

22.3 Pre-contractual disclosure for the financial products EDM International – Global Equity Impact Fund

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: EDM International – Global Equity Impact Fund (the “Sub-Fund”)

Legal entity identifier: 549300NA0YVM2ZSGM538

Environmental and/or social characteristics

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 practices.

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 include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?	
Yes	No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 	<input checked="" type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion 40 % of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments



What environmental and/or social characteristics are promoted by this financial product?

The Sub-Fund will promote E/S characteristics by including ESG considerations in securities analysis and portfolio construction. At least, 80% of the Sub-Fund’s assets will be dedicated to the promotion of these aspects.

Specifically, the Sub-Fund follows an exclusion strategy that consists in excluding companies in which the revenues derived from gambling, pornography and the manufacture and delivery of

controversial weaponry account for more than 10% of their total revenue. These criteria will apply to all investments in the Sub-Fund.

EDM has put in place an ESG scoring process based on its own proprietary analysis to measure sustainability indicators and the specific risks that an investment company could address. This allows to identify best-in-class companies.

An ESG score is determined for each issuer based on a weighted average of specific metrics within ESG factors. The weights applied to the ESG factors to arrive to the overall ESG score will depend on the economic sector the company operates in.

EDM also follows engagement processes coupled with controversies analysis to ensure the promotion of these E/S characteristics and to prevent E/S damaging events and, in the case of past events, the Sub-Fund reviews the measures taken to repair the damage and avoid another event. Additionally, the Sub-Fund will maintain a minimum proportion of 40% of sustainable investments, which will comply with the Do Not Significant Harm (DNSH) principle and good governance practices.

No reference benchmark has been designated to attain the environmental and social aspects promoted.

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

● ***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 ensure the attainment of the E/S characteristics promoted by this Sub-Fund, the investment manager considers various sustainability and ESG metrics. Key metrics used are:

- 1) The percentage of an individual issuer's revenue which may be derived from specific business activities (e.g. controversial weapons production) to determine whether they meet the Sub-Fund's industry exclusion criteria. The threshold is when it accounts more than 10% of total revenues.
- 2) The percentage of the portfolio with an ESG score >50. A minimum ESG score of 50 is required for a company to be included in the investment universe of the Sub-Fund.
- 3) The weighted average carbon intensity of the portfolio vs a comparable index (MSCI ACWI) to determine whether the Sub-Fund meets or breaches its carbon efficiency criteria.
- 4) Boards should have a minimum of 30% independent directors.

These metrics are sourced directly by the investment team or from external ESG data providers.

All holdings in the Sub-Fund must comply with its ESG policies unless they fall outside of the scope of those policies (for example cash or cash equivalent holdings). The investment manager seeks to ensure that in the case of a passive breach is presented to the Sustainability and Risk Committee for assessment. An engagement process is followed to assess the severity and any actions that might be taken. Finally, if after the engagement process controversies or the exposure to controversial activities are still relevant for the Committee, the investment is excluded from the investment universe of the Sub-Fund.

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

The Sub-Fund will intend to contribute to the following objectives:

- Environmental: UE Green Taxonomy, circular economy and low carbon economy. In order to achieve the objectives, the Sub-Fund will invest in companies that have a positive impact in two United Nations Sustainable Development Goals (SDGs): Climate Action (SDG 13) and Responsible Consumption and Production (SDG 12).
- Social: Gender diversity and Decent Work and Economic Growth. In order to achieve the objectives, the Sub-Fund will invest in companies that have a positive impact on two SDGs: Gender equality (SDG 5) and Reduced Inequalities (SDG 10).

The attainment of the objectives will be validated according to the following methodology:

- Environmental SDGs will be validated when the performance of the portfolio is equal or better to an index (e.g. the weighted average carbon intensity of the portfolio must be equal or better than the same indicator for MSCI ACWI).
- Social SDGs are validated with specific thresholds:
 - Gender Diversity: companies must ensure women have at least 40% of seats on corporate boards.
 - Decent Work and Economic Growth: companies must have policies regarding inequalities reduction.

This, coupled with a complementary analysis of the activity and projects undertaken by the companies following the ESG methodology, which is published in the Sub-Fund's website, will serve as the basis for selecting companies that aim to resolve social problems and improve the sustainable use of the planet's resources.

In addition, on a monthly basis, EDM monitors any portfolio investment controversies and the risk of not being compliant with the relevant "do not significant harm" (DNSH) criteria based on specific controversies and/or metrics related to all other environmental objectives. These controversial cases are identified by analysing business conducts in comparison with inter-governmental organizations such as UNGSC, UN Guiding principles and the OECD.

This controversy analysis helps identify potential incidents and, if relevant, present them to the Sustainability and Risk Committee for assessment. In case the Committee considers this controversy significant, an engagement process is followed to assess the severity and any actions that need to be taken regarding the situation. Finally, if after the engagement process controversies are still relevant for the Committee, the investment is excluded from the investment universe of the Sub-Fund.

● ***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?***

The Sub-Fund will justify not causing significant harm to any environmental or social sustainable investment objectives by analysing the 14 "mandatory" principal adverse impacts on sustainability factors under Appendix 1 of the RTS Regulation (2022/1288). This process will be carried out during the investment selection process. This analysis is done using information from the ESG data provider.

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

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

As noted above, the “do no significant harm” principle is tied to the monitoring of the principal adverse impact indicators found under Appendix 1, Table 1 of the RTS regulation (2022/1288).

Furthermore, EDM engages in active dialogue with the companies in which it invests to monitor the indicators and obtain an in-depth understanding of their policies regarding ESG and how these companies intend to address the evolution of the PAIs, if needed.

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

The Sub-Fund will follow the alignment of its investments with the OECD Guidelines for Multinational Enterprises or the UN Guiding Principles on Business and Human Rights. In order to do this, the Sub-Fund will use indicators provided by the ESG data provider.

The information obtained from the ESG data provider is complemented with active dialogue with the investee companies to obtain an in-depth understanding of their governance.

Moreover, in 2014, EDM joined the United Nations Principles for Responsible Investment.

The EU Taxonomy sets out a “do not 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 this 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 objectives.



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

Yes,

These impacts are considered by analysing the evolution of the “mandatory” indicators established in Appendix 1, Table 1 and any relevant ones from Tables 2 and 3 (such as the companies with a policy to reduce carbon emissions) of the RTS regulation (2022/1288).

According to an established procedure, EDM also exercises its right to vote in investee companies. EDM considers this right fundamental to ensure the proper management, not only of financial matters, but of environmental, social, and governance aspects as well.

EDM engages in active dialogue with the companies in which it invests to monitor the indicators and obtain an in-depth understanding of their policies regarding ESG and how these companies intend to address the evolution of the PAIs, if needed. Additionally, we monitor GHG emissions and carbon intensity.

More information regarding the principal adverse impacts on sustainability factors can be found in the periodic reports pursuant to Article 11(2) of the SFDR.

No



What investment strategy does this financial product follow?

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

The Sub-Fund invests directly or indirectly in global equity securities and investments are made across sectors and market capitalizations without any restriction as to the issuer's domicile. This also includes investments in the emerging markets.

The Sub-Fund promotes environmental and social characteristics and will additionally have a minimum proportion of 40% of its NAV of sustainable investments. It excludes investments in companies whose main activity (more than 10% of their total revenue) involves the manufacture of controversial weaponry (anti-personnel), gambling, and pornography. EDM has a pre-trade list of companies in which the Sub-Fund cannot invest due to its high exposure to these activities. Pre and post-trade controls will be carried out on a quarterly basis by the ESG team.

The Sub-Fund takes into consideration the Principles of Responsible Investment. Due to this, it has introduced into its investment strategy ESG considerations with the objective of contributing to the sustainable objectives the Sub-fund intends to accomplish.

When selecting investments, the Sub-Fund relies on a Proprietary ESG Scoring Model that assesses the companies' environmental, social, and governance aspects. Specifically, to evaluate the sustainability performance of the investments, EDM assesses the following aspects:

- Environmental criteria: companies' environmental policies and carbon emission controls.
- Social criteria: companies' social policies, the percentage of female board members, efforts to eradicate child labour in the retail sector, risks derived from the sustainability practices of suppliers, etc.
- Good governance criteria: 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.

From this information an ESG Scoring is obtained (from 0 to 100) that serves as a reference when investing. Only those assets with a score ≥ 50 will be directly eligible for investment.

Investment in assets with scores lower than 50 requires further analysis based on engagement with the companies to supplement the existing information, which helps identify the companies' plans for the following year. If, after a year, the company fails to improve, this investment would not be included in the portion of the Sub-Fund that promotes environmental and/or social characteristics. This analysis will be performed on an annual basis to ensure the reliability of the data used.

Additionally, any relevant controversial cases identified through the process described in previous sections will be presented to the Risk and Sustainability Committee, which will be the responsible for making a decision relative to these investments. If the Committee considers this situation to be relevant, an engagement process is followed in order to assess the severity and any actions that need to be taken regarding the situation. Finally, if after the engagement process controversies are still relevant for the Committee, the investment is excluded from the investment universe of the Sub-Fund.

- ***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?***

The binding elements of the investment strategy are:

- Exclusionary or negative criteria, as described in detail in the above section.
- Positive evaluation criteria: it will invest in companies that apply certain sustainability metrics (best-in-class) which entails that the Sub-Fund will not invest in companies with ESG Scoring below 50. This will be complemented by engagement activity and the exercise of voting rights.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable

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

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

EDM engages in active dialogue with investee companies to monitor their ESG risk management and ensure their good governance. The Investment team engages with the investee companies through onsite visits, conferences, meetings, and a policy of active dialogue with CEOs, CFOs, and investor relations to monitor the businesses. During these engagements, any good governance issues as well as other issues will be raised and discussed during governance calls, members of EDM Gestion, S.A., S.G.I.I.C.' investment team discuss with companies planned governance changes, upcoming proxies and ESG-related risks.

EDM will analyse annually metrics such as:

1. Minimum percentage of independent members in the board of directors: 30%.

2. Minimum number of members in the board of directors: 12 in the case of traded companies whose market cap is >5Bn and 8 for the rest.
3. Existence of a remuneration policy aligned with sustainability considerations.
4. CSR policy aligned with sustainability objectives (metric provided by the ESG data provider).
5. Code of ethics and behaviour to mitigate reputational risk (metric provided by the ESG data provider).

EDM believes exercising the right to vote gives companies the opportunity to consider and respect governance, the environment, and best social practices. EDM will exercise the right to vote whenever possible, provided the relevant ESG criteria in the SRI policies and in the acquired commitments are met.



What is the asset allocation planned for this financial product?

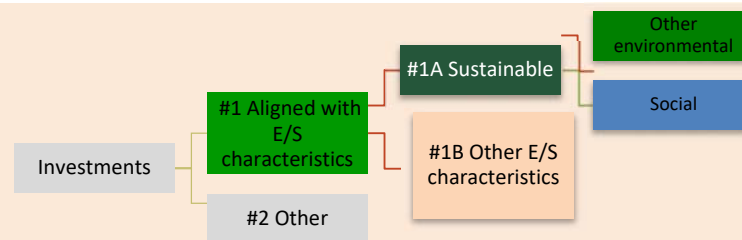
Asset allocation describes the share of investments in specific assets.

The Sub-Fund expects to allocate 80% of its assets to investments aligned with environmental and/or social characteristics. The remaining 20% will consist primarily of ancillary liquid assets, cash equivalent fixed-income assets, and money market assets with maturities of less than one year.

Out of the 80% of assets intended for investments aligned with environmental and/or social objectives, 50% will be sustainable investments. Out of this 50% of sustainable investments, at least 10% of assets will be environmentally sustainable investments and at least 10% of assets will be socially sustainable investments.

Taxonomy-aligned activities are expressed as a share of:

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



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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

Not applicable

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 gas emission levels corresponding to the best performance.



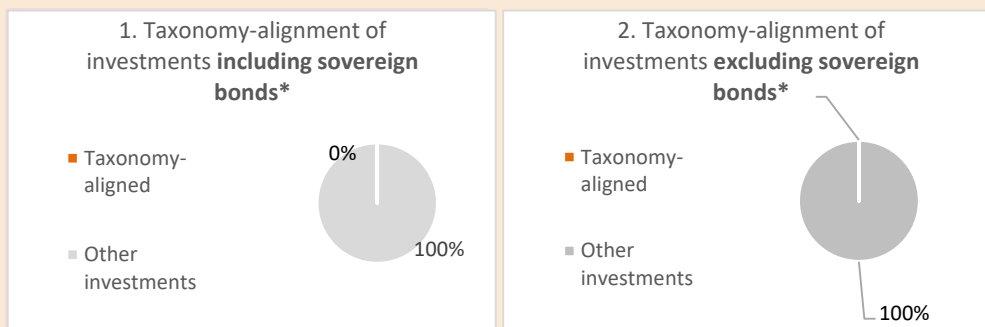
To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Sub-Fund does not currently commit to invest in any “sustainable investment” within the meaning of the Taxonomy Regulation, but only within the meaning of the SFDR regulation. However, the position will be kept under review as the underlying rules are finalised and the availability of reliable data increases over time.



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



* For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures

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

As the Sub-Fund does not commit to invest any “sustainable investment” within the meaning of the Taxonomy Regulation, the minimum share of investments in transitional and enabling activities within the meaning of the Taxonomy Regulation is therefore also set at 0%.



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

The Sub-Fund commits to a minimum 10% of sustainable investments with an environmental objective aligned with SFDR. These investments could be aligned with the EU Taxonomy, but the Investment Manager is not currently in a position to specify the exact proportion of the Fund’s underlying investments which take into account the EU criteria for environmentally sustainable economic activities. However, the position will be kept under review as the underlying rules are finalised and the availability of reliable data increases over time.



What is the minimum share of socially sustainable investments?

The Sub-Fund will maintain a minimum of 10% of its assets in socially sustainable investments.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The “other investments” portion will consist of ancillary liquid assets, cash equivalent fixed-income assets, and money market assets with maturities of less than one year. Because these assets do not redirect capital flows toward sustainable investments, they have no minimum environmental and/or social guarantees.



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

Not applicable

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



Where can I find more product specific information online?

For more detailed information, please visit the EDM GLOBAL EQUITY IMPACT FUND website:

<https://www.edm.es/fondos/edm-global-equity-impact-fund/>