



Sustainable Finance Disclosure Regulation

MICHAEL GRECH FINANCIAL INVESTMENT SERVICES LTD (the “Company”) falls within scope of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures on the financial services sector (Disclosure Regulation or SFDR) and the Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council (Delegated Regulation).

The Company, as an Investment Firm, provides investment advice and thus falls within the definition of a Financial Advisor in accordance with point (11)(d) of Article 2 of the Disclosure Regulation.

Sustainability Risk Policy

In line with the obligations of **Article 3(2) of the SFDR** and to ensure transparency of such integration, the Company is herewith providing information on the Policy of the Company on the integration of sustainability risks on the investment advice.

The Sustainability Risk Policy of the Company outlines the approach that the Company will take to integrate Environmental, Social and Governance (ESG) considerations into its investment management processes by assessing not only all relevant financial risks but also relevant sustainability risks, with a view to mitigating risks and enhancing returns over the medium to long-term.

In compiling and maintaining the suite of investment products that the Company advises on, the Company takes into account, among other factors, information manufacturers of these products (e.g. asset managers) are required to disclose about how they integrate ESG risks into their investment decision making processes, including the likely impacts of ESG risks on the returns of financial products. This includes, where applicable, if manufacturers consider the impact of their investment decisions on sustainability factors (i.e. environmental, social and employee matters, respect for human rights, anti-bribery, and anti-corruption matters). As part of this process, the Company engages with product manufacturers to understand how they integrate these factors into their investment decision making through research, analysis, due diligence, and portfolio construction.

Statement on principal adverse impacts of investment advice on sustainability factors

In terms of **Article 4(5)(a) of the SFDR**, the Company is herewith providing information on the Company’s considerations of the principal of adverse impact on sustainability factors in the investment advice provided by the Company. In line with **Article 11 of the Delegated Regulation**, the Company is herewith providing statements and information on the processes used to select the financial products that the Company gives advice on.

As is noted in the Sustainability Risk Policy, the Company makes use of the information published by financial market participants and it takes into account, among other factors, information manufacturers of these products (e.g. asset managers) are required to disclose about how they integrate ESG risks into their investment decision making processes, including the likely impacts of ESG risks on the returns of financial products.

The Company will ensure not to influence clients with respect to their sustainability preferences. Within the Risk Tolerance Questionnaire (RTQ) utilised by the Company, the clients will be presented with the following statements and questions:

“Investments in Instruments carry with them a Sustainability Risk. This risk is based on the ESG profile of the company which evaluates the Environmental, Social and Governance Risk. Companies with a Low Score in their ESG profile are deemed to be adhering to their ESG obligations.”

“SQ.1 - Do you have any constraints with regards to the ESG and sustainability aspect of investments?” Possible answers are Yes or No.

“Although an instrument may not hold a LOW score of ESG and sustainability it may still be adhering to most of its obligations with regards Sustainability.”

“SQ.2 - Does your restriction allow for instruments which result in a MEDIUM Score for ESG and Sustainability?” Possible answers are Yes or No.

“Some instruments may not have a rating assigned, as such the instrument will be marked as NR (No Rating).”

“SQ.3 - Do you have any restriction on investing in instruments which carry a NR tag?” Possible answers are Yes or No.

The RTQ will then be printed, and the client will be asked to sign it to allow the Company to keep records of the client’s decision with respect to sustainability preferences. Furthermore, should the client opt to change their sustainability preferences an update to the RTQ would need to be required, which also must be signed by the client. The Company will keep records of all current and past RTQs as proof of client preferences and the changes thereto over time.

For clients who require more information on the subject matter, the respective Account Manager shall provide such clients with an explanation that is appropriate for the level of understanding of the client. Since the Account Managers are the Company’s main points of contact with its clients, they are considered to be in the best position to explain the concept of sustainability risk to the clients as they are provided with the necessary training on the matter.

The Company collects separate Environmental (E), Social (S), Governance (G) and Controversies (C) scores for each financial instrument that it assesses – collectively referred to as “sustainability risk criteria” and the scoring system used by the Company classifies the product as Low, Medium or High. The Company will be assessing the sustainability risk score of the instruments that it offers based on the ESG scores established by Refinitiv. (ESG scores from Refinitiv are designed to transparently and objectively measure a company’s relative ESG performance, commitment and effectiveness, based on company-reported data. This covers 10 main themes including emissions, environmental product innovation, human rights, shareholders and more).

In order to be awarded a Low Overall Sustainability Risk classification the financial instrument has to either score a Low classification in all of the E, S, G and C scores or as a maximum score only one Medium sustainability risk classification in either of the E, S, G or C, with all the other sustainability risk criteria scores being a Low score.

To be awarded a Medium Overall Sustainability Risk classification, the financial instrument must score as a maximum 2 Medium sustainability risk classifications on any of the sustainability risk criteria with the other scores being Low, or as a maximum of only one High sustainability risk classification in either of the E, S, G or C, with all the other sustainability risk criteria scores being as a maximum a Medium classification.

Should at least 2 High sustainability risk classifications be awarded on any of the sustainability risk criteria, then the financial instrument will be awarded a High Overall Sustainability Risk score – irrelevant of the score of the other sustainability risk criteria.

Remuneration Policy

In terms of Article (5)(1) of the SFDR, the Company is herewith providing information on the Company's Remuneration Policy and how the Remuneration Policy is consistent with the integration of sustainability risk.

The Company's approach to remuneration is transparent, consistent and aligned with the commitment to responsibility. The Company's Remuneration Policy does not encourage excessive risk-taking which may also have an impact on sustainability risks. The Policy encourage to create a sustainable result. The Policy focuses on ensuring sound and effective risk management throughout, including both financial and non -financial goals in performance and result assessments and making fixed salaries the main remuneration concept.