SAFE CAPITAL INVESTMENTS LTD
HEADQUARTERS: 259, St Paul Street | Valletta, VLT 1213 Malta (MT)
COMPANY REG. NUMBER: C 79633 | **Malta TIN:** 998366219
TEL: +356 2248 5277 | **FAX:** +356 2248 5279
EMAIL: info@safecapitalinvestments.com | **WEBSITE:** www.safecapitalinvestments.com

ESG POLICY

Date of approval: 09/03/2021

Date of last update or review:

Acronym	Meaning
The Company	Safe Capital Investments Limited
ESG Factors	Environmental, Social or Governance criteria on sustainability
ESG Policy	Integration and Disclosure policy on the integration of sustainability risks and factors in the investment and management processes
ESG Risks	Environmental, Social or Governance risks that can affect the investment returns of an investment process or investment advice
PASI	Principal Adverse Sustainable Impacts on ESG factors
SFDR	Reg. EU 2088/2019 on sustainability disclosure

MATERIAL CHANGES TO THE DOCUMENT

Date of Change	Version Number	Person making the change	Page no.	Comments

1. INTRODUCTION

The Company has been authorised by the Regulator in terms of the Investment Services Act, 1994 and is required to comply with the licence conditions set out in the MFSA Rules.

The Company is authorised and regulated by the MFSA as a Category 2 licenced entity to provide a number of investment services to professional clients only. It currently provides investment management and investment advisory services to four professional clients.

The SFDR has been established by the European Commission ('EC') to harmonise rules for all financial market participants as well as financial advisors in the European Union or those licenced entities that provide services to EU investors so as to offer better transparency on integration of sustainability risks and the consideration of adverse sustainability impacts in their process.

The Company is required by article 3 SFDR to have an ESG Policy (the "ESG Policy"), or its equivalent, that will enable it to integrate, when possible, ESG risks and consideration of principal adverse impacts on ESG factors in its investment management processes.

The Company is also required to ensure that there are adequate systems in place to ensure that the process is maintained on a continuous basis.

2. BACKGROUND

On 8th March 2018, the EC, communicated an Action Plan: Financing Sustainable Growth, to the Financial Industry. By adopting the Paris Agreement on climate change and the UN 2030 Agenda for Sustainable Development in 2015, governments from around the world chose a more sustainable path for our planet and our economy. The UN 2030 Agenda has at its core 17 Sustainable Development Goals (SDGs). Such goals will guide us in preparing for a future that ensures stability, a healthy planet, fair, inclusive and resilient societies and prosperous economies.

The financial system has a key role to play in the process. The financial system is being reformed to address the lessons of the financial crisis, and in this context it can be part of the solution towards a greener and more sustainable economy. Reorienting private capital to more sustainable investments requires a comprehensive shift in how the financial system works and is necessary if the EU is to develop more sustainable economic growth, ensure the stability of the financial system, and foster more transparency and long-termism in the economy.

3. DEFINITION OF ESG RISKS CRITERIA AND FACTORS

A "sustainability risk", as defined in the preambles no. 14 and 16 of the SFDR, means an ESG event or condition that, if it occurs, could cause a negative material impact on the value of an investment.
Investment decisions and advice might cause, contribute to or be directly linked to effects on sustainability factors that are negative, material or likely to be material.

As defined by both preamble 24 of the SFDR, the UN-SDGs and the UN-PRI, "Sustainability factors" are ESG matters, as described in the table below:

Environmental	Social	Governance
Climate change	Human rights	Bribery and corruption
Resource depletion	Modern slavery	Executive pay
Waste	Child labour	Board diversity and structure
Pollution	Working conditions	Political lobbying and donations
Deforestation	Employee relation	Tax optimization strategy

4. INTEGRATION OF SUSTAINABILITY RISKS IN THE INTEGRATION OF INVESTMENT PROCESS

a. Integration of sustainability risks

The Company recognizes that ESG risks could threaten the investments at both individual and portfolio level but, following article 4 of the SFDR, the Company deems sustainability risks not relevant and do not take them into account in its investment management and or investment advisory processes. The Company has taken various aspects into consideration mainly due to the following. The Company manages and advises its professional client, in accordance to the investor's pre-contractual documentation, offering documentation in the instance of collective investment schemes, and the investor is not aiming to achieve long-term capital growth by integrating an ESG approach. In addition, having an ESG investment management and/ or advisory process may lead in the exclusion of securities in which the Company may typically advise on. As of to date, the advice on specific targets do not allow a clear definition of sustainability risks and may result in different approaches adopted by different Investment Advisors/Investment Managers when integrating ESG and sustainability in its investment management analysis process.

b. Principal adverse impacts on sustainable factors

Consequently, following article 6 SFDR, the Company does not consider the PASI on ESG factors in the investment management process because they do not fit in with any of the current investment management strategies.
This situation may, however, change in the foreseeable future depending on the regulatory and/ or legal framework as well as the Company's business decision.

5. PRE-CONTRACTUAL UPDATES

Pursuant article 6 SFDR and article 24 (4) MIFID2, the Company must ensure to update on an on-going basis its terms of business, the investment management agreements and the regulatory disclosure on how the Company does not deem sustainability risks being relevant.

6. POLICY REVIEW

This policy is communicated to all the staff of the Company and updated once a year following article 12 SFDR.

The Compliance Officer shall be the person responsible for this policy and will carry out its review as part on an annual basis or whenever there is a material development that requires the policy to be updated. The policy shall be approved by the Board of Directors.

7. REMUNERATION

Following article 5 Reg. EU 2088/2019, the Company is obliged to disclose how the remuneration policy is consistent with the integration of sustainability risks. Following the ESG Policy, the Company does not integrate sustainability risks and does not consider principal adverse impacts on sustainability factors in its investment management processes. Due to this reason, the Company shall not be taking sustainability risk into account in its overall remuneration and hence does not constitute criteria for the assessment of both variable and fixed remuneration. Should the Company decide to take ESG Criteria in their investment process, the ESG Policy as well as the Remuneration Policy shall be updated accordingly to take this into consideration.

8. FINAL NOTES

The Company does not aim to integrate an ESG approach. However, this situation may change depending on the regulatory and legal framework or whenever the Client needs changes based on the investment management agreement. To this end, the Company will take all necessary measures to:

- adhere to the provisions of article 3 to article 12 SFDR;
- define the integration of ESG risk criteria in the investment management processes;
- valuate the PASI on ESG factors of the instruments the Company advise on, in compliance with the RTS;
- discuss, at investment committee level, the evaluation of ESG factors, preliminary to the investment management process;
- establish an ESG valuation process:
- ensure the marketing communications do not contradict with the SFDR (article 13 SFDR).