

**Gamma Capital Markets
Limited
C51103

("The Company")**

ESG Policy

2024

Date: 21st June 2024

<i>Date of approval</i>	<i>18/12/2024</i>
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ESG POLICY – Master Sheet – Version Control

Version	Date	Details of Amendment	Author/ Amended by	Approved by Board
Version 1	10 th March 2021	Policy preparation in terms of Regulation 2019/2088	Dr. Keith Farrugia	29 th April 2021
Version 1.1	20 th September 2022	Clarification to the definition of sustainability factors; update of legislation; further clarification on the Company's ESG Integration Approach	Dr. Keith Farrugia	10 th December 2022
Version 1.2	21 st June 2024	Alignment with the latest Regulator's expectations	Mr. Raffaele Castaldo	18/12/2024

ABBREVIATIONS

The Company Gamma Capital Markets Limited (C-51103)

EU European Union

ESG Environmental, Social or Governance

ESG Policy The Company's policy on the integration and disclosures of ESG Risks and on the Company's consideration of principal adverse impacts on Sustainability Factors in its investments and/or decision making processes

ESG Risks ESG event or condition that, if it occurs, could cause an actual

or a potential material negative impact on the value of the investment.

MFSA	Malta Financial Services Authority
MIFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU
Nature and Art Supervision	Nature and Art of Financial Supervision – Volume VII Investment Services Supervision Initial Study on sustainability-related website disclosures in terms of the Sustainable Finance Disclosure Regulation published on 12 th April 2023.
PAI(s)	Principal adverse impacts on Sustainability Factors
RTS	Regulatory Technical Standards adopted pursuant to the Commission Delegated Regulation (EU) 2022/1288 of 6 th April 2022 as may be updated from time to time.
SFDR	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.
Sustainability Factors	means environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters

1. INTRODUCTION

The Company is authorised by the MFSA in terms of the Investment Services Act, 1994 (Cap. 370 of the Laws of Malta) and is required to comply with the licence conditions set out in their licence and the applicable MFSA Rules.

The Company is licenced as an AIFM pursuant to Directive 2011/65/EU and a UCITS Management Company pursuant to Directive 2009/65/EC and provides a number of investment services including investment management and investment advice to professional and retail clients.

It is the Company's fiduciary duty to safeguard client's investments. In the recent past there have been increasing concerns to sustainability risks and integration of ESG principles. The Company considers both the challenges as well as the opportunities to long-term value for our client's investments that these may pose.

The SFDR requires all financial market participants as well as financial advisors in the European Union, or those licenced entities that provide services to EU investors, to offer better transparency to investors on their integration of ESG Risks and on their consideration of principal adverse impacts on Sustainability Factors in their investment decision process or in their investment recommendations.

2. SCOPE

The purpose of this ESG Policy is to describe the framework governing the approach of the Company to ESG Risks, in particular to the integration, when possible, of ESG Risks in its investment management processes and to the Company's position in relation to the consideration, if any, of the principal adverse impacts of Sustainability Factors on the investments long-term financial performance.

This Policy applies to the services of portfolio management by the Company, as well as to investment advice provided by the Company in respect to financial products (investment and mutual funds, insurance-based investment products, private pensions and investment advice) to retail and professional clients. Where the Company is acting as asset manager, the

Company, in accordance with this ESG Policy, shall not be able to offer portfolio management services to potential client(s) whose investment objective include preferences for sustainability products unless the potential client adapts his/her sustainability preferences due for example that there are no products or few products that can be aligned to his/her sustainability preferences.

ESG policies are to be set by each fund or scheme managed and advised, even though not exposed to ESG Risks.

3. SFDR LEGAL BACKGROUND

With the adoption of 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) focused in preparing for a future that ensures stability, a healthy planet, fair, inclusive and resilient societies and prosperous economies. On 8th March 2018, the EC, communicated an Action Plan: Financing Sustainable Growth, to the Financial Industry. SFDR was published on 9th December 2019 clarifying asset managers' and institutional investors' duties regarding sustainability.

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.

In a nutshell, the actual regulatory scenario in terms of SFDR consists of:

- i. SFDR & SFDR RTS;
- ii. MIFID Amending Delegated Acts:
 - Commission Delegated Directive (EU) 2021/1269
 - Commission Delegated Regulation (EU) 2021/1253
- iii. Integration of Sustainability elements in ESMA Guidelines on
 - Certain aspects of the MIFID II Suitability Requirements
 - MIFID II Product Governance Requirements.

The above should be taken into along with the relevant MFSA newsletters and Circulars.¹

4. ESG INTEGRATION IN THE INVESTMENT PROCESS

The Company does not make investment decisions based on ESG risks and does not assess Sustainability 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 Sustainability Factors does not form part of the Company's investment decision making or investment recommendation process.

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

Principal Adverse Impacts

Principal adverse impacts ("PAIs") are those impacts arising from investment decisions/ investment recommendations that have a negative effect on Sustainability Factors.

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

- a) the Company employs a total of 20 employees and is thus considered to be a small entity;
- b) the assets managed by the Company are limitedly exposed to ESG Risk and are not set to achieve long-term capital growth by integrating an ESG approach;
- 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;

¹ [Conduct of Business Rulebook Revisions \(mfsa.mt\)](https://mfsa.mt/publications-and-reports/conduct-of-business-rulebook-revisions) dated 29th July 2022.

[Conduct of Business Rulebook Revisions \(mfsa.mt\)](https://mfsa.mt/publications-and-reports/conduct-of-business-rulebook-revisions) dated 19th October 2023.

- d) the Company is not actively involved in the internal governance of the target companies in which it invests.

The Company shall disclose on its website that it does not undertake an assessment of the PAIs of its investment decisions/ investment recommendations on Sustainability Factors. Information on Company's ESG Approach are disclosed and updated from time to time in its terms of business and investment management agreements.

The Company believes that as a responsible asset manager, it may need to adapt to the ever-changing environment, extending beyond traditional analysis for investments. The Company shall consider its position of ESG on a regular basis and does not exclude changes to its position in the foreseeable future depending on the regulatory and/ or legal framework as well as the Company's business decision. In the event of such changes, the Company will take all necessary measures to:

- define the integration of the ESG Risks in the investment management processes;
- value the PAIs on Sustainability Factors of the instruments the Company advise on, in compliance with the RTS;
- discuss, at investment committee level, the evaluation of Sustainability factors, preliminary to the investment management process;
- establish an ESG valuation process; and
- ensure the marketing communications do not contradict with the SFDR (article 13 SFDR).

5. REMUNERATION

The Company's Remuneration Policy is aligned with this Policy. Sustainability Factors do not constitute criteria for the assessment of both variable and fixed remuneration of the Company. Should the Company adopt a different ESG integration approach in their investment process, the ESG Policy, as well as, the Remuneration Policy shall be updated accordingly.

6. PRE-CONTRACTUAL UPDATES

Pursuant article 6 SFDR, the Company must ensure to update on an on-going basis that the pre-contractual information documents are to disclose transparency on (i) the manner in which

ESG Risks are integrated into investment decisions and advice; and (ii) the results of the Company's assessment of the likely impacts of ESG Risks on the returns.

Furthermore, the website of the Company takes into account the expected practices in terms of disclosures which are to be published and kept updated.² These disclosures shall be clear, transparent and easily comprehensible.

When creating and maintaining the website, the Company is aware of the following:

- i. the SFDR-related disclosures are published under a dedicated tab. This should be accessed from the home page of the website.
- ii. This tab is located in a prominent position on the website and is named in a manner that clearly suggests its relation to the SFDR disclosures.
- iii. The SFDR disclosures shall be kept up-to-date on the website.
- iv. The website disclosures should be clear and detailed enough to allow the user to form a basic understanding of the approach taken by the Fund Manager in respect of the sustainability risks and considerations.
- v. The SFDR related disclosure should be used to expand on those topics disclosed in pre-contractual documents, and hence to provide further information which are relevant to stakeholders (current and/or potential).

7. ROLES AND RESPONSIBILITIES

The Board of Directors of the Company have the ultimate responsibility for overseeing the Company's ESG Policy. The portfolio management team coordinates with the clients in respect to sustainability preferences and coordinates initiatives across the Company to maintain consistency in the approach detailed in this Policy. The Compliance Officer is responsible for supporting and ensuring compliance with this ESG Policy and related standards and overseeing its annual review.

² Nature and Art of Financial Supervision – Volume VII

<https://www.mfsa.mt/wp-content/uploads/2023/04/The-Nature-and-Art-of-Financial-Supervision-Initial-Study-on-Sustainability%E2%80%90Related-Website-Disclosures-in-Terms-of-the-Sustainable-Finance-Disclosure-Regulation.pdf>

8. STAFF AWARENESS

The Company is committed to keep the personnel abreast of the applicable regulatory framework and its developments on regular basis.

For this purposes, the Annual Training Plan consists also of (either internal and/or external) trainings regarding ESG and SFDR.

The materials and the certificate of attendance issued because of or in relation to such trainings are kept in the dedicated shared-drive folders of the Company.³

9. POLICY REVIEW

This ESG Policy is reviewed and updated as required and at least annually.

The Compliance Officer is 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.

³ M:\GCM\6. Library\10. Training for Employees