

**FMG (MALTA) LTD**  
**Environmental, Social and Governance Policy**

**8 March 2021**



## 1. Purpose and Rationale

- 1.1 The aim of this document is to set out the environmental, social and governance (“ESG”) policy (the “**Policy**”) of FMG (Malta) Ltd (the “**Company**”) when providing investment services in terms of the Company’s investment services licence. This policy has been adopted in accordance with the provisions of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (“**SFDR**”).
- 1.2 The Board of Directors of the Company (the “**Board**”) is satisfied that this document is consistent with the risk-profiles, long-term business strategy, objectives, values, and interests of the Company. The Board recognises that sustainability is key to generating value for all stakeholders.
- 1.3 The Board will periodically review this document to ensure that it remains up-to-date and consistent with the Company’s regulatory obligations under applicable law and risk appetite. The Board shall be responsible for initiating and facilitating an annual review of this document and its implementation, which review shall be carried out in light of legal and business developments as well as the Company’s experiences in its implementation.
- 1.4 All changes or material exceptions to this document are to be approved by the Board, whether in relation to the annual review or otherwise.

## 2. Regulatory Status of the Company

- 2.1 The Company is registered under the laws of the Malta and in possession of a Category 2 Investment Services Licence. The Company is presently authorised and licensed by the Malta Financial Services Authority to act as an Alternative Investment Fund Manager in terms of Directive 2011/61/EU. The Company is also authorised and licensed to provide the following investment services:

- Investment Advice; and
- Portfolio Management

to Professional Clients in relation to a number of financial instruments as set out in the Company’s Category 2 Licence.

## 3. Regulatory Obligations

- 3.1 The Company qualifies as a Financial Market Participant in terms of the SFDR. As a result the Company is required to have in place policies and procedures setting out the approach adopted by the Company on the integration of sustainability factors in the investment decision-making process and within its risk management framework. SFDR defines “sustainability factors” as “...*environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters*...” (the “**ESG Factors**”).
- 3.2 ESG Factors include, but are not limited to:

- Environmental: climate change; air/water pollution; biodiversity; deforestation; energy efficiency; carbon intensity; depletion of finite resources; and product evolution (energy-efficient products/renewable energy).
- Social: human rights; unethical supply chains; severe labour controversies; brand and reputational issues; and illegal working conditions.
- Governance: transparency & integrity; inadequate management of conflicts of interests; corporate governance failures; lack of appropriate board oversight; shareholder rights; bribery and corruption.

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

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

- a. the manner in which sustainability risks are integrated into their investment decisions; and
- b. the results of the assessment of the likely impacts of sustainability risks on the returns of the financial products they make available.

#### **4. ESG Investment Guidelines**

4.1 The Company does not assess ESG Factors that may have investment ramifications, and which may have a material impact on the investment’s long-term financial performance. As a result information on ESG Factors does not form part of the Company’s investment decision making process.

4.2 The Company does not carry out an assessment or obtain information on ESG Factors in respect of the individual investments in which it invests as the assets managed by the Company are limitedly exposed to ESG Risk.

#### **5. Principal Adverse Impacts**

5.1 Principal adverse impacts (“**PAIs**”) are those impacts arising from investment decisions/ investment recommendations that have a negative effect on ESG Factors.

5.2 The Company does not undertake an assessment of the PAIs of its investment decisions/ investment recommendations on ESG Factors in light of the fact that:

- a. the Company employs a total of 3 full-time employees and is thus considered to be a small entity;
- b. the assets managed by the Company are limitedly exposed to ESG Risk;
- c. the Company takes investment decisions/ makes investment recommendations in respect of listed transferable securities, money market instruments, collective investment schemes and listed and over the counter derivatives;
- d. the Company's assets under management are less than EUR100,000,000
- e. the Company is not actively involved in the internal governance of the target companies in which it invests.

5.3 The Company shall disclose on its website that it does not undertake an assessment of the PAIs of its investment decisions/ investment recommendations on ESG Factor.

## **6. Negative Screening**

6.1 Certain clients may have concerns about specific activities or industries and may instruct the Company to exclude such activities or industries. In the circumstances, the Company will actively engage with its clients to better understand and define these criteria such that it is able to maintain such exclusions on an on-going basis.

6.2 The Company will not knowingly invest in companies or hold securities that are engaged in:

- arms manufacturing;
- manufacture of tobacco;
- hard spirits;
- gambling; and
- genetically modified organisms.

The scope of the above restrictions is reviewed on a regular basis and the ESG Policy updated accordingly.

## **7. ESG Labelled/Themed Investing**

7.1 The Company does not promote any products which are specifically labelled as ESG products.

## **8. Review of this policy.**

8.1 This document shall be reviewed by the Board annually. Any changes to this document shall be approved by the Board.