

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: MIRALTA SICAV - SEQUOIA

Legal entity identifier: 63670077BZ2JGSWELV90

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

**Yes**

**No**

It will make a minimum of **sustainable investments with an environmental objective**: \_\_\_%

- in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective**: \_\_\_%

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

- with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**

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

MIRALTA SICAV - SEQUOIA (the “Sub-Fund”) promotes environmental/social characteristics and does not have as its objective sustainable investments. The Sub-Fund invests 51% of its assets through an ESG prior assessment.

The Sub-Fund has defined for this purpose some environmental, social and governance (ESG) criteria – valuation criteria - (environmental policy and actions, results of action plans put in place by the company, attractiveness of the employer brand, employee loyalty, competence of the management team, counter-power, etc...) that are systematically integrated into the Sub-Fund investment assessment in addition to some extra financial objectives.

The Sub-Fund does not have a specific environmental or social themes while it will promote any of the UN sustainable development goals.



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

**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.

The Sub-Fund has not designated a reference benchmark that it will replicated for the purpose of attaining the environmental and/or 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?***

No sustainability indicator is used that disaggregates the individual objectives attained in order to assess the portfolio's overall contribution to the objectives. By promoting the UN sustainable development goals, the aim is to exert indirect pressure on issuers to adopt sustainable best practices. Avoiding investing in companies that do not comply with the sustainable agenda means that such companies will see a direct impact in the form of higher borrowing costs, which will encourage them to work towards these changes.

The investment management team meets periodically to analyze the compliance on both dimensions of each investment in the portfolio. For the ESG analysis, the management team will use external sources of information, such as ESG reports from each issuer, public reports, as well as reports and comments from all stakeholders (press, NGOs, administrative and regulatory bodies). The frequency of the portfolio review committees will in no case be less than quarterly.

● ***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.

● ***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.

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

As part of the DNSH assessment under article 2(17) SFDR, the ESG characteristics' assessment systematically integrates all the available mandatory principal adverse indicators from Table 1 of Annex I of the Commission Delegated Regulation (EU) 2022/1288 supplementing the Sustainable Finance Disclosure Regulation. Taking into account these adverse impacts, the Investment Manager has notably established analysis in term of exclusion criteria and valuation criteria.

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

Not applicable.

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

*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, the Sub-Fund takes into account the principal adverse sustainability impacts indicators in its investment decisions as follows:

2. Carbon Footprint
3. GHG Intensity
10. UN Global Compact principles and OECD guidelines violations
12. Gender Pay Gap
13. Board Gender Diversity
14. Exposure to Controversial Weapons

For sovereign entities:

15. GHG Intensity of Investee Countries

The above principal adverse impacts are considered at product level, avoiding investments where the issuer falls within too negative a percentile compared with the other companies.

Further information on principal adverse impacts will be provided in an annex to the Sub-Fund’s annual report.

No



### What investment strategy does this financial product follow?

The Sub-Fund will primarily invest in OECD Countries and its exposure to emerging markets should be below 15% of its assets. In its investment decision-making process, the Sub-Fund conducts an ESG positive assessment by using its proprietary scoring methodology on at least 51% of its investments and will implement a negative screening, as further detailed in the below section.

The investment strategy followed by the Sub-Fund entails applying exclusions and then confirming, in principle, based on the PAIs, that there are no negative impacts on the objectives considered. Once this is done, the ESG contribution is assessed on the basis of the SDGs pursued by the issuer. Investments that are considered attractive can be added to the portfolio. Contributions are then assessed after the fact, through aggregate analysis of additions to and detractions from the overall sustainability of the portfolio.

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

● ***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 investment strategy followed by the Sub-Fund entails applying exclusions and then confirming, in principle, based on the PAIs, that there are no negative impacts on the objectives considered. Once this is done, the ESG contribution is assessed on the basis of the SDGs pursued by the issuer. Investments that are considered attractive can be added to the portfolio. Contributions are then assessed after the fact, through aggregate analysis of additions to and detractions from the overall sustainability of the portfolio.

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 are as follows:

1. Conduct an ESG analysis of issuers (minimum 51%)

The ESG rating is awarded at issuer level. This rating is determined by an external methodology used by the Investment Management Team and is composed as follows:

- Governance: the analysis will focus on management compensation, treatment of shareholders, business ethics, organizational and decision-making structure.
  - Environmental: focuses on factors such as the evolution in the management and consumption of natural resources, animal treatment in product testing, prevention and reduction of pollution, reduction of emissions, and disclosure of environmental information;
  - Social: focuses on the analysis of workforce diversity, labor conditions and rights, workplace safety and health, product safety, fair treatment of customers and suppliers, rights of indigenous communities, and human rights ;
2. Implement a negative exclusion filter on companies involved with the production or distribution of controversial weapons, tobacco and gambling, based on an 20% tolerance of revenue generated with link to any of the mentioned controversial business activities of the target companies.

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

The applied ESG investment strategy does not pursue a committed minimum rate.

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

The Governance characteristics analysis will focus on management compensation, treatment of shareholders, business ethics, organizational and decision-making structure.

The Investment Manager will conduct an active engagement with the investee companies to assess if they comply with the good governance practices promoted and will consider sound managements structure, employee relations, remuneration of staff and tax compliance for the governance factor when it reaches a holding higher than a 1% of the investee company.

**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?

The Sub-Fund invests at least 51% of its net assets in assets that have been determined as “eligible” as per the ESG process in place (hence in investments that are aligned with the promoted environmental and social characteristics **(#1 Aligned with E/S characteristics)**).

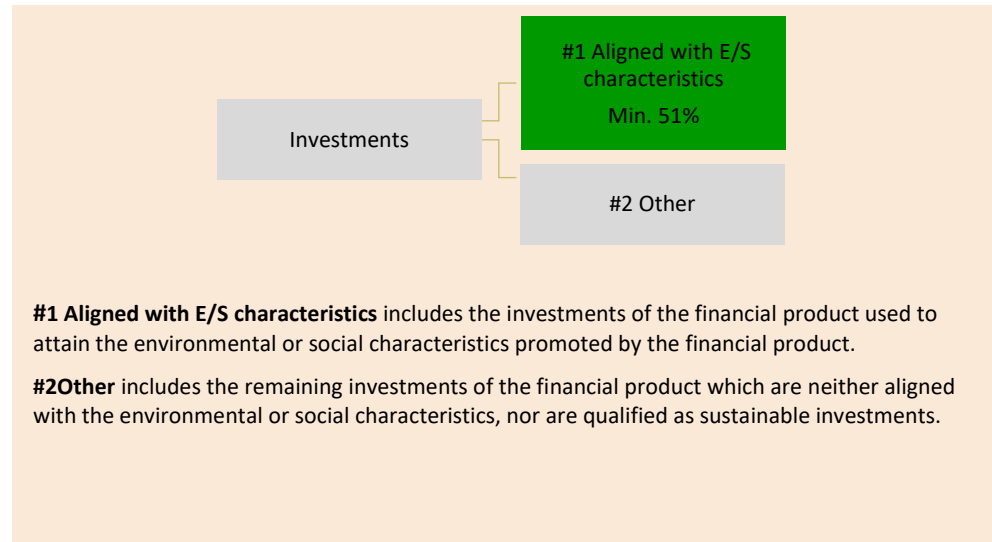
Up to 49% of the investments are not aligned with these characteristics **(#2 Other)**. These remaining investments includes all asset classes as foreseen in the specific investment policy including cash, bonds and/or fixed income and derivatives. The purpose of these remaining investments is to provide investors with an exposure to non-ESG aligned investments and they can be used as well by the portfolio management for performance, diversification, liquidity and hedging purposes. No minimum environmental or social safeguards are applied on these remaining investments.

### 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** (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?*

Financial derivatives will mainly have a hedging function within the portfolio, otherwise they will be an additional position. In any case, in derivatives it is often not possible to perform a sustainability analysis at the product level. In those cases where it is possible, a distinction is made as to whether or not their characteristics are aligned with those promoted by the fund, and on this basis it is considered whether they should be counted within the minimum of 51% aligned or the maximum of 49% not aligned. For those that cannot be analysed, they will always be considered within the 49% non-aligned.”



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

Not applicable.

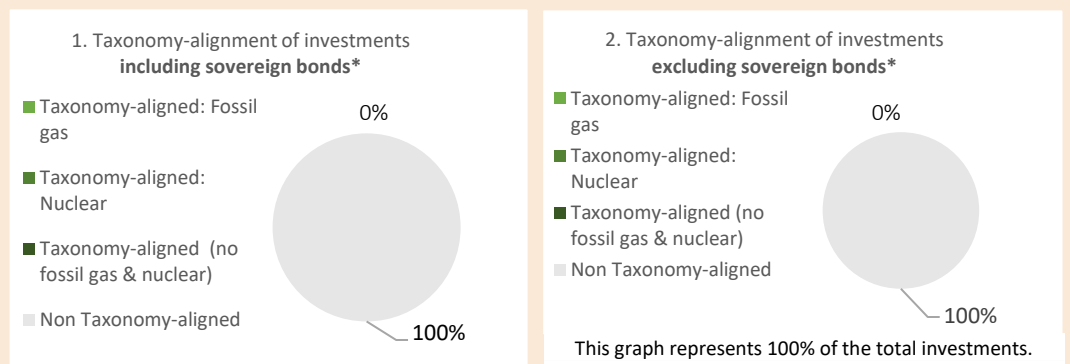
- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

Yes:

In fossil gas  In nuclear energy

No

*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?**

Not applicable.



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

Not applicable.



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

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



## 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?

This Sub-Fund promotes an asset allocation in investments that are aligned with environmental characteristics (#1 Aligned with E/S characteristics). In addition, and on an ancillary basis, this Sub-Fund will invest into investments that are not considered aligned with the promoted characteristics (#2 Other). These remaining investments can include all asset classes as foreseen in the specific investment policy including cash, bonds and/or fixed income derivatives.

In line with the market positioning of this Sub-Fund, the purpose of these remaining investments is to provide investors with an exposure to non-ESG aligned investments while at the same time ensuring a predominant exposure to investments aligned with E/S characteristics. Remaining investments can be used by the portfolio management for performance, diversification, liquidity and hedging purposes.

This Sub-Fund does not consider any minimum environmental or social safeguards on these remaining investments.



## 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?

This Sub-Fund has not designated a reference benchmark to determine whether it is aligned with the environmental and/or social characteristics that it promotes.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

This is not applicable.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

This is not applicable.

- ***How does the designated index differ from a relevant broad market index?***

This is not applicable.

- ***Where can the methodology used for the calculation of the designated index be found?***

This is not applicable.

## Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.andbank.com/luxembourg/en/gestion-dactifs/nos-fonds/>

<https://www.miraltabank.com/que-hacemos/gestion-de-activos/fondos-de-inversion/sequoia/>

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

