

# Sustainability Policy

Xesgalicia

## Declaration of Xesgalicia, SGEIC, SAU

In Santiago de Compostela, on December 2, 2022, to comply with the provisions of the article of Delegated Regulation (EU) 2022/1288 of the Commission of April 6, 2022<sup>1</sup>.

### 1. Policies in relation to the risk of sustainability of investments

Sustainability risk is defined as any environmental, social or governance event or condition that, if it occurs, could cause a material negative impact on the value of the investment. This depends, among other things, on the company or vehicle in which it is invested, as well as its sector of activity or its geographical location. In this way, investments that present a higher sustainability risk could suffer a decrease in price at the time of divestment and, therefore, negatively affect the liquidity value of the vehicle.

In this sense, the Management Company integrates sustainability risks in its investment decisions. This integration is based on its own analysis of each of the investments to be made and, for this, the Management Company uses its own methodology, sometimes using external information available (such as ratings of environmental, social and corporate governance factors -ASG - published by credit rating companies or other data provided by external providers, if available).

This integration focuses on determining, among other things, the remuneration of the investments made or other defining characteristics of the investment, as well as the identification of risks regarding the profitability of the investment itself.

Notwithstanding the foregoing, and as defined in articles 3.1 and 6.1. of Regulation (EU) 2019/2088<sup>2</sup>, it is indicated that, without prejudice to the inclusion and integration of certain aspects of sustainability in the investment policy of the Management Company, the investments are not intended to make sustainable investments (already a designated reference index in this regard or not), nor does it promote any type of investment of an environmental and/or social nature as defined in article 2 (17) of Regulation (EU) 2019/2088.

Notwithstanding the foregoing, the sustainability risks are not considered to be significant on the liquidation value of the investments managed by Xesgalicia through its instruments, companies and closed-end collective investment funds, given the individual volume of the investments carried out in the

<sup>1</sup> Delegated Regulation (EU) 2022/1288 of the Commission of April 6, 2022, which completes Regulation (EU) 2019/2088 of the European Parliament and of the Council regarding the regulatory technical standards that specify the details regarding content and presentation to be complied with by information relating to the 'do not cause significant harm' principle, specifying the content, methods and presentation for information relating to sustainability indicators and adverse sustainability events, as well as such as the content and presentation of information relating to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports

<sup>2</sup> Regulation (EU) 2019/2088, of the European Parliament and of the Council, of December 27, 2019, on the disclosure of information related to sustainability in the financial services sector.

different companies and/or vehicles and the aforementioned integration of certain sustainability factors when defining key aspects of the investments to be made.

Likewise, in accordance with the provisions of article 7, second paragraph, of Regulation (EU) 2020/852<sup>3</sup>, it is noted that, in the terms indicated in the aforementioned regulation, the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

## 2. Policies in relation to adverse incidents in terms of sustainability at the entity level

An “adverse event” is defined as the significant negative impact on the environment or on society that could occur as a consequence of investing in a certain economic activity. In this sense, and in the terms contained in article 7.2 of Regulation (EU) 2019/2088, it is indicated that the Management Company does not take into account the adverse effects of investment decisions on sustainability factors as defined in article 4.1. of said Regulation.

Notwithstanding the foregoing, taking into account the size, nature and scale of the activities, the Management Company includes, in its investment policy, certain aspects intended to promote those investments aligned with environmental, social and good corporate governance criteria (“ESG”) in their investment decisions, which implies:

- Analysis of potential investments to detect possible ESG risks, as well as opportunities to promote the United Nations Sustainable Development Goals (SDGs).
- Review of potential investments, paying special attention that they do not significantly harm any of the environmental objectives detailed in article 9 of Regulation (EU) 2020/852.
- Exclusion of entities, vehicles and/or sectors not aligned with the principles of the Management Company within the investment opportunity selection processes.

### The general management of Xesgalicia, SGEIC, SAU

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<sup>3</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council, of June 18, 2020, regarding the establishment of a framework to facilitate sustainable investments and by which Regulation (EU) 2019/2088 is modified.