



gestão de ativos
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**SUSTAINABILITY-RELATED
DISCLOSURES
2023**

IM Gestão de Ativos – Sociedade Gestora de Organismos de Investimento Coletivo, SA.
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Summary

The present document aims to comply with the transparency duties of the promotion of environmental and/or social characteristics and of sustainable investments under Article 10 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosure information in the financial services sector (hereinafter referred to as the SFDR Regulation).

The Fund promotes environmental and/or social characteristics and proposes to invest in entities aligned with environmental and/or social characteristics, and in sustainable investments in accordance with minimum values defined in the prospectus.

This document describes the analysis methodology adopted by IM Gestão de Ativos, Sociedade Gestora de Organismos de Investimento Coletivo, S.A., hereinafter referred to as IM Gestão de Ativos or IMGGA, in assessing entities in terms of sustainable investment and ESG criteria (Environmental, Social and Governance).

IMGGA's investment strategy incorporates ESG factors *pari passu* with financial factors on an ongoing basis. Therefore, various sustainability indicators are considered, mostly provided by external, recognized entities and specialists in ESG analysis, in order to guarantee that the criteria for classifying an investment as aligned with environmental and/or social characteristics or as a sustainable investment, ensure that no sustainable investment can cause significant damage in environmental or social terms.

The following criteria are therefore incorporated into the analysis:

- Exclusion (negative screening) of controversial sectors or companies that obtain most of their revenues dependent on specific businesses, namely Gambling, Personal Weapons, Tobacco and Thermal Coal;
- Positive reweighting of issuers identified with low material environmental, governance and sustainability (ESG) exposure risks;
- Analysis of controversies to which issuers are exposed;
- Alignment with international guidelines and standards in social and/or environmental terms, namely the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights and the UN Global Compact Principles to which IMGGA is a signatory.

Aware of the importance of sustainability in the environmental, social, and good governance development of the various issuers, IMGGA has sought to incorporate the aforementioned criteria into its investment decisions, also believing that the management of ESG risk by issuers will have a positive impact on their growth and, consequently, on the profitability of the financial instruments they issue.

Product with no Sustainable Investment Objective

The Fund does not have a sustainable investment objective, but it does promote environmental and/or social characteristics and, according to the information attached to the prospectus, dedicates a minimum percentage to sustainable investments in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy (Regulation (EU) 2020/852) or with a social objective.

In order to assess the necessary criteria for an investment to be considered sustainable, a set of indicators are monitored to ensure that investments that are considered sustainable do not significantly harm any of the sustainable investment objectives, meeting the technical criteria to avoid significant environmental or social damage. These indicators, provided by external entities to the Management Company, incorporate, in the quantitative component of their analysis, various negative impact indicators to identify the most relevant ESG criteria for each industry, such as category 1, 2 and 3, greenhouse gas emissions, water consumption, etc. The materiality of these indicators in each industry is determined on the basis of research, including information obtained through the Sustainability Accounting Standards Board (SABS) and the United Nations Principles for Responsible Investment (PRI).

Exclusion criteria are also used, analyzing the controversies to which the issuers are exposed and the compliance with global sustainability guidelines and principles, namely in terms of human rights, labor practices, environmental protection and anti-corruption, with sustainable investment aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, which in their Guiding Principles (Guiding Principles on Business and Human Rights: Implementing the United Nations Framework "Protect, Respect and Remedy"), refer to "internationally recognized human rights" as, at a minimum, those corresponding to what is expressed in the International Bill of Human Rights and in the principles relating to fundamental rights set out in the International Labor Organization's Declaration on Fundamental Principles and Rights at Work (Principle 12). In addition, IM Gestão de Ativos is, since February 2021, a participant in the United Nations Global Compact, committing to align its strategy in order to adopt and promote in its culture and daily activity the 10 Principles of the UN Global Compact on human rights, labor practices, environmental protection and anti-corruption, whereby only investments in issuers in which situations of non-compliance with any of these principles have not been identified are considered sustainable.

The sustainability criteria described above therefore consider various tools that allow direct and indirect incorporation of various negative impact indicators. To this extent, the fund intends to invest in issuers that are considered sustainable and that meet the technical criteria for avoiding significant environmental or social damage.

Environmental and Social Characteristics of the Financial Product

IMGA, in managing the fund, takes into account financial and sustainability criteria in order to integrate environmental, social and good governance criteria into its investments. Consequently, it pays special attention to the following ESG (Environmental, Social and Governance) characteristics:

- **Environmental sustainability:** It looks for characteristics that promote mitigation and adaptation to climate change, by analyzing its investments in terms of management, pollution prevention and control, efficiency in the use of raw materials, particularly water and scarce resources, protection and restoration of biodiversity and ecosystems, and how each issuer manages its impact on the ecosystem and wildlife.
- **Under social sustainability:** Factors such as respect for human rights are considered, with a focus on measures taken to protect civil and political rights, as well as economic, social, and cultural rights, including child and forced labor, and management of human capital and labor relations, which includes managing risks related to shortages of skilled labor through retention, recruitment, and training programs. It also includes issues such as managing trade union freedom and non-discrimination, as well as working hours and minimum wages. Issues related to occupational health and safety are also considered, including how issuers manage the risks of occupational accidents, business ethics, such as compliance with anti-competitive practices, intellectual property protection, accounting, and tax practices. It also includes the management of risks related to corruption.
- **In terms of governance:** Promotion of good practices in terms of the composition and structure and operation of the management body, including independence of the members and effectiveness of the supervisory body, experience, and leadership capacity of the management body with demonstrated ability in terms of representation and accountability to shareholders, remuneration structure, transparency of corporate information and existence of an appropriate and transparent structure for the management of ESG issues.

The fund is committed to enhance the promotion of environmental and social characteristics by increasing its level of investment in issuers or issuances that hold a minimum ESG rating, with the overall goal of improving the Fund's ESG rating.

Investment Strategy

To fulfill its objective of promoting environmental and social characteristics, with a minimum investment in issuers and/or assets considered sustainable, the management company incorporates ESG criteria into the investment decision-making process alongside traditional financial criteria. Incorporating ESG criteria into investment decisions involves two major components in the investment process:

- Exclusion (negative screening) of controversial sectors or companies that have the most of their revenues dependent on specific businesses, namely Gambling, Controversial Weapons, Tobacco and Thermal Coal;
- Positive reweighting of issuers identified with low material risks of environmental exposure, governance and sustainability (ESG).

The Fund seeks to achieve a minimum percentage in issuers that meet the defined ESG criteria and ESG rating, and these are sourced through independent external providers who are leaders in ESG research, rating and analysis, and who support investors in developing and implementing responsible investment strategies.

The rating reflects the ESG risk not managed by the issuers, based on indicators considered material for each sector of activity, the intrinsic characteristics of the issuer itself and of its framework in ESG terms within the sector in which it operates. In assigning an ESG rating, the governance component is a fundamental element and is seen as one of the major material risks, transversal to all activity sectors. Incorrect or inappropriate governance practices may significantly impair the issuer's ability to execute their business strategy, including ESG strategy. The following factors are therefore considered:

- Promotion of good practices in terms of composition and structure and operation of the management body, including independence of the members and effectiveness of the supervisory body, experience and leadership of the management body with demonstrated ability in terms of representation and accountability to shareholders;
- Remuneration structure;
- Transparency of corporate information;
- Existence of an appropriate and transparent structure for ESG issues management.

At the same time, any controversies to which issuers are exposed are analyzed as well as the alignment with the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights and the 10 Principles of the UN Global Compact in terms of human rights, labor practices, environmental protection and anti-corruption are also analyzed, so that only investments in issuers without situations of non-compliance with any of these principles are considered sustainable.

Notwithstanding, Issuances from issuers not qualified as sustainable or without an ESG rating notation attributed may also be considered as investments that comply with the environmental and/or social characteristics promoted by the Fund, provided that these issues are classified as green, social or sustainable (sustainable, green and social bonds).

As per investments in Collective Investment Undertakings (CIUs), ESG analysis criteria are integrated into the selection process, favoring management companies/CICs that adopt appropriate ESG investment methodologies and policies and that do not contradict the methodology defined by IMG.A.

Proportion of Investments

To reach its objective of promoting environmental or social characteristics, the Fund defines minimum percentages of investments aligned with environmental and/or social characteristics and sustainable investments in economic activities that are not qualified as environmentally sustainable under the EU taxonomy (Regulation (EU) 2020/852) or with a social objective, according to the proportions defined in the prospectus.

Monitoring of Environmental or Social Characteristics

Sustainability risks are incorporated into the Fund's investment process on an ongoing basis, with the monitoring of compliance with the minimum percentages of investments aligned with the promotion of environmental and social characteristics and sustainable investments being integrated into the process of daily monitoring of compliance maintaining the Fund's other limits using information from external suppliers updated at least monthly.

Methodologies

IM Gestão de Ativos monitors compliance with the Fund's investment strategy on a daily basis in all its aspects, namely in terms of sustainability. To achieve this objective, the Fund monitors the criteria for alignment with environmental and social characteristics, as well as sustainability criteria promoted by utilizing external data providers and ESG ratings. These criteria include:

- Exclusion (negative screening) of controversial sectors or companies that have the most of their revenues dependent on specific businesses, namely Gambling, Controversial Weapons, Tobacco and Thermal Coal;
- Assessment of issuers in terms of sustainability, using an external provider specialized in this fields and internationally recognized;
- Analysis of potential controversies to which issuers may be exposed;
- Consideration of the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights and the UN Global Compact Principles on human rights, labor practices, environmental protection and anti-corruption. Possible situations of non-compliance are also analyzed;
- The type of financial instrument, specifically bond issues classified as green, social, or sustainable or the regulatory framework of the target investment funds, is taken into account.

Data Sources and Processing

In order to assess the promotion and integration of sustainability factors, IM Gestão de Ativos uses evaluations and data from external suppliers with specialized expertise and international recognition. This information may be complemented by internal analysis using non-financial data disclosed by companies and media-available news.

The provided data undergoes a validation process conducted by the external supplier. This involves a critical analysis of the data and adjustments are made if values are found not to align with legally defined calculation methodologies. This includes data related to alignment with the EU taxonomy, sustainable investment (in accordance with point 17 of Article 2 of the SFDR Regulation) or significant adverse impacts.

For some types of assets, namely units in Collective Investment Schemes, the analysis is carried out using information provided by the Management Companies of the target funds or by public databases.

When updating the data, IM Gestão de Ativos will carry out an analysis of its availability and quality to guarantee the reliability of the information sources considered.

Limitations of Methodology and Data

IM Gestão de Ativos acknowledges that there is still a considerable journey ahead for both issuers and regulators. Limitations persist in the availability, quality, and reliability of data for issuers, while regulators grapple with the numerous technical components involved in this realm.

In the pursuit of the best available information, IMGGA, when defining ESG eligibility criteria, has collaborated with specialized entities in this analytical field. These partners employ a robust and comprehensive analysis methodology, offering a representative level of coverage across the investment universe.

Minimum values have been established for issuers promoting environmental or social characteristics and for those deemed sustainable, considering the constraints related to the availability of non-financial information from issuers. IMGGA is dedicated to strengthening the promotion of environmental and social characteristics by increasing investments in issuers or issues with a minimum ESG rating. The expectation is that, with the disclosure of more and improved information by issuing companies, the proportion of portfolio investments considered sustainable and/or aligned with the EU taxonomy will grow.

Due Diligence

The methodology outlined in this document, along with the criteria employed for analyzing portfolio investments and potential Fund acquisitions, enables the identification of their alignment with environmental and social characteristics and/or sustainability. This determination is made without significantly compromising any of the sustainable investment objectives.

To ensure the quality of the considered information, IMGGA validates the data through sampling, interacting with external suppliers as needed to enhance coverage and data reliability. In the case of investments in Collective Investment Undertakings (CIUs), IMGGA conducts periodic reviews to confirm ongoing compliance with the sustainability criteria that initially influenced their selection.

IMGGA regularly evaluates adherence to the Fund's sustainability objectives using reliable and up-to-date information, refraining from utilizing estimated data in its analysis.

Engagement Policies

To ensure effective and sustainable engagement with the listed companies in which the managed investment funds hold stakes, IMGGA has adopted an Involvement Policy that outlines how it integrates its role as a shareholder into its investment strategy.

While monitoring the performance of entities targeted for investment by managed funds, IMGGA will analyze not only financial information but also non-financial information. The goal is to invest in companies that do not engage in activities that could significantly harm any of the sustainable investment objectives outlined in point 17 of Article 2 of Regulation (EU) 2019/2088, commonly known as the SFDR Regulation.

As outlined in this policy, IMGGA is dedicated to developing its operations with a focus on ESG (Environmental, Social, and Governance) factors. This entails considering the sustainability impact of its activities and the distribution chains it utilizes. This commitment serves a dual purpose: potentially excluding companies from investment that do not adhere to relevant ESG criteria (negative screening) and fostering collaboration with compliant companies.

IMGGA places importance on engaging in dialogue with investee companies. Therefore, when deemed necessary, it will establish direct contact with those companies. This is particularly significant for conveying relevant suggestions on matters of particular importance or concern, notably those related to ESG factors.