FALCON MONEY MANAGEMENT POLICY
SFDR POLICY

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Registered Address: B2, Industry Street, Zone 5, Central Business District, Qormi, QRM 3000, Malta

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VERSION CONTROL

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FALC/SFDR/2022/v1 (Previously named: ESG Policy)	01/10/2022	Original draft	Draft created by Jean-Christophe Boucton (Head of ODD)	31/10/2022
FALC/SFDR/2023/v1	01/08/2023	Updated version to widen the scope of the policy and address in detail the requirements of the AIFMR, the SFDR and the SFDR Regulatory Technical Standards. The policy was also updated to reflect the re-organisation of the funds it manages.	Updated by Adrian Cutajar, Compliance Officer.	27/11/2023

Contents

COMPANY OVERVIEW

Falcon Money Management Limited ("**FALC**", "**Falcon**", or the "**Company**") was incorporated in Malta on the 19th of May 2009. The Company is currently an AIF Manager carrying out ancillary MiFID activities. The Company provides management services for professional clients (including collective investment schemes). The Company also provides investment advice to professional clients (including collective investment schemes) in relation to units in collective investment schemes. The Company has passported its services to Luxembourg to manage a collective investment scheme licensed by the CSSF in Luxembourg – Falcon Money Management Funds RAIF-SICAV (the "**Fund**"). The Fund has been classified as an Article 6 Fund in terms of the Sustainable Finance Disclosure Regulation ("**SFDR**").

This SFDR Policy (the "**Policy**") applies to FALC's directors and all employees.

WHAT IS THE PURPOSE AND OBJECTIVE OF THIS POLICY?

The purpose of this SFDR policy is to outline the Company's commitment to integrating environmental, social, and governance (ESG) considerations into our investment and decision-making processes. This Policy aligns with the objectives of fostering sustainable finance, contributing to a more sustainable and resilient global economy.

The primary objectives of this Policy are:

1. **Enhancing Transparency and Disclosure**: To provide clear and comprehensive information about how the Company integrates ESG factors into its investment decisions and processes. To ensure compliance with the SFDR regulatory requirements related to transparency and disclosure of ESG-related information, including disclosure on the Company's website.

2. **Integrating ESG considerations**: To systematically integrate ESG factors into the Company's investment analysis, due diligence processes, decision-making processes, and risk assessments, aiming to enhance long-term financial performance while mitigating potential ESG-related risks.

3. **Avoiding Greenwashing**: To ensure that any products or investments labelled as "sustainable" or "green" which may be established by FALC in the future meet rigorous and transparent criteria and are aligned with recognized industry standards and best practices.

4. **Risk Management**: To incorporate ESG considerations into the Company's risk management framework, ensuring that potential ESG-related risks are adequately identified, assessed, and managed.

5. **Training:** To provide ongoing training and education for the Company's staff to enhance their understanding of ESG issues, sustainable finance principles, and best practices in ESG integration.

6. **Monitoring and review**: To establish robust monitoring mechanisms to track and report on the progress of our ESG integration efforts, ensuring accountability and transparency to our stakeholders.

This SFDR policy reflects the Company's commitment to integrating sustainability considerations into our investment processes, contributing to positive environmental and social outcomes while delivering long-term value to our stakeholders.

ENHANCING TRANSPARENCY AND DISCLOSURE

ESG Integration Approach

Falcon recognizes the important contribution to society that investment industry participants can make through conscious effort to abide by ESG principles. This document sets out a framework for the inclusion of Environmental, Social, and Governance factors into Falcon's investment process, including evaluation of prospective investments and investment decision-making, as well as appropriate documentation. The policy has been designed to align Falcon practices with the spirit of the UN Principles for Responsible Investing (UNPRI).

ESG website disclosure

SFDR requires financial market participants, such as Falcon, to disclose certain information on their websites and in their pre-contractual and periodic reporting about how they integrate sustainability risks into their investment decision-making process.

These are the key disclosures applicable to Falcon:

1. Entity-Level Disclosure (Articles 3 and 4 of SFDR)

The Company shall publish on its website information about its policies on the integration of sustainability risks in their investment decision-making process.

The Company shall also publish on its website:

(a) Where it considers principal adverse impacts ("**PAIs**") of investment decisions on sustainability factors, a statement on due diligence policies with respect to those impacts, taking due account of its size, the nature and scale of its activities, and the types of financial products it makes available; or

(b) Where it does not consider adverse impacts of investment decisions on sustainability factors, clear reasons for why it does not do so, including, where relevant, information as to whether and when it intends to consider such adverse impacts.

Falcon does not presently consider adverse impacts. The Company's latest PAI statement is attached to this policy as Annex 1.

If the Company were to consider PAIs, the following disclosure is required:

(a) Information about policies on the identification and prioritization of principal adverse sustainability impacts and indicators.

(b) A description of the principal adverse sustainability impacts and any actions in relation thereto taken or, where relevant, planned.

(c) Brief summaries of engagement policies in accordance with Article 3 (g) of Directive 2007/36/EC, where applicable.

(d) A reference to their adherence to responsible business conduct codes and internationally recognised standards for due diligence and reporting and, where relevant, the degree of its alignment with the objectives of the Paris Agreement.

2. Product-Level Disclosure (Articles 6 and 8 of SFDR).

In terms of Article 6 of SFDR, the Company shall include the following matters in the Fund's offering documentation:

(a) The manner in which sustainability risks are integrated into their investment decisions.

(b) The results of the assessment of the likely impacts of sustainability risks on the returns of the financial products they make available. As per above, the Company does not consider the adverse impacts of investment decisions on sustainability factors. If this position changes and Falcon starts considering the adverse impacts of its investment decisions on sustainability factors, the related disclosures (i) on its website and (ii) the Fund's Offering document will be updated accordingly.

Article 9 of SFDR does not presently apply to the Fund.

3. Adverse Sustainability Impact Disclosure (Article 7 of SFDR).

Where a financial market participant applies Article 4(1)(a), or Article 4(3) or Article 4(4) of SFDR, the disclosure under Article 7 (1) applies. As explained above, The Company applies Article 4(1)(b), and therefore, Article 7(2) of SFDR applies to it.

In terms of Article 7(2), the Company is required to disclose to investors the disclosures in Article 23(1) of Directive 2011/61/EU. The Fund's offering document shall include such disclosures.

4. Remuneration Policies (Article 5).

Falcon shall disclose on its website the manner how the Company's remuneration policies are consistent with the integration of sustainability risks. Such disclosure is attached to this Policy as Annex 2.

5. Reporting (Article 10).

Article 10 of SFDR requires financial market participants to publish and maintain on their websites information for each of their financial products failing under Article 8(1), Article (9)(1), Article 9(2) and Article 9(3) of SFDR. The Fund is an article 6 fund and is not captured by Article 8(1), Article (9)(1), Article 9(2) and Article 9(3) of SFDR.

6. Review of website disclosures

The Company shall review its SFDR disclosures at least annually. Further details on the Malta Financial Services Authority's expectations relating to the Company's website disclosures as an AIF Manager licenced in Malta are set out in the document linked below:

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

The Company's compliance officer shall approve any changes to the Company's SFDR website disclosures. The Company shall also keep a version control log of such website disclosures.

INTEGRATING ESG CONSIDERATIONS

Article 60(2)(i) of Commission Delegated Regulation (EU) No. 231/2013 requires the Company's board of directors to integrate sustainability risks in Falcon's activities. This is also emphasized in the SFDR.

Falcon invests in commingled funds managed by external managers and currently does not invest directly in public or private securities such as shares (other than shares issued by commingled funds) or bonds. This restricts Falcon's ability to promote ESG issues by directly influencing public companies through shareholder votes or management engagement.

Falcon's evaluation of ESG issues as applied to the Fund's investments will encompass, subject to certain limitations, both:

(a) The investment strategy employed by the fund considered for investment.

(b) Internal ESG policies of the fund management company, managing the fund mentioned in (a) above.

Typically, ESG considerations have limited relevance to some of the investment strategies employed by Falcon's managers. Examples of these include funds investing in non-corporate securities (e.g., various futures, equity, and credit indices, G3 government bonds) as well as short-term trading-oriented strategies (where the holding period is too short to allow for a meaningful engagement with the management). It is also important to stress that Falcon has a fiduciary obligation to maximize the expected returns of its investment portfolios. Therefore, ESG factors will be considered to the extent that they complement the Company's fiduciary obligations. Another limitation which the Company faces in integrating sustainability factors in its decision-making process is that in some cases, despite its best efforts, Falcon may not be able to fully evaluate a prospective investment on ESG criteria.

General Principles

Falcon recognizes that ESG factors have the potential to positively affect society as well as materially influence the performance of its investments over the long term. Accordingly, Falcon strives to incorporate ESG considerations into its investment evaluation framework and give these factors their due weight in the investment decision-making process.

Where appropriate, Falcon will encourage fund managers it invests with to adopt and/or improve their ESG policies. Falcon also believes that ESG considerations will complement other relevant factors, including, but not limited to, the manager's pedigree, track record, fit with the existing portfolio, and opportunity set for the strategy.

Integration of sustainability factors, risks, and considerations in Falcon's investment decision-making process.

The Company's integration process involves three stages:

(a) Investment evaluation.
(b) Investment monitoring.
(c) Reporting.

Investment Evaluation

For each prospective investment, the Company conducts an ESG review, which forms part of the detailed structural risk review carried out by Falcon's Operational Due Diligence ("ODD") team. ESG findings are included in the Structural Risk Report.

At minimum, the ODD team shall request and review the ESG policy of any assessed fund/manager. The ODD team reserves the right to request additional ESG information it deems appropriate. The Company's investment committee will take the ESG assessment into consideration, alongside other findings from the structural risk review and investment research reports, when deciding whether to approve or reject any prospective investment.

Falcon does not use exclusion screening in its investment process. This means that all prospective investments are comprehensively evaluated with a wide range of factors considered. The underlying funds into which Falcon invests in, by and large, do not apply exclusions screens in their investment process.

Investment monitoring

The ESG policies of each underlying manager shall be reviewed on an annual basis by the ODD team as part of their structural risk update.

Reporting

Falcon shall produce an annual ESG report providing information on the degree of implementation of ESG principles across invested managers. A copy of this report shall be submitted to the Company's board and made available to the Company's stakeholders upon request.

The Falcon Group Chief Investment Officer shall be responsible for the integration of sustainability in the Company's investment decision-making process as set out in this Policy.

AVOIDING GREENWASHING

According to the European Securities and Markets Authority (ESMA), greenwashing is a practice where sustainability-related statements, declarations, actions, or communications do not clearly and fairly reflect the underlying sustainability profile of an entity, a financial product, or financial services. This practice may be misleading to consumers, investors, or other market participants.

The main greenwashing risks to which the Company may be faced with are the following:

a) Misleading claims on impact.

b) Misleading claims about engagement with investee companies.

c) Fund and benchmark naming issues.

d) Claiming that ESG risks and opportunity factors in the investment process are being considered and not having a tracking system in place to evidence if this policy is complied with.

e) Overemphasizing what an earned SFDR label means.

f) Exaggerated and/or incomplete claims about ESG credentials.

The Company shall consider each of the above risks (the "**Greenwashing Risks**") in its conflicts of interest register. For each Greenwashing risk, the Company shall consider the following:

(a) Conflict category (i.e., Greenwashing Risks).

(b) The conflict description, which shall include the underlying drivers of the Greenwashing Risks.

(c) Whether the risk is actual perceived or potential.

(d) The date the conflict has arisen.

(e) Mitigating controls and/or any remedial action.

The Company shall consider the Greenwashing Risks at least on an annual basis unless a more frequent or urgent review of such risks in the conflicts of interest register is required. The person responsible for updating the Company's conflict of interest register is the compliance officer.

RISK MANAGEMENT

SFDR requires the Company to promote sound and effective risk management with respect to sustainability risks. The Company's Risk Management Policy shall consider the following sustainability principles:

(1) Include the manner how sustainability risks are identified, assessed, measured, monitored, managed, and reported in relation to its activities.

(2) Integrating sustainability risks in the Company's investment decision-making process.

(3) Reviewing and updating the Company's risk management processes and disclosures on a regular basis to ensure they reflect its current situation, the Company's activities captured by SFDR, and clients' expectations and regulatory requirements.

The person responsible for the implementation of these sustainability principles in the Company's risk management policy shall be the Company's Risk Manager.

The Company shall provide clear and consistent information about how sustainability risks and impacts are integrated into the Company's services. This information should be disclosed on the Company's website, in the Fund's offering document, and in any additional report published by the Company.

TRAINING

The Company Board of Directors shall ensure that the board and all the Company's staff receive annual training on SFDR, sustainability risks, sustainability developments, and any other aspect of SFDR that impinges on the Company's activities of the Company's compliance with SFDR, the SFDR Regulatory Technical Standards, or any other ESG regulatory requirement.

The objective of this training is that the Company has the resources that have obtained the necessary SFDR/ESG knowledge and that their skills are maintained. Details of such training shall be included in the Company's training log, which shall be reviewed by the Company's compliance officer as part of this compliance monitoring programme and may also be requested by the MFSA as part of their regulatory oversight.

MONITORING AND REVIEW

Falcon shall monitor its ESG/SFDR compliance on an ongoing basis to ensure that it continues to satisfy the applicable regulatory requirements. This should include regular assessments of the effectiveness of controls.

The Company shall undertake the following steps to ensure appropriate monitoring and adequate review:

(1) Include ESG/SFDR as an agenda item during the Q2 and Q4 board meetings.

(2) The manner sustainability risks have been identified, assessed, and mitigated shall be included in the risk management reports.

(3) SFDR compliance shall be included in the Company's compliance officer reports.

(4) The Company's annual ESG report shall be approved by the Company's directors, referred to in the section above dealing with integrating ESG considerations.

(5) Annual review of the Company's SFDR website disclosures as per this Policy.

POLICY REVIEW AND UPDATES

The Company shall review this Policy, at least on an annual basis. Such reviews seek to align this Policy with regulatory requirements and industry best practices. This Policy forms an integral part of the Company's commitment to effective governance and compliance with regulatory requirements.

Any updates or changes to this Policy shall be approved by the Company's board of directors and noted in the version control table above.

Approved by the Board of Directors on the 27^{th} of November 2023.

ANNEX 1 - STATEMENT AS PER ARTICLE 4(1)b of the DISCLOSURE REGULATION – NO CONSIDERATION OF SUSTAINABILITY ADVERSE IMPACTS

Pursuant to EU 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 (the "**SFDR**"), Falcon Money Management Limited ("**Falcon**" or the "**Company** ") is required to disclose the manner how Sustainability Factors (as defined hereafter) are integrated into the investment decisions and the assessment of the likely impacts of Sustainability Risks.

Article 4(1)(b) of the SFDR states that Financial Market Participants, such as the Company, shall publish and maintain on the websites, the reasons why they do not consider adverse impacts of investment decisions on sustainability factors, clear reasons for why they do not do so, including, where relevant, information as to whether and when they intend to consider such adverse impacts.

Falcon is a boutique AIF Manager authorised by the Malta Financial Services Authority. To date, Falcon manages two funds, and shortly one of them will be merging into the Falcon Money Management Funds RAIF-SICAV, registered in Luxembourg, leaving the Company with only one fund to manage. Due to its small size, business and investment strategy, the adverse impact of its investment decisions on the sustainability factors is of an extremely limited nature.

Falcon is sensible to the climate challenges and the sustainable development objectives of the Paris Agreement. The Company is also committed to the promotion of the employees' well-being and work-life balance. Initiatives have been taken and continue being developed to promote the personal and professional development of employees and the Company's officials. The Company has also put in place a robust governance structure to ensure high standards of its management and employees' ethical behaviour.

The Company has a strong commitment to considering sustainability risks as part of this general business strategy. As part of these efforts the Company is integrating the sustainability risk factors in its remuneration policy to align employees' interest and remuneration considerations with them. While the Company is strongly committed to the promotion of environmental, social and governance factors, it has decided not to consider the adverse impacts of its investment decisions on sustainability factors.
The above decision is the consequence of a cost-benefit analysis, and motivated by the following factors:

(a) Size of the Company. The Company presently has less than 5 employees and the Falcon Money Management Group has in aggregate less than 15 employees.

(b) Investment strategy. Falcon invests in commingled funds managed by external managers and currently does not invest directly in public or private securities such as shares (other than shares issued by commingled funds) or bonds. This restricts Falcon's ability to promote ESG issues by directly influencing public companies through shareholder engagement (e.g., shareholder votes or management engagement). It must be noted the typical ESG considerations have limited relevance to some of the investment strategies employed by Falcon's managers. Examples of these include funds investing in non-corporate securities (e.g., various futures, equity, and credit indices, G3 government bonds) as well as short-term trading-oriented strategies (where the holding period is too short to allow for a meaningful engagement with management). Consequently, our investment strategy primarily focuses on other factors, such as risk-adjusted returns, market opportunities, and specific investment objectives.

While the Company does not currently consider sustainability adverse impacts, the Company is committed to transparency and provide other relevant sustainability disclosures. These may include information on our engagement efforts, adherence to industry standards and guidelines, and any positive contributions we make to sustainable practices within our investment portfolios. Additional information can be found in the Company's ESG policy.

The Company continuously reviews and assesses its investment processes and regularly evaluates the feasibility of integrating sustainability adverse impacts into the Falcon decision-making. We remain committed to staying abreast of developments in the market and regulatory landscape, and we will reassess our approach should the circumstances change. Any future changes or updates to our consideration of sustainability adverse impacts will be promptly communicated via the Company's website and to our clients.

ANNEX 2 – STATEMENT IN COMPLIANCE WITH ARTICLE 5 OF THE SUSTAINABLE FINANCE DISCLOSURE REGULATION ("SFDR").

Article 5 of SFDR states that financial market participants and financial advisers shall include in their remuneration policies information on how such policies are consistent with the integration of sustainability risks and shall publish that information on their websites.

A Sustainability risk is defined as an environmental, social, or governance event, which, if it occurs, causes a material negative impact on the value of the investments held by the sub-funds managed by Falcon Money Management Limited.

Falcon Money Management Limited (the "Company") does not currently adopt a remuneration policy which integrates sustainability risks, except to the extent described below. The group's remuneration policy provides for a fixed remuneration and may award employees with a variable discretionary bonus on an annual basis. Remuneration levels are justified according to the performance of the individual concerned.

No variable remuneration shall be paid to the Company's Identified Staff (as defined in the "Remuneration Policy") unless it is determined to be justified by the Company's director with the responsibility of implementing the Remuneration Policy. Such variable remuneration is awarded following a performance assessment based on quantitative as well as qualitative (non-financial) criteria. In conducting its performance assessments, the Director, with the responsibility of implementing the Remuneration Policy, shall seek the appropriate input of the Company's control functions.

The variable remuneration is based on key performance assessment criteria. One such criterion, is the extent to which sustainability risks have been integrated in the ESG review performed as part of the detailed structural review conducted by Falcon Money Management Limited for any assessed fund/manager and the attainment of any sustainability criteria which are established by the Company's board of directors from time to time.

Falcon Money Management Limited regularly evaluates the feasibility of integrating sustainability risks into its decision-making process. It remains committed to staying abreast of developments in the market and regulatory landscape and will reassess its approach should the circumstances change.