FOINIKAS WEALTH MANAGEMENT

SFDR disclosure

DOCUMENT HISTORY

Version	Modification	Date	Author
1	Initial version	05/02/2025	Compliance

DIFFUSION

Company	Name	Diffusion
Foinikas Wealth Management	Website	Public

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Abbreviations

Abbreviation	Full Description
Act	Investment Services Act
Company	Foinikas Wealth Management Ltd
MFSA	Malta Financial Services Authority
Policy	ESG Policy
SFDR	Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 th November 2019 on sustainability-related disclosures in the financial services sector

Background

Foinikas Wealth Management Ltd (the “Company”) of a private limited liability company incorporated and registered pursuant to the laws of Malta under company registration number C 107158 and whose registered office is situated at 30/3 Kenilworth Court, Triq Sir Augustus Bartolo, Ta Xbiex XBX 1093 Malta.

The Company obtained its licence on the 19th of December 2023 and is licenced by the Malta Financial Services Authority (“MFSA”) in terms of the Investment Services Act (Chapter 370 of the Laws of Malta) (the “Act”) to carry out the following Investment Service:

- Discretionary Portfolio Management Service;
- Investment Advisory Services; and
- Reception and Transmission of Orders.

(each a “Service” and collectively referred to as “the Services”).

The above investment services may be provided by the Company to the following clients in relation to a number of instruments as set out in the Autorisation Certificate issued by the MFSA :

- Retail Clients
- Professional Clients (including Collective Investment Schemes)
- Eligible Counterparties

Purpose, Applicability and Regulatory Obligations

This Environmental, Social and Governance Policy (the "Policy") has been drafted in line with Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 th November 2019 on sustainability related disclosures in the financial services sector ("SFDR").

The purpose of this Policy is to outline the Company's policies and procedures to ensure they are compliant with the SFDR. Furthermore, the Policy outlines how the Company's policies and procedures are consistent with the Company's risk appetite, business strategy, objectives, values and interests.

The SFDR defines a "sustainable investment" as: "an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance."

The Company qualifies as a Financial Market Participant and Financial Adviser as defined under Article 2 of the SFDR. As a result, the Company is required, in line with Article 3 of the SFDR, to have in place policies in relation to the integration of sustainability risks in their investment decision-making process and/or investment advice. The 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 Company shall also publish information on such policies on its website.

Furthermore, the Company as a Financial Market Participant and Financial Adviser , is required under Article 4 of the SFDR to publish and maintain on its website information as to whether, taking due account of its size, the nature and scale of its activities and the types of financial products it invests in and/or advises on, it considers in its investment decision-making process and/or investment advice, the principal adverse impacts on sustainability factors. "Sustainability factors" are defined in the SFDR as: "environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters". Should the Company not consider adverse impacts of investment decisions on sustainability factors in their investment decision-making process and/or investment advice, it shall publish information as to why these are not considered and, where relevant, include information as to whether and when they intend to consider such adverse impacts.

The Company is also required under Article 5 of the SFDR to include in their remuneration policies information on how those policies are consistent with the integration of sustainability risks. The Company shall also publish information on such policies on its website.

As per Article 6 of the SFDR, the Company as a Financial Market Participant and Financial Adviser , shall include the following in its pre-contractual disclosures:

- The manner in which sustainability risks are integrated into its investment decision-making process and/or investment advice; and

- The result of the assessment of the likely impacts of sustainability risks on the returns of the financial products it advises on.

Should the Company not deem sustainability risks to not be relevant, the Company shall include a clear and concise explanation as to why these are not integrated into the investment advice.

Integration of sustainability risks

As a financial market participant and financial adviser, Article 3 of SFDR requires that the Company's website outlines information about its policies on the integration of sustainability risks in their investment decision -making process and/or investment advice. The Company currently extracts an ESG score for every financial instrument as part of its Target Market Assessment.

Following Suitability Assessment undertaken on each of the Company's clients, the Company would determine which investments may be suitable for such clients, based on their knowledge and experience, investment objectives, risk tolerance, financial situation and sustainability preferences.

This information has also been published on the Company's website.

Consideration of principle adverse impacts

As a financial market participant and financial adviser, Article 4 of the SFDR requires that the Company's website outlines information about whether they consider principal adverse impacts of its investment decisions and/or investment advice on sustainability factors.

The Company does not consider principal adverse impacts of its investment decisions on sustainability factors. This is due to the clients of the Company not having sustainable investing as a priority.

Nevertheless, the Company may consider such principal adverse impacts in the future should there be increased interest from clients and should attractive opportunities be presented. The Company shall re-assess its position on at least an annual basis.

This information has also been published on the Company's website.

Remuneration Policy

The Company is required under Article 5 of SFDR to include information within its Remuneration Policy of how its policy is in line with the integration of sustainability risks.

The Company has included within its Remuneration Policy information about how its Remuneration Policy is consistent with the integration of sustainability risks. The Company promotes transparency in its Remuneration Policy and ensures that its investment decision-making process and/or investment advice promotes sound and effective risk management with respect to sustainability risks.

As outlined within its Remuneration Policy, the Company typically pays its identified staff fixed remuneration. Variable remuneration is not paid out unless it is determined to be justified by the Company's governing body following a performance assessment based on quantitative (financial) and not qualitative (non-financial) criteria. In this respect, the Company also does not currently have in place any incentives when it comes to investing or advising in products with sustainable characteristics over those that do not. Variable remuneration is therefore deemed to have a limited impact on the risk profile of the Company's clients, as this prevents excessive risk taking in respect of sustainability risks.

In light of the above, it is deemed that there is minimal risk of misalignment with the integration of sustainability risk in the investment decision making process of the Company in respect of its clients.

This information has also been published on the Company's website.

Suitability Assessment

Further to the amendments to MiFID II relating to sustainability pursuant to Commission Delegated Regulation (EU) 2021/1253 of 21 April 2021 amending Delegated Regulation (EU) 2017/565, the Company has aligned its suitability assessment procedure to ensure that the sustainability references of the client are being duly assessed and taken into consideration.

The Company carries out a sustainability preferences assessment as a top-up to the suitability assessment. In this respect, the Company first identifies a range of suitable products for the client (in accordance with the criteria of knowledge and experience, financial situation and other investment objectives); and then proceed by identifying the products that fulfil the client's sustainability preferences.

The amendments to the MiFID II Delegated Regulation allow the possibility for the client or potential client to adapt their sustainability preferences in the case where no financial instruments meet the client's sustainability preferences.

Training

The Company ensures that staff making investment decisions and/or providing investment advice or information about financial instruments should have the necessary knowledge and competence with regard to the criteria of the sustainability preferences and should be able to explain to clients the different aspects in non-technical terms. In this respect, such staff undertake ongoing training with respect to ESG topics.

Responsibility and Review

The Company's Board of Directors shall be ultimately responsible for the oversight and implementation of this Policy. The day-to-day responsibility of this Policy lies with the Portfolio Management and Investment Advisory Function of the Company. The Company shall review this Policy on at least an annual basis and update as necessary.

The Compliance Officer of the Company shall review the Policy and effectiveness of its implementation, as part of the Company's Compliance Monitoring Program.

Any changes made to this Policy shall be ultimately subject to the Company's Board of Directors approval.

This information has also been published on the Company's website.