



## **R.I.A.L RAISING INVESTMENT ADVISORY LIMITED**

### **SUSTAINABILITY RISKS POLICY**

**September 2024**

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## 1. Introduction

R.I.A.L Raising Investment Advisory Limited (the “Company”) is a limited liability company with share capital, incorporated in accordance with the Laws of the Republic (registration number HE 389494). The Company is currently authorized by CySEC under license number 416/22 to offer the following Investment services:

### 1. Investment advice.

In the framework of the entry in force of the Sustainable Finance Disclosure Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector (the “SFDR”), the Company intends to ensure a clear definition of relevant factors and controls relating to sustainability risks.

Art. 2 (22) of the SFDR defines “sustainability risk” as every environmental, social or governance (‘ESG’) event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

## 2. Scope and Objectives

The Sustainability Risks Policy (the “Policy”) describes the Company’s approach, handling and monitoring of sustainability risks, which may arise during the investment advice process. Within the Policy, the Company sets the framework in which sustainability risks are integrated into its investment advice decision-making and describes the approach taken to manage and monitor sustainability risks which may have a material influence on a client based on the investment advice activities performed by the Company.

Therefore, the Policy explains the approach of the Company to integrating the following sustainability considerations as part of its internal processes and procedures:

- Sustainability risks,
- Principal adverse impacts (“PAIs”) of the Company’s decisions on sustainability factors,
- A (potential) investor’s sustainability preferences and sustainability related objectives.

### 3. Ownership and Oversight

Oversight and management of the Policy are incorporated into the Company's governance structure and risk management framework. The Board has the overall responsibility for the Policy and receives regular updates on matters affecting the Company's integration of the Policy. The Board has delegated oversight of the Policy to the executive directors and has appointed the Compliance Officer responsible for the implementation of the Policy.

### 4. Integration of Sustainability Risks into the Investment Decision Process

The medium-term strategy of the Company is to not promote environmental or social characteristics or advise on sustainable investments as an objective respectively, as defined under Article 8 or Article 9 of the SFDR.

The aim of including sustainability risks in the investment advice process is to identify the occurrence of these risks as soon as possible and to take appropriate measures to minimize the impact on the investments.

At the pre-advice stage, the Company implements the mandatory Exclusion List of business into which the Company will not knowingly make advice on the grounds of inherent sustainability risks (the "Exclusion List"):

- 1) Directly manufacture, distribute or sell:

- a) Anti-personnel landmines,
  - b) Nuclear, chemical or biological weapons, or
  - c) Cluster bombs or munitions.
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- 2) Which systematically use harmful or exploitative forms of forced or child labor.
  - 3) Whose principal activity (i.e., more than 20% of total revenue) is:
    - a) The direct manufacturing of arms, ammunition or tobacco, or
    - b) Coal and/or oil upstream (i.e., exploration, extraction and/or production).
  - 4) Which generates the majority (i.e., more than 50% of total revenue) of its revenue from coal and/or oil upstream activities.
  - 5) At the time of the investment entry, they are headquartered or have their principal activity in jurisdictions which FATF public statement classifies as having strategic AML/CFT deficiencies subject to a FATF call.
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- 6) At the time of the investment entry, they are headquartered or have their principal activity in jurisdictions that the relevant EU Regulation lists as high-risk third countries.
  - 7) At the time of the investment entry, they are headquartered or have their principal activity in jurisdictions that the relevant EU Regulation lists as non-cooperative tax jurisdictions.
  - 8) At the time of the investment entry, they are headquartered or have their principal activity in jurisdictions that have a score of under 30 in the Corruption Perception Index.

The Company considers sustainability risks in the investment advice provided to clients based on the below operating model:

Company performs investment advice function:

The Company performs the investment advice function internally without engaging an external advisor and therefore the investment advice recommendations are made internally and in the sole discretion of the Company. In doing so, the investment advice decisions made by the Company's investment advice function are duly assessed against regulatory, fiduciary/legal and risk management requirements before their execution (pre-advice assessment).

As part of the pre-advice assessment process this Policy ensures that no advice that is a recommendation of a type identified in the Exclusion List can be put forward. The Company will consider the completed due diligence procedure as part of its overall assessment of the likely risks associated with an investment advice pursuant to the relevant product's investment objectives before providing any investment advice.

On an ongoing monitoring basis, the Company will evaluate whether the advice given continues to comply with the Exclusion List and where material issues are identified, the Company may take further action.

## 5. Sustainability Risk Management

When performing the risk management function, the Company will incorporate sustainability risks into its the risk profile, which will identify, assess, monitor, and manage sustainability risks.

The risk management function of the Company shall regularly report on the overall risk exposure of the Company to the Board of Directors, depending on the defined risk profiles. As part of this periodical and ongoing risk monitoring,

the Risk Manager will ensure that investment advice decisions continue to comply with the Exclusions List.

The assessment and monitoring of risk profiles based on the above allows the Company to effectively monitor sustainability risks and report any (material) increase/breach of the limits set to the investment advice function to allow mitigating actions to be taken.

## 6. Consideration of PAIs on Sustainability Factors

The Company does not consider the PAIs of its investment advice decisions on sustainability factors in the manner prescribed by Article 4 of the SFDR in respect of any of its products. This is because the company is not, in its view, currently in a position to obtain and/or measure all the data which it would be required by the SFDR to report, or to do so systematically, consistently and at the reasonable cost with respect to all the investments. Notwithstanding the Company's decision not to comply



with the PAI regime, the Company is committed to consider sustainability issues as part of its investment advice due diligence process as described in Section 5 above.

## 7. Consideration of Sustainability Preferences and Sustainability Related Objectives

Having in mind the overall strategy of not promoting environmental or social characteristics or have sustainable investments as an objective respectively, as defined under Article 8 or Article 9 of the SFDR, the Company has integrated sustainability considerations as part of its suitability assessment procedures. The Company will collect information on potential clients in relation to their sustainability preferences to be considered as part of its initial and ongoing suitability assessments.

Accordingly, and as part of the Company's product governance, the Company will use the information obtained from clients to ensure that any preferences or expectations of promoted ESG characteristics (Article 8) and sustainable investments (Article 9) will not be met by the Company. Conversely it will clarify



to the potential clients that sustainability risks have been integrated in the investment advice due diligence and risk management process of the Company.

## 8. Conflict of Interest

The Company is committed to identify and where possible prevent or manage potential, actual, or perceived conflicts of interest. It has in place a conflicts of interest policy which sets out the types and examples of conflicts that may arise and on how the Company manages them.

## 9. Review and Monitoring

The Compliance Officer in collaboration with the Risk Manager will monitor and review the Policy on an annual basis and on an ad-hoc basis in the event of major changes to the policy framework of the Company and will proceed to changes where and as needed.

The policy will be acknowledged by the Board of Directors of the Company after every review and/or material changes to its content.