

22.6 Pre-contractual disclosure for the financial products EDM International – Spanish Equity

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 – Spanish Equity
(the “Sub-Fund”)

Legal entity identifier:
549300YL3W3O5541F039

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 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 of ___% 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 type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<input checked="" 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 aspects given that it invests in the Master Fund (EDM INVERSION, FI), which includes ESG considerations in securities analysis and portfolio construction. At least 50% of the Sub-Fund’s assets will be dedicated to the promotion of these aspects

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 the 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.

An ESG score is determined for each issuer based on 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.

No reference benchmark has been designated to attain the environmental and social characteristics 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. This is the minimum required ESG score established 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 (Ibex 35) 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 Risk and Sustainability 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?**

Not applicable

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

Not applicable

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 it considers relevant 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 substantially all its assets into the units of the Master Fund. A minimum of 75% of the Master Fund's total exposure and 90% of the equity will be equity listed in Spanish markets and assets from Spanish companies listed in other markets, of mainly high capitalisation, without discarding those of low capitalisation.

The residual assets of the Sub-Fund will consist in ancillary liquid assets, as may be required from time to time for dealing liquidity purposes and payment of costs and expenses of the Sub-Fund. The Sub-Fund intends to minimize the level of ancillary liquid assets held for these purposes.

The Sub-Fund will maintain, through its investment in the Master Fund, 50% of its assets in companies that promote environmental and social characteristics.

The Sub-Fund 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 promoting the environmental and social characteristics of the Master Fund the Sub-Fund invests in.

When selecting investments, EDM relies on an internal methodology 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 ranking 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 companies to supplement the existing information, which helps identify 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 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 the Sub-Fund utilizes are as follows:

- 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 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.



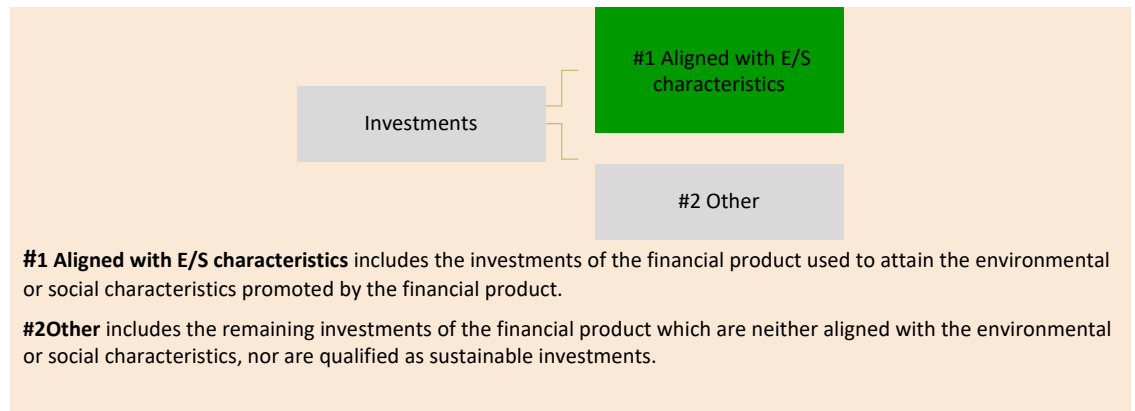
Asset allocation describes the share of investments in specific assets.

What is the asset allocation planned for this financial product?

The Sub-Fund expects to allocate 50% of its assets to investments adjusted to environmental and/or social aspects. The remaining 50% will consist primarily of ancillary liquid assets, cash equivalent fixed-income assets, and money market assets with maturities of less than one year. The Sub-Fund does not commit to a minimum percentage of 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.



- **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.



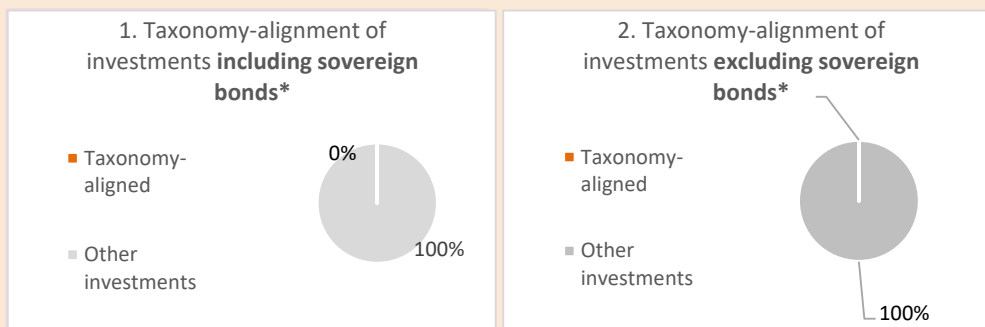
To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Sub-Fund does not currently commit to invest in any “sustainable investment” within the meaning of the Taxonomy Regulation. However, the position will be kept under review as the underlying rules are finalized 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 promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the Sub-Fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.



What is the minimum share of socially sustainable investments?

Not applicable.



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 EDM INTERNATIONAL - SPANISH EQUITY website:

<https://www.edm.es/fondos/edm-spanish-equity-class-r-e/>