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## **ESG Policy**

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**MATERIAL CHANGES TO THE DOCUMENT**

<b><i>Date of Change</i></b>	<b><i>Version Number</i></b>	<b><i>Person making the change</i></b>	<b><i>Page no.</i></b>	<b><i>Comments</i></b>

<b>Acronym</b>	<b>Meaning</b>
The Company	Rigsave Capital Limited
ESG Factors	Environmental, Social or Governance
ESG Policy	Integration and Disclosure policy on the integration of sustainability risks and factors in the investment management and advisory processes
ESG Risks	Environmental, Social or Governance risks that can affect the investment returns of an investment process or investment advice
EUTR	Reg. EU 852/2020 on Taxonomy
PASI	Principal Adverse Sustainable Impacts on ESG factors
SFDR	Reg. EU 2088/2019 on disclosure

## **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 as a Category 2 licenced entity, qualified to act as an Alternative Investment Fund Manager and a UCITS Management Company as well as providing investment management services to professional and retail clients. The Company has recently upgraded its licence to provide also advisory and nominee services.

As of to date, the Company provides investment management services to a number of retail 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 in accordance to article 3 of the SFDR to have an ESG Policy (the "ESG Policy"), or its equivalent, that will enable it to integrate, where possible, ESG risks and consideration of principal adverse impacts on ESG factors in its investment 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 8<sup>th</sup> 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:

<b><i>Environmental</i></b>	<b><i>Social</i></b>	<b><i>Governance</i></b>
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. INVESTMENT INTEGRATION OF SUSTAINABILITY RISKS**

#### ***a. Integration of sustainability risks***

The Company recognizes that ESG risks could threaten the investments at both individual and portfolio level but, following article 6.1 and 6.2 of the SFDR, the Company deems sustainability risks not relevant and do not take them into account in its investment processes. The Company has taken various aspects into consideration mainly due to the following. The Company managed and advises its client, in accordance to the investor’s pre-contractual documentation and the investor is not aimed at achieving long-term capital growth by integrating an ESG approach. In addition, having an ESG investment process may lead in the exclusion of securities in which the Company may typically advise on. As of to date, the investment 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 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 process because this does not fit in with any of the current investment 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. This situation may also change based on the regulatory framework.

**5. PRE-CONTRACTUAL UPDATES**

Pursuant to article 6 of the SFDR, article 24 (4) MIFID II and G.4.4.25 of the Conduct of Business Rulebook, the Company must ensure to update on an on-going basis its terms of business, the investment advisory and management agreements and the regulatory disclosure on how the Company does not deem sustainability risks being relevant.

**6. REMUNERATION**

In accordance with article 5 Reg. EU 2088/2019, the Company is required to disclose on how the remuneration policy is consistent with the integration of sustainability risks. As explained in section 4 above, 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.

**7. POLICY REVIEW**

This policy is communicated to all the staff members of the Company and updated once a year. 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.

**8. FINAL NOTES**

The Company does not aim to achieve long-term capital growth by integrating an ESG approach. This situation may, however, change depending on the regulatory and legal

framework or whenever a compliant product with articles 8 and 9 SFDR is created. In such a situation, the Company will take all necessary measures to:

- adhere to the provisions of article 3 to article 12 SFDR;
- define, jointly with the investment strategy policy, the integration of ESG risk criteria in both investment and advisory processes;
- establish an ad hoc committee for the evaluation of ESGs, preliminary to the investment and advisory phases and an investment decision-making process;
- Establish an ESG valuation process:
  - if the ESG valuation is done in-house, carry out the analysis of ESG risks in the securities underlying an investment according to an established in-house process that takes into account the 38 mandatory and some of the 16 facultative PASI established by the RTS;
    - in this case, the consideration on the PASI should be disclosed in the fund prospectus, the offering supplements and other pre-contractual documentation listed out in both articles 6 and 11 SFDR using the mandatory templates given by the RTS;
  - if the ESG valuation is outsourced, a counterparty will be selected following the outsourcing policy and point 14 of the Compliance Manual. All securities will be chosen based on the selection process designed to integrate the ESG criteria by the counterparty that I will be able to exclude or include entities according to the investment strategies of the fund and the SFDR;
- select the data provider or the reference indexes for the creation of products pursuant to articles 8 and 9 SFDR;
- Update the remuneration policies (article 5 SFDR);
- ensure the marketing communications do not contradict with the SFDR (article 13 SFDR)