

INCENTIVES POLICY

EDM GESTIÓN, S.A.U. SGIIC

DOCUMENT RECORD

	DATE	NAME	ORGANISATIONAL UNIT	VERIFICATION
Prepared	30/06/2014	David Ruiz	Regulatory Compliance and Risk Management Unit	Board of Directors
Reviewed				
Initial approval	10/09/2014	Board Minutes	Board of Directors	
Approval MIFID II adaptation	22/07/2020	Board Minutes	Board of Directors	Minutes

1.- VERSION CONTROL

DATE	VERSION	CONCEPT	MODIFICATION MADE
September - 14	01	Creation of the document	Adaptation of the investment services company's former policy to the UCITS Management Company.
October - 15	02	Incentives update	Inclusion of new marketers: Federació de mutualitats, Inveris, Tressis, Pershing and Privat Bank
April - 16	03	Incentives update	Inclusion of new marketers: Fund Channel
January - 17	04	Incentives update	Inclusion of new marketers: Bulltick. Inclusion of customer advice service.
May - 20	05	Regulatory update	Adaptation to MiFID II and regulations on transposition in Spain.
17/12/2021	06	Update of the scope.	Update of the investment services and activities subject to this policy.

2.- LEVEL OF DISSEMINATION

DATE	ORGANISATIONAL UNITS					
September - 14	General					
23/07/2020	General					

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1 PURPOSE AND SCOPE

The purpose of the Incentives Policy (the Policy) is to comply with the requirements established in Royal Legislative Decree 4/2015, of 25 October, approving the consolidated text of the Spanish Securities Market Act [*Ley del Mercado de Valores*], and in Royal Decree 217/2008, of 15 February, on the legal regime for investment services companies and other entities that provide investment services (RD 217/2008), transposing Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and Directive 2011/61/EU (MiFID II) and Commission Delegated Directive (EU) 2017/593 of 7 April 2016 implementing MiFID II (the Delegated Directive), as regards the collection or payment of fees, commission or monetary benefits (incentives) in the scope of the provision of investment services by EDM GESTIÓN, S.A.U., SGIIC (EDM or the Entity) to its customers.

The purpose of the Policy is to:

- Establish the mechanisms and procedures to identify, as far as possible, actual and potential incentives.
- Determine the criteria for properly managing the incentives identified.
- Establish guidelines to provide customers with due information when incentives are received or paid.
- Properly document, for internal control and, where appropriate, explanation to regulators, the implementation of specific measures to comply with incentives requirements.
- Establish the EMD incentives record, if third-party incentives are received or paid in relation to the provision of investment services to customers. However, the obligation to establish an incentives record does not apply to the marketing activity of UCITS and to all investment services in which it is prohibited to receive them.

The incentives obligations included in this Policy will apply to the provision of investment and ancillary services by EDM. In particular, they will apply to the discretionary portfolio management (DPM) service, including the pension fund portfolios whose management is delegated to it, the investment advice service and any other investment or ancillary service that EDM may provide in the future. It also applies to the collective investment undertakings (UCITS) marketing activity carried out by EDM, whether for its own UCITS or those of third parties.

Likewise, the rules on incentives will generally apply to the entire Entity and, in particular, to all persons directly or indirectly related to the provision of investment and ancillary services and

the marketing of UCITS.

This Policy must be considered jointly with other internal policies, procedures and documents aimed at specifying the measures to be followed to comply with incentives obligations.

2 GENERAL PRINCIPLES ON INCENTIVES

The Policy incorporates the following basic principles:

- EDM will provide investment services to customers honestly, impartially and professionally, acting in the best interest of its customers.
- EDM will provide its customers with the necessary information regarding the incentives received from third parties, both before the provision of the services and ex post, on an annual and transparent basis.
- This Policy will be subject to oversight by the Regulatory Compliance and Risk Management Unit (RCU) on an annual basis. In addition, a series of controls have been defined on its implementation, which are included in the Incentives Procedure and in the Regulatory Compliance and Risk Management Unit's Procedure.

In addition, all fees, commission or other monetary or non-monetary benefits paid, received or provided to a third party or from a third party in relation to the provision of an investment or ancillary service to customers, including the marketing of UCITS, will be considered incentives.

Payments or benefits that enable or are necessary to provide investment or ancillary services, such as custody, settlement and exchange fees, regulatory fees or legal advice expenses and that, due to their nature, cannot conflict with the duty to act honestly, impartially and professionally in the best interest of its customers, will not be considered an incentive and, therefore, will not be subject to the requirements of this Policy.

Likewise, the remuneration paid to agents is not considered an incentive but an internal payment by the Entity.

3 INCENTIVES REQUIREMENTS

3.1. INCENTIVES NOT PERMITTED

When discretionary portfolio management or investment advisory services are provided independently, EDM will not accept or retain incentives paid or provided by a third party or a person acting on behalf of a third party in relation to providing the service to customers.

All incentives received from third parties will be transferred in full to the customer as soon as reasonably possible after their receipt and the customer will be informed of the incentives transferred to them, for example, through regular reports. EDM may not offset any third-party payments with the fees owed by the customer to the company.

The above will not affect the minor non-monetary benefits that may be used to increase the quality of the service provided to the customer and whose scale and nature are such that it cannot be considered to affect compliance with the obligation to act in the best interest of the customers.

Only the following are considered acceptable minor non-monetary benefits:

- a) Information or documentation relating to a financial instrument or investment service, whether generic or personalised to reflect the circumstances of a given customer.
- b) Written materials from third parties ordered and paid by an issuing company or a potential issuer to promote a new issue by the company in question, or in cases where an issuer contracts and pays a third-party company to prepare those materials on a continuous basis, provided that the relationship is clearly disclosed in those materials and that they are made available to all entities that wish to receive them or to the general public.
- c) Participation in conferences, seminars or other training activities on the benefits and characteristics of a given financial instrument or investment service.
- d) Expenses for representing a reasonable minimum value, such as allowances during a business meeting or a conference, seminar or other training activity referred to in point (c).
- e) Other minor non-monetary benefits that increase the quality of the service provided to the customer and, taking into account the total level of benefits provided by an entity or group of entities, are of such a scale and nature that it is unlikely that they will hinder the performance of an investment service company's duty to act in the best interest of the customer.

Minor acceptable non-monetary benefits will be reasonable and proportionate, and of such a scale that they are unlikely to affect EDM's conduct in any way that is detrimental to the interests of the customer in question.

Minor non-monetary benefits will be disclosed before providing the corresponding investment or ancillary services to customers, and may be described generically.

3.2. PERMITTED INCENTIVES

When services other than discretionary portfolio management and independent advice are provided, EDM may receive or provide incentives in relation to the service provided to the customer provided that the following conditions are met:

- a) The incentive is designed to improve the quality of the service provided to the customer, proportional to the level of incentives received. In particular, it is considered an additional or higher level service for the customer:

- Providing non-independent investment advice on a broad range of adequate financial instruments and access to those instruments, including an appropriate number of instruments from third-party providers of products that lack close ties with the investment services company.
 - Providing non-independent investment advice combined with an offer to the customer to assess, at least annually, the ongoing suitability of the financial instruments in which they have invested, or other ongoing service that is likely of value to the customer, such as advising on the optimal allocation proposed for their assets.
 - Offer, at a competitive price, a broad range of financial instruments that are likely to meet the customer's needs, including an appropriate number of third-party instruments that provide products that lack close ties with the investment service company, together with the provision of value-added tools, such as objective information instruments that help the client in question to make investment decisions or authorise them to monitor, model and adjust the range of financial instruments in which they have invested, or the provision of regular reports on performance and costs and charges associated with financial instruments.
- b) The recipient company does not benefit its shareholders or employees directly without a tangible benefit for the customer.
 - c) It is justified by the provision of an ongoing benefit to the customer in relation to an ongoing incentive.

For the above purposes, incentives will be considered to exist provided that financial instruments designed or managed by entities of the same group are sold without expressly receiving remuneration or receiving remuneration of less than the fair value.

An appropriate number of instruments from third-party providers are considered included when at least two third-party alternatives are offered in each category of funds marketed and at least twenty-five percent (25%) of the total products offered are from third parties.

The category of financial instruments must be established with a sufficient level of granularity that prevents the grouping of financial instruments with different characteristics and levels of complexity and risk. In particular, in the case of collective investment undertakings, the category will be determined based on its investment mission.

A product will be considered a third-party product if it is not managed or the advisory service is provided on it by entities of the same group or entities in which the marketer or entities of its group have a significant stake.

4 COMMUNICATION TO CUSTOMERS

If EDM pays or receives permitted incentives, the following information will be provided to the customer:

- Before providing the service in question, the existence, nature and amount of the payments or benefits and, where that amount cannot be determined, its calculation method. This information will be provided in a complete, accurate and understandable manner.

Where appropriate, EDM will also inform the customer of the mechanisms to transfer to it the incentives received.

- Where it is not possible to determine the amount of a payment or benefit in advance and the customer has been informed of the method for calculating its amount, information must be provided ex post on the exact amount of the incentive received or paid.
- At least once a year, provided that EDM receives incentives on an ongoing basis, the customer will be informed individually of the effective amount of the payments received. This information will be provided together with the annual cost and expense information.

The Policy will also be provided to all EDM customers in the pre-contractual documentation (Welcome Pack) and will also be made available to them at the registered office and on the corporate website: www.edm.es.

Customers are entitled to request more detailed information on specific incentives. Therefore, where necessary, EDM will issue the relevant notices to customers to inform them of the possible existence of an incentive related to the services provided.

This information will also be available to EDM staff, particularly those who may be most affected by this Incentives Policy.

5 INCENTIVES PROCEDURE

EDM has an incentives procedure that broadly outlines the following points:

- Permitted incentives and governing principles.
 - Definition of incentive and permitted incentives.
 - Guidelines on incentives.

- Incentives not permitted and the procedure for returning them to customers.
- Procedure for managing the incentives system.
 - Analysis and approval of incentives.
 - Information to customers on incentives.
 - Incentives catalogue.
- Control of incentives by the Regulatory Compliance and Risk Management Unit.

In particular, EDM will have means to prove that the fees, commission or non-monetary benefits paid or received have been designed to improve the quality of the service provided to the customer by:

- Maintaining an internal list of all incentives received by EDM (record of incentives) and
- Recording how the incentives paid or received by EDM increase the quality of the services provided to customers, and the measures taken to avoid undermining the obligation to act honestly, impartially and professionally based on the best interest of the customer.

In addition, a copy of the communications issued to the customer, whether generically or individually, in relation to the incentives paid or received, and the documentation relating to possible requests for information from customers on incentives must be kept.

The procedure assigns responsibility for keeping the procedure up to date and reporting to the Board on the changes made at least annually to the Regulatory Compliance and Risk Management Unit.

6 RESPONSIBILITIES REGARDING INCENTIVES

6.1. BOARD OF DIRECTORS

EDM's Board of Directors will ensure that the incentives requirements are met, establishing the policies, procedures and measures necessary to do so, and will be ultimately responsible for complying with this obligation. It must also guarantee and, where appropriate, provide EDM with sufficient means to properly comply with the Policy.

The Board will be responsible for approving this Policy and, to ensure its effective control, receiving information on the degree of compliance with the incentives obligations in EDM from the Regulatory Compliance Unit on a regular basis.

6.2. REGULATORY COMPLIANCE UNIT

The RCU will be responsible for preparing this Policy, for regularly reviewing it and, where applicable, for making the necessary modifications. The Policy must be reviewed at least annually.

It is also responsible for keeping the incentives record, detecting, together with the areas of business, financial instruments or investment services in which EDM receives or pays incentives and verifying that they meet the requirements established in the regulations, establishing, where necessary, the appropriate measures for these purposes. The RCU must ensure that the record is constantly updated.

Finally, it will keep the Board informed of EDM's compliance with its incentives obligations.

6.3. INTERNAL AUDIT UNIT

The Manager's Internal Audit Unit will verify the supervisory tasks carried out by the Regulatory Compliance Unit, to assess the adequacy and effectiveness of EDM's internal control systems and procedures.

6.4. AREAS OF BUSINESS

The Commercial and Investments Departments, with the support of the Regulatory Compliance Unit, are responsible for knowing and applying the content of this Policy when providing investment services to customers.

In particular, they are obliged to identify the financial instruments and services in which EDM pays or receives incentives. If new incentives are identified, they must be reported to the Regulatory Compliance Unit together with the measures to ensure that they are permitted incentives and are justified by an increase in the quality of the service.

They are also responsible for providing the customer, before providing the service in question, with the Welcome Pack and the specific information on associated costs and expenses, which will contain, where applicable, the incentives received by EDM.

7 REVIEW AND ASSESSMENT OF THE INCENTIVES POLICY

This Incentives Policy was approved by EDM's Board on 22 July 2020, as recorded in the Minutes of that Board meeting.

At least annually, the Regulatory Compliance Unit will review:

- The content of the Policy and its adaptation to regulatory requirements,
- The details of the incentives identified will be reviewed regularly.