

**PRE-CONTRACTUAL DISCLOSURES ON THE FINANCIAL PRODUCTS
REFERRED TO IN ARTICLE 8,
paragraphs 1, 2 and 2bis, of REGULATION (EU) 2019/2088 and Article 6, first paragraph, of
REGULATION (EU) 2020/852**

EDM-Ahorro, FI
ISIN Class R: ES0168673038
ISIN Class L: ES0168673004
LEI Code: 959800EQPFY711K7V797

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practises.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective may or may not be aligned with the taxonomy.

Environmental or social characteristics

Did this financial product have a sustainable investment objective?

<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> X No
<p><input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: %</p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: %</p>	<p>It promotes environmental or social characteristics and, while it does not have a sustainable investment objective, it will have a minimum of __ % of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with a social objective</p> <p>X It promotes environmental or social characteristics, but will not make any sustainable investment</p>



Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

What environmental or social characteristics does this financial product promote?

This financial product does not have a sustainable investment objective but agrees to promote environmental and/or social characteristics, although without maintaining a minimum percentage of investments with a sustainable objective. At least 50% of the product's assets will be devoted to promoting these characteristics. The product excludes from its investment universe companies whose revenue from gambling, pornography or controversial weapons represents more than 10% of total revenue. This criterion will apply to 100% of the product's assets.

In addition, EDM has developed an ESG score based on its own methodology to measure the sustainability of the companies and the associated risks. A score is therefore calculated for each issuer based on specific metrics for each ESG pillar, depending on the economic sector in which the entity operates.

EDM also carries out active dialogue processes and analyses any disputes that may arise to prevent this from harming the promotion of the product's environmental and social characteristics.

The financial product has not established a reference benchmark for attaining the environmental and social characteristics promoted.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

To measure, monitor and verify the promotion of the environmental and social characteristics of the financial product, managers consider various sustainability indicators. The main metrics used are:

1. The percentage of an individual issuer's revenue that may be generated from specific business activities (e.g., production of controversial weapons) to determine whether they meet the criteria for excluding the product sector. The threshold is when it represents more than 10% of total revenue.
2. The percentage of the portfolio with an ESG score > 50. This is the minimum ESG score required for a company to be included in the investment universe of the product.
3. The carbon intensity of the portfolio versus a comparable index (50% High Yield Index + 50% Investment Grade Index) to determine whether the product meets its carbon efficiency criteria.
4. The boards must have at least 30% independent directors.

These indicators use information obtained from companies or external ESG information providers.

All product investments will comply with the ESG policy, except for those investments that are outside its scope (for example, cash and cash equivalents).

The managers will submit any cases of non-compliance that arise to the Risk and Sustainability Committee for assessment. An active dialogue process is followed to assess the severity of the event and the measures that could be taken. Lastly, if the Committee continues to consider the disputes or exposure to controversial activities to be significant after the dialogue process, the investment is excluded from the investment universe of the product.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does sustainable investment contribute to these objectives?***

N/A



Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employment matters, respect for human rights, anti-corruption and anti-bribery matters.

How do the sustainable investments that the financial product partially intends to make not cause significant harm to any environmental or social sustainable investment objective?

N/A

How have the indicators for adverse impacts on sustainability factors been taken into account?

N/A

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights? Details:

N/A

The EU Taxonomy sets out a “do no significant harm” principle by which taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of the financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objective.

Does this financial product consider principal adverse impacts on sustainability factors?

 **✘ Yes**

The principal adverse impacts on sustainability factors are measured by measuring the indicators in Table 1, and the relevant indicators in Tables 2 and 3, of Annex I to the regulatory technical standards (RTS) of Delegated Regulation (EU) 2022/1288.

These indicators are measured based on information from external providers. In addition, how well the portfolio covers each of the indicators measured is monitored.

EDM has a procedure for exercising voting rights in the investee companies. EDM considers that this right is fundamental for companies to properly manage not only financial aspects, but also of environmental, social and governance aspects.

EDM has an active dialogue procedure with the companies in which it invests to monitor the indicators it considers to be significant for these companies and to understand their sustainability management, and the performance of the indicators if necessary. In addition, EDM monitors changes in greenhouse gas (GHG) emissions and carbon intensity.

More information on the principal adverse impacts on sustainability factors can be found in the periodic reports in accordance with Article 11(2) of the SFDR Regulation.

No

The **investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

What investment strategy does this financial product follow?

EDM Ahorro is a flexible fixed income fund that can invest in both sovereign and corporate debt depending on market conditions. As regards corporate debt, the fund can invest in issues of varying credit ratings with an emphasis on investment grade.

Companies whose revenue from gambling, pornography or controversial weapons represents more than 10% of total revenue will be excluded from the investment universe of the financial product. To verify this, pre-trade and post-trade controls are performed on a quarterly basis.

The financial product takes into account the Principles for Responsible Investment. ESG criteria have therefore been introduced in its investment strategy to promote environmental and social characteristics.

During the investment selection process, the product is chosen according to an ESG score based on its own model that assesses the following ESG aspects:

- Environmental: companies' environmental policies and their control over their carbon emissions will be taken into account.
- Social: companies' social policies, the percentage of female board members, efforts to eradicate child labour in the retail sector, risks arising from supplier sustainability practises, etc.
- Governance: annual monitoring of the number of board members, percentage of independent board members, corporate social responsibility policy aligned with sustainability, codes of ethics and conduct.

Based on this information, an ESG score (from 0 to 100) is obtained, which serves as a reference when investing. Only those assets with a score > 50 will be directly eligible for investment.

Investment in assets with scores below 50 requires additional analysis based on dialogue with the companies to supplement existing information, which helps to identify their plans regarding sustainability for the following year. If the company does not improve after one year, this investment would not be included in the portion of the financial product that promotes environmental and/or social characteristics. This analysis will be performed annually to ensure the reliability of the data used.

In addition, any relevant controversial cases identified through the process described in the previous sections will be submitted to the Risk and Sustainability Committee, which is responsible for making a decision regarding these investments.

If the Committee considers the situation to be relevant, a commitment process is followed to assess its severity and the measures to be taken. Lastly, if the Committee continues to consider the disputes to be significant after the commitment process, the investment is excluded from the investment universe of the product.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

To attain the environmental or social characteristics promoted, the financial product will apply the following criteria:

- Exclusion or negative criteria, as described in detail in the previous section.
 - Positive assessment criteria: it will invest in companies that apply certain sustainability metrics (best-in-class), which means that the product will not invest in companies with an ESG score below 50. This is supplemented by active dialogue processes and the exercise of voting rights.
- ***What is the committed minimum rate to reduce the scope of the investments considered before the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered before the application of that investment strategy.

- ***What is the policy to assess good governance practises of the investee companies?***

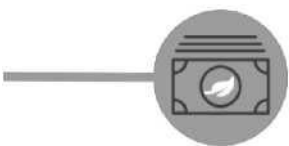
EDM engages in active dialogue with investees to monitor their ESG risk management and ensure good governance. The investment team maintains contact with companies through visits, conferences, meetings and a policy of active dialogue with CEOs, CFOs and investor relations to monitor the businesses. During these visits, any good governance and other issues will be raised and discussed, and during governance calls, the members of the EDM investment team discuss any planned governance changes, upcoming voting proxies and ESG-related risks with the companies.

EDM will analyse metrics such as the following on annual basis:

1. Minimum percentage of independent board members: 30%.
2. Minimum number of Board members: 12 for listed companies with a market capitalisation > 5Bn, and 8 for other companies.
3. Existence of a remuneration policy with sustainability considerations.
4. CSR policy aligned with sustainability objectives (metric provided by the ESG data provider).
5. Code of ethics and conduct to mitigate reputational risk (metric provided by the ESG data provider).

EDM believes that exercising voting rights gives companies the opportunity to consider and respect governance, environmental and social best practises. EDM will exercise voting rights whenever possible, provided that the relevant ESG criteria in the SRI policies and in the commitments assumed are met.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



What is the asset allocation planned for this financial product?

This financial product plans to allocate its assets in accordance with the distribution set out in the following table.

At least 50% of assets will be invested in investments aligned with environmental or social characteristics. There is no minimum investment in sustainable investments.

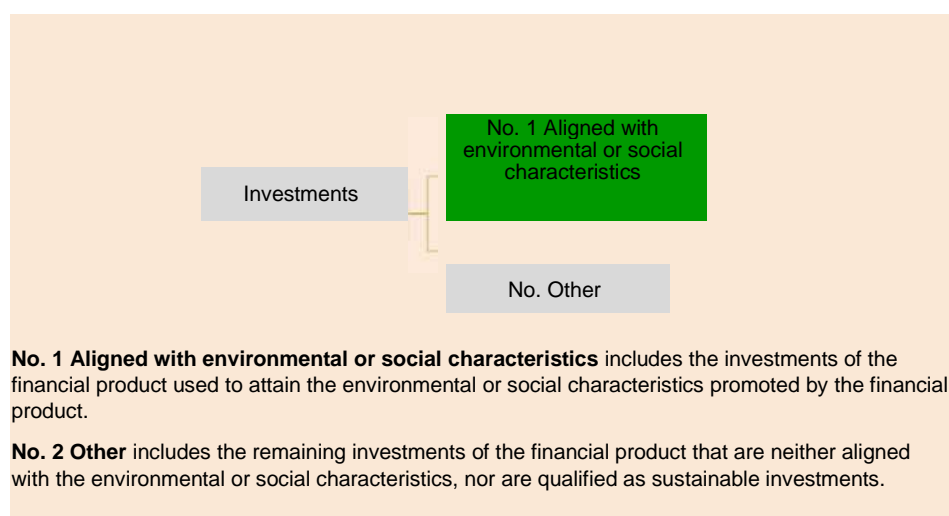
- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The financial product does not use derivatives to attain the environmental or social characteristics promoted.

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** reflecting green operational activities of investee companies.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The financial product does not commit to a minimum percentage of investment in sustainable investments under the EU Taxonomy.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy alignment of sovereign bonds, the first graph shows the taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

1. Taxonomy alignment of investments **including** sovereign bonds (*)



2. Taxonomy alignment of investments **excluding** sovereign bonds (*)



* For the purpose of these graphs, “sovereign bonds” consist of all sovereign exposures

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and, among others, have greenhouse gases emission levels corresponding to best performance.

 are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

● **What is the minimum share of investments in transitional or enabling activities?**

The financial product does not have a minimum share of investments in transitional or enabling activities.



● **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The financial product does not commit to a minimum share of sustainable investments with a sustainable objective that are not aligned with the EU Taxonomy.



● **What is the minimum share of socially sustainable investments?**

The financial product has not established a minimum share of socially sustainable investments.



● **What investments are included under “No. 2 Other” and what is their purpose? Are there any minimum environmental or social safeguards?**

“No. 2 Other” includes cash (and cash equivalents), derivatives, and direct and indirect investments that in turn do not promote environmental or social characteristics. There are no minimum environmental or social safeguards.



Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental or social characteristics that it promotes?

N/A

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***
N/A
- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***
N/A
- ***How does the designated index differ from a relevant broad market index?***
N/A
- ***Where can the methodology used for the calculation of the designated index be found?***
N/A



Where can I find more product specific information online?

More product specific information can be found on the website:

<https://www.edm.es/fondos/edm-ahorro-fi-e-r/>