underweight at stock level
- Buy/sell decisions
- Other, specify
Active and activist investment approach
- None of the above

LEI 16	Voluntary	Additional Assessed	PRI 1
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LEI 16.1	Indicate whether your organisation measures how your approach to ESG issues in Listed Equity investments has affected financial and/or ESG performance.
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We measure whether our approach to ESG issues impacts funds' financial performance

Describe the impact on:	Impact	Strategies considered
Funds' financial performance	<input checked="" type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact	<input type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration <input checked="" type="checkbox"/> Thematic

We measure whether our approach to ESG issues impacts funds' risk or volatility

Describe the impact on:	Impact	Strategies considered
Funds' risk or volatility	<input checked="" type="radio"/> Reduced risk or volatility <input type="radio"/> Increased risk or volatility <input type="radio"/> No impact	<input checked="" type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration <input checked="" type="checkbox"/> Thematic

We measure whether our approach to ESG issues impacts funds' ESG performance

Describe the impact on:	Impact	Strategies considered
Funds' ESG performance	<input checked="" type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact	<input checked="" type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration <input checked="" type="checkbox"/> Thematic

None of the above

LEI 16.2 Describe how you are able to determine these outcomes.

One's investment returns are a combination of the returns generated by ones good and poor investment outcomes. Prosperity's active and activist investment approach is designed to manage and seek to mitigate the principal risk of investing into Russian and Former Soviet Union companies, namely corporate governance. Whilst it is always hard to know the counterfactual in a specific case, our experience is that Prosperity's investment approach has helped to minimise the impact of corporate governance transgressions by portfolio companies, thereby adding to total return over time. As such, Prosperity firmly believes that an active and activist investment approach is a pre-requisite of investment success in Russia and the Former Soviet Union.

Communication

LEI 18 **Mandatory** **Core Assessed** **PRI 2,6**

LEI 18.1 Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.

We disclose it publicly

Provide URL

<http://www.prosperitycapital.com>

LEI 18.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- Yes
- No

LEI 18.3

Indicate the information your organisation proactively discloses to the public regarding your approach to ESG incorporation.

- Broad approach to ESG incorporation
- Detailed explanation of ESG incorporation strategy used

LEI 18.4

Indicate how frequently you typically report this information to the public.

- Quarterly or more frequently
- Between quarterly and annually
- Less frequently than annually
- Other, specify

Prosperity's Responsible Investment Policy is publicly available. The information disclosed to the public is updated in tandem with the policy itself, where possible.

LEI 18.5

Indicate the information your organisation proactively discloses to clients/ beneficiaries regarding your approach to ESG incorporation.

- Broad approach to ESG incorporation
- Detailed explanation of ESG incorporation strategy used

LEI 18.6

Indicate how frequently you typically report this information to clients/beneficiaries.

- Quarterly or more frequently
- Between quarterly and annually
- Less frequently than annually
- Other, specify

Prosperity provides regular and ongoing updates on our activities on behalf of our clients.

- We disclose it to clients and/or beneficiaries only
- We do not proactively disclose it to the public and/or clients/beneficiaries

Prosperity Capital Management

Reported Information

Public version

Direct - Listed Equity Active Ownership

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Engagement

Overview

LEA 01	Voluntary	Descriptive	PRI 2
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LEA 01.1 Provide a brief overview of your organisation's approach to engagement.

Each shareholder owns a part of the business that they invest in and have the same rights. This means that Prosperity is a stakeholder in the firms in which we invest on behalf of our shareholders and that it is our job to try to ensure that management works for the benefit of all shareholders.

This activist approach can be expressed in three ways. We engage with the corporate management and core shareholders of the business to discuss issues of corporate governance and corporate finance. This is generally seen as a positive contribution and welcomed by the other stakeholders. Another form is where good corporate governance practices have been or are at risk of being breached. In such cases, we take action to resolve a potential conflict or to minimise the damage where a conflict has already arisen. This activity can take many forms from negotiations, appeals to the regulatory authorities or, in some cases, legal action. The third avenue of our active approach is working with the government, regulators and legislators to improve the overall investment climate.

An active investment approach means helping to make our companies more profitable and valuable. Prosperity is often a large minority shareholder in many of our Funds' investee companies, which often helps us achieve these objectives. Prosperity refers to this investment approach as "constructive activism".

Shareholder value is often created in companies that are in the midst of a transformation - be it a merger, corporate restructuring, change of control or management or an on-going sector consolidation. During such periods, it is important to safeguard good corporate governance standards and an active approach can be a major contributor to enhanced shareholder value.

Whilst Russia is often associated with economic and political concerns, Prosperity's experience is that the most serious risks to our investments relate to corporate governance. Actively engaging with the portfolio companies is an important tool to minimise and mitigate these risks. Recognising big improvements in corporate governance standards and practices can also be a major source of value generation for investors in Prosperity's Funds. Investors in Russia and the Former Soviet Union cannot avoid corporate governance risks entirely, but Prosperity continues to expend considerable energy on issues of corporate governance, which we believe works to improve the overall total returns for our portfolios and is an important part of our policy of responsible investment.

LEA 02	Mandatory	Gateway	PRI 1,2,3
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LEA 02.1 Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.

Type of engagement	Reason for interaction
Individual/Internal staff engagements	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input checked="" type="checkbox"/> Other, specify To drive our portfolio businesses forward and to add value through an active ownership approach. To seek to manage and/mitigate corporate governance risks. <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input checked="" type="checkbox"/> Other, specify To drive our portfolio businesses forward and to add value through an active ownership approach. To seek to manage and/mitigate corporate governance risks. <input type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input checked="" type="checkbox"/> Other, specify To drive our portfolio businesses forward and to add value through an active ownership approach. To seek to manage and/mitigate corporate governance risks. <input type="checkbox"/> We do not engage via service providers

LEA 02.2 Additional information. [Optional]

Each shareholder owns a part of the business that they invest in and have the same rights. This means that Prosperity is a stakeholder in the firms in which we invest on behalf of our shareholders and that it is our job to try to ensure that management works for the benefit of all shareholders.

This activist approach can be expressed in three ways. We engage with the corporate management and core shareholders of the business to discuss issues of corporate governance and corporate finance. This is generally seen as a positive contribution and welcomed by the other stakeholders. Another form is where good corporate governance practices have been or are at risk of being breached. In such cases, we take action to resolve a potential conflict or to minimise the damage where a conflict has already arisen. This activity can take many forms from negotiations, appeals to the regulatory authorities or, in some cases, legal action. The third avenue of our active approach is working with the government, regulators and legislators to improve the overall investment climate.

An active investment approach means helping to make our companies more profitable and valuable. Prosperity is often a large minority shareholder in many of our Funds' investee companies, which often helps us achieve these objectives. Prosperity refers to this investment approach as "constructive activism".

Shareholder value is often created in companies that are in the midst of a transformation - be it a merger, corporate restructuring, change of control or management or an on-going sector consolidation. During such

periods, it is important to safeguard good corporate governance standards and an active approach can be a major contributor to enhanced shareholder value.

Whilst Russia is often associated with economic and political risks, one of the most serious risks of investing in Russia relates to corporate governance and is often not given sufficient weight. If you sit close to the companies in which you are invested, know them well and have tools to deal with these risks, they can at least be mitigated. Triggering, or at least spotting, big improvements in corporate governance can also be a major source of value generation for investors in Prosperity funds. Investors in Russia and the FSU cannot avoid corporate governance risks entirely, as these economies are changing rapidly, and sometimes things happen that investors do not want to happen. But Prosperity's track record shows that our investment approach has allowed us, with stamina and a "hands-on" approach, to generate value in this market by utilizing our active and activist investment approach.

Prosperity's active engagement can either take place in isolation or as part of a collective group of investors and with the support of various corporate governance institutions, not least the Investor Protection Association. Where action is collective, it is not unusual for Prosperity to be a leader of discussions and negotiations.

Process

Process for engagements run internally

LEA 03	Mandatory	Core Assessed	PRI 2
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LEA 03.1 Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.

Yes

LEA 03.2 Describe how you identify and prioritise engagements.

In general, it is fair to say that Prosperity is actively engaged with all core investments and continuously seeks to drive the companies forward, as an active owner of the businesses, through discussions with owners, management and other stakeholders.

Our activist approach can be expressed in three ways. We engage with the corporate management and core shareholders of the business to discuss issues of corporate governance and corporate finance. This is generally seen as a positive contribution and welcomed by the other stakeholders. Another form is where good corporate governance practices have been or are at risk of being breached. In such cases, we take action to resolve a potential conflict or to minimise the damage where a conflict has already arisen. This activity can take many forms from negotiations, appeals to the regulatory authorities or, in some cases, legal action. The third avenue of our active approach is working with the government, regulators and legislators to improve the overall investment climate.

Naturally, we allocate our efforts based on the probability of a positive outcome, the impact on the financial position of our investments and the funds, to manage and mitigate prevailing risks and on important issues that may create good or bad precedents.

No

LEA 04	Mandatory	Core Assessed	PRI 2
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LEA 04.1 Indicate if you define specific objectives for your engagement activities.

- Yes
 - Yes, for all engagement activities
 - Yes, for the majority of engagement activities
 - Yes, for a minority of engagement activities
- No

LEA 04.2 Indicate if you monitor the actions that companies take following your engagements.

- Yes
 - Yes, in all cases
 - Yes, in the majority of cases
 - Yes, in the minority of cases

LEA 04.3 Describe how you monitor and evaluate the progress of your engagement activities.

Prosperity continuously engages with the corporate management and core shareholders of the business, conducts ongoing company visits and continues to review and update its investment research. Similarly with the government, regulators and legislators, Prosperity maintains an ongoing dialogue to understand what actions are being taken on our suggestion and feedback, as well as monitoring the general investment environment and climate.

- No

Process for engagements conducted via collaborations

LEA 05

Mandatory

Core Assessed

PRI 2

LEA 05.1 Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements.

- Yes

LEA 05.2 Describe how you identify and prioritise collaborative engagements.

An active investment approach means helping to make our companies more profitable and valuable. Prosperity is often a large minority shareholder in many of our Funds' investee companies, which often helps us achieve these objectives. At other times, it may be necessary or beneficial to engage in collaborative engagements. Here we actively contact other institutional investors and work with various corporate governance institutions, not least the Investor Protection Association, to help promote change. We may seek to do this where it would represent a more fair offering of minority shareholder views, where our stake alone is not large enough to affect change or where some specific event garners interest and it is logical to have collective action, for example.

- No

LEA 06

Mandatory

Core Assessed

PRI 2

LEA 06.1 Indicate if the collaborative engagements in which you are involved have defined objectives.

- Yes
 - Yes, for all collaborative engagement activities
 - Yes, for the majority of collaborative engagement activities
 - Yes, for a minority of collaborative engagement activities
- No

LEA 06.2 Indicate if you monitor the actions companies take following your collaborative engagements.

- Yes
 - Yes, in all cases
 - Yes, in the majority of cases
 - Yes, in the minority of cases

LEA 06.3 Describe how you monitor and evaluate the progress of your collaborative engagement activities.

Prosperity continuously engages with the corporate management and core shareholders of the business, conducts ongoing company visits and continues to review and update its investment research. Similarly with the government, regulators and legislators, Prosperity maintains an ongoing dialogue to understand what actions are being taken on our suggestion and feedback, as well as monitoring the general investment environment and climate.

- No

Process for engagements conducted with/on your behalf by service providers

LEA 07

Mandatory

Core Assessed

PRI 2,4

LEA 07.1 Indicate if you play a role in the engagement process that your service provider conducts on your behalf.

- Yes

LEA 07.2 Indicate what role you play in engagements that your service provider conducts on your behalf.

- Specify the issues for the engagement
 - Specify the objectives for the engagement
 - Select the companies to be engaged with
 - Participate directly in the engagements with your service provider
 - Actively monitor and review the activities of the service provider
 - Other, specify
- No

LEA 07.3	Additional information. [Optional]
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Generally speaking, Prosperity Capital Management tends to handle such matters of engagement directly. Where service providers are employed, it is at the explicit direction of Prosperity, with all decisions taken and managed by Prosperity.

LEA 08	Mandatory	Core Assessed	PRI 2,6
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LEA 08.1	Indicate whether you monitor and/or discuss the following information provided to you by your service provider
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Please select all that apply

- The subject (or ESG issue(s)) of engagement
- The objectives of the engagement
- The rationale for engagement
- The frequency/intensity of interactions with companies
- Progress towards achieving engagement goals
- Outcomes that have been achieved from the engagement
- Next steps for engagement activity
- Other, specify
- None of the above

LEA 08.2	Additional information. [Optional]
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Generally speaking, Prosperity Capital Management tends to handle such matters of engagement directly. Where service providers are employed, it is at the explicit direction of Prosperity, with all decisions taken and managed by Prosperity.

General processes for all three groups of engagers			
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LEA 09	Voluntary	Additional Assessed	PRI 1,2
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LEA 09.1	Indicate if the insights gained from your engagements are shared with your internal or external investment managers as input for consideration in investment decisions.
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Type of engagement	Insights shared
Individual/Internal staff engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No
Collaborative engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No
Service provider engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No

LEA 10	Mandatory	Gateway/Core Assessed	PRI 2
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LEA 10.1 Indicate if you track the number of engagements your organisation participates in.

Type of engagement	Tracking engagements
Individual / Internal staff engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements
Collaborative engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements
Service provider engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements

Communication

LEA 15	Mandatory	Core Assessed	PRI 2,6
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LEA 15.1	Indicate whether your organisation proactively discloses information on its engagements.
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- We disclose it publicly
- We disclose it to clients and/or beneficiaries only
- We do not proactively disclose it to the public and/or clients/beneficiaries.

LEA 15.8	Additional information. [Optional]
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Whilst Prosperity provides clients with regular updates on important engagements and their outcomes, alongside improvements and changes to the operating environment, we do not seek to actively disclose engagement information on a granular basis. Such information is considered to be integral to the investment process and it is believed to be in the interests of all clients to selectively only make disclosures where it is practical and possible to do so and where it would be of interest to our clients, whilst seeking to maintain the integrity of information that is considered proprietary and sensitive.

(Proxy) voting and shareholder resolutions

Process

LEA 17	Mandatory	Descriptive	PRI 2
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LEA 17.1	Indicate how you typically make your (proxy) voting decisions and what this approach is based on.
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	Approach
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- We use our own research or voting team and make our own voting decisions without the use of service providers.

	Based primarily on
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- our own voting policy
- our clients requests or policy
- other, explain
- We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.
- We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.
- We hire service provider(s) which make voting decisions on our behalf.

LEA 17.2	Additional information.[Optional]
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Generally speaking, Prosperity Capital Management tends to handle such matters of engagement directly. Where service providers are employed, it is at the explicit direction of Prosperity, with all decisions taken and managed by Prosperity.

LEA 19	Voluntary	Descriptive	PRI 2
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LEA 19.1	To ensure that your (proxy) votes are cast and reach their intended destination on time, indicate if you did the following.
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- Obtain confirmation that votes have been received by the company:
 - for a majority of votes
 - for a minority of votes
- Participate in projects to improve the voting trail and/or to obtain vote confirmation
- None of the above

LEA 19.2	Provide additional information on your organisation's vote confirmation efforts.
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Prosperity Capital Management has participated in an initiative promoting electronic voting practices and systems.

LEA 20	Voluntary	Additional Assessed	PRI 2
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LEA 20.1	Indicate if your organisation has a securities lending programme.
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- Yes
- No

LEA 21	Mandatory	Core Assessed	PRI 2
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LEA 21.1	Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.
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- Yes, in most cases
- Sometimes, in the following cases:
 - votes in selected markets
 - votes on certain issues (all markets)
 - votes for significant shareholdings (all markets)
 - other, explain
- No
- Not applicable as we and/or our service providers do not abstain or vote against management recommendations

Outputs and outcomes

LEA 22	Mandatory	Core Assessed	PRI 2
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LEA 22.1	For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
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- We do track or collect this information

Votes cast (to the nearest 1%)

%

50

Specify the basis on which this percentage is calculated

- of the total number of ballot items on which you could have issued instructions
- of the total number of company meetings at which you could have voted
- of the total value of your listed equity holdings on which you could have voted
- We do not track or collect this information

Communication

LEA 26

Mandatory

Core Assessed

PRI 2,6

LEA 26.1 Indicate if your organisation proactively discloses information on your voting activities.

- We disclose it publicly
- We disclose it to clients/beneficiaries only

LEA 26.5 Indicate the voting information your organisation proactively discloses to clients/beneficiaries.

Indicate how much of your voting record you disclose

- All voting decisions
- Some voting decisions
- Only abstentions and opposing vote decisions
- Summary of votes only

Indicate what level of explanation you provide

- Explain all voting decisions
- Explain some voting decisions
- Only explain abstentions and votes against management
- No explanations provided

LEA 26.6

Indicate how frequently you typically report voting information.

- Continuously (primarily before meetings)
- Continuously (soon after votes are cast)
- Quarterly or more frequently
- Between quarterly and annually
- Less frequently than annually
- Other, specify

Prosperity provides clients with regular updates on important engagements and their outcomes, alongside improvements and changes to the operating environment.

- We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

LEA 26.8

Additional information. [Optional]

Whilst Prosperity provides clients with regular updates on important engagements and their outcomes, alongside improvements and changes to the operating environment, we do not seek to actively disclose engagement information on a granular basis. Such information is considered to be integral to the investment process and it is believed to be in the interests of all clients to selectively only make disclosures where it is practical and possible to do so and where it would be of interest to our clients, whilst seeking to maintain the integrity of information that is considered proprietary and sensitive.