

Policy for the integration of sustainability risks in investment advice

Introduction

This Policy for the Integration of Sustainability Risks in Investment Advice (the "Policy") sets out how SB1 Markets ("SB1M" or "the Company") integrates sustainability risks into the provision of investment advice, in accordance with the Sustainable Finance Disclosure Regulation ("SFDR")¹.

SB1M offers investment advice to clients in the form of personal recommendations relating to investments in financial instruments. The advice includes recommendations to buy, sell, exchange or hold financial instruments, based on an assessment of the client's investment objectives, risk profile, financial situation, as well as knowledge and experience.

SB1M's investment advice includes, inter alia, transferable securities, including equities and debt instruments.

Integration of sustainability risks in investment advice

Sustainability risks refer to environmental, social or governance events or conditions that, if they occur, could have material negative impact on the value of an investment.

Examples of sustainability risks that could materially and adversely affect the value of an investment if they occur include:

- Environmental sustainability risks may include climate change, carbon emissions, air pollution, rising sea levels or coastal flooding, or wildfires.
- Social sustainability risks may include violations of human rights, human trafficking, child labour, or gender discrimination.
- Governance-related sustainability risks may include lack of diversity at board or management level, infringement or reduction of shareholder rights, health and safety issues affecting the workforce, or inadequate safeguards for personal data or IT security.

Sustainability risk may represent a separate risk category or amplify other risk categories such as market risk, liquidity risk, credit risk, or operational risk.

When providing investment advice, SB1M collect relevant information about the client's financial situation and preferences in order to assess the suitability of proposed investments. This includes, inter alia, information regarding the client's financial circumstances, risk tolerance, investment horizon, return objectives, investment purpose and any stated sustainability preferences. Where a client expresses sustainability preferences, these shall be taken into account in the investment advice provided.

SB1M does not apply a separate or systematic methodology specifically dedicated to the integration of sustainability risks in investment advice. Instead, sustainability risks that may be financially material are considered insofar as they are relevant to the assessment of financial instruments and may have a potential negative impact on their value. This approach reflects the nature, scale and complexity of SB1M's investment advisory services, as well as the types of financial instruments on which advice is provided. In addition, the availability, consistency and comparability of sustainability-related data remain limited. For these reasons, SB1M considers it appropriate to address sustainability risks within its general financial analysis rather than by applying a separate or formalised sustainability risk methodology.

Investment advice is provided by SB1M's brokers, who give recommendations to clients based on their analyses of financial instruments. These analyses focus on factors such as the issuer's business model, capital structure, market position, growth prospects etc. In this context, brokers also take into account information and developments that may affect the financial performance or risk profile of the financial instruments. Relevant events and changes affecting financial instruments are followed on an ongoing basis, where deemed relevant for the provision of investment advice. Through this analytical approach, aspects such as an issuer's strategy, financial position, risk profile and corporate governance are considered to the extent they are relevant for the advice given, including any sustainability-related factors that may have a material impact.

¹ Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector ("SFDR").