



ESG INTEGRATION POLICY
DE
"GHI GLOBAL ADVISORY PARTNERS , EAF, S.L."
(POL 2)

ESG INTEGRATION POLICY

DOCUMENTARY RECORD

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ESG INTEGRATION POLICY

1. POLICY OBJECTIVE

This document describes the integration policy in the application of environmental, social and corporate governance criteria, known as ESG criteria (hereinafter, "ESG") of GHI GLOBAL ADVISORY PARTNERS, EAF, S.L. (hereinafter "the Company"), defining the weight of each of these factors in the investment decision-making processes in financial instruments that the Company must take in the development of its activities in advising its clients.

The Sustainable Development Goals (2015-2030) achieved on 25 September 2015, also known by its acronym SDG, are a United Nations-led initiative to give continuity to the development agenda following the Millennium Development Goals (MDGs), this being a way for the Company to act in the achievement of the ESG factors.

There are 17 objectives, of which our Company has selected the following because it considers that it is within its reach to try to influence its objectives:

- **OBJECTIVE 8:** Decent work and economic growth. It consists of promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
- **OBJECTIVE 9:** Industry, innovation and infrastructure. It consists of building resilient infrastructures, promoting inclusive and sustainable industrialization and fostering innovation.
- **OBJECTIVE 12:** Responsible production and consumption. It consists of ensuring sustainable consumption and production patterns.
- **OBJECTIVE 13:** Climate action. It consists of urgent action to combat climate change and its impact.
- **OBJECTIVE 17:** Partnerships for achieving the objectives. It consists of strengthening the means of implementation and revitalizing the Global Partnership for Sustainable Development, taking into account the special relevance in the Company's relationship with investors, managers, shareholders, employees and other stakeholders who may appear in the activities carried out by the Company

It also sets out the scope of the obligations of its publication, in compliance with Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on the disclosure of information on sustainability in the financial services sector.

1.1. COMPLIANCE WITH ESG FACTORS

We define the scope of action for compliance with ESG factors that we call "**Sustainability Factors**" and which is understood as any information related to environmental and social issues, as well as personnel, and respect for human rights and the fight against corruption and bribery.

- The environmental factor (E), to make decisions based on how companies' activities affect the environment. It focuses on environmental reports and the environmental impact of companies, as well as on efforts made by companies to reduce pollution or carbon emissions levels. It would cover waste management, water management and the use of other environmental resources.
- The social factor (S), to take into account the impact of the entity's activities on the community, for example, in terms of diversity, administration, human rights or health care, as well as the links established with the community (corporate citizenship and philanthropic initiatives).
- The governance factor (G), which studies the impact of an institution's shareholders and management and is based on issues such as the structure of the board of directors, remuneration of directors and shareholder rights or transparency and relationship between shareholders and management.

1.2. SUSTAINABILITY RISK MANAGEMENT

Sustainability risk is defined as any environmental, social or governance event or state that, should it occur, could have a real or potential material adverse effect on the value of the investment.

1.3. ISR PROCESS APPLYING ESG CRITERIA

The Company pursues the integration of ESG criteria into its investment processes, both in the analysis of the different financial instruments that must comply with ESG criteria (Due Diligence process), in the negotiation and dialogue with the managers of the vehicles in which it invests, etc.

This is done through adherence to the Principles of Responsible Investment (PRI) and is based on the initiatives promoted to introduce best practices in the area of Socially Responsible Investment (SRIi) in its defined procedures as indicated in point 2.1 of this Policy that determines the application of these principles in:

- The selection of the financial instruments in which to invest.
- Decision-making.
 - o Analysis or due diligence process
 - o Investment decision
 - o Investment Committee
- Formalization of investment commitments.
- Monitoring over the life of the investment.
-

2. SCOPE AND SCOPE OF APPLICATION

Its scope is the application of what is considered Sustainable Finance.

This concept involves incorporating environmental, social and governance factors (ESG criteria) into the investment decision-making process.

According to the European Community's definition, sustainable financing **includes** an important green financing factor that aims to enhance economic growth by reducing pressures on the environment; combating greenhouse gases and pollution; and minimizing waste and improving efficiency in the use of natural resources.

It also covers awareness and increased transparency about risks that could affect the sustainability of the financial system and the need for corporate and financial actors to mitigate such risks through **appropriate governance**. It **incorporates social** (diversity, inclusion, non-discrimination on the grounds of gender, ethnicity, religion, sexual orientation, etc.) and governance concepts (diversity in the board of directors, promotion of the health and well-being of workers, fair working conditions, etc.).

These factors should be incorporated into the business of securities issuers, ESIS and asset managers.

2.1. APPLICATION TO GENERATED PRODUCTS OR DECISION-MAKING IN SUSTAINABLE INVESTMENTS

Investments in the following are considered sustainable investments:

- An economic activity that contributes to an environmental objective, measured, for example, through key resource efficiency indicators relating to energy use, renewable energy, consumption of raw materials, water and land, waste production and greenhouse gas emissions and impact on biodiversity and the circular economy or
- An economic activity that contributes to a social objective and any investment that contributes to combating inequality, Any investment that strengthens social cohesion, social integration and labor relations, or any investment in human capital or economically or socially disadvantaged communities; provided that the investments do not significantly harm any of these objectives and the beneficiary undertakings follow good governance practices, in particular concerning sound management structures, relationships with employees and remuneration of relevant staff and comply with tax obligations.

It, therefore, consists of adding to the financial analysis, an analysis of the risks and opportunities for the entity, which involve the environmental, social and corporate governance aspects for the best decision-making.

Environmental objective means the following:

- a. Climate change mitigation;
- b. Adaptation to climate change;
- c. Sustainable use and protection of water and marine resources;
- d. Transition to a circular economy;

- e. Pollution prevention and control.
- f. Protection and recovery of biodiversity and ecosystems.

3. GENERAL PRINCIPLES OF ESG POLICY

3.1. CUSTOMER INTERESTS.

The Company gives priority to the fulfillment of the interests of clients expressed through the suitability test that must be completed in the provision of portfolio management services or investment advisory services and, of course, in decision-making in the management of discretionary managed portfolios and managed investment vehicles.

With this approach, we believe that we will achieve the fulfillment of the ESG objectives set out in this policy and, above all, gain the trust of our customers who will be a guarantee that we will always take into account their sustainability preferences.

3.2. POSITIONING OF OUR COMPANY.

In addition to those indicated in the previous point, our Company is committed, through all its employees, managers, senior management and shareholders in the achievement of the ESG objectives that must coincide with the interests of our clients through the investment decisions that must be taken in the development of the different activities carried out.

3.3. SUSTAINABILITY RISK MANAGEMENT

Amendments are followed through the MIFID II Delegated Regulations relative to:

- Organizational requirements,
- Political issues of conflicts of interest and
- Product governance (*when determining the target market of its products, what the ESG factors of the products and the preferences of potential customers are concerning them*)

3.4. RESPONSIBILITY TO THE SOCIETY IN WHICH WE LIVE.

Our Company acts responsibly both as a business and as individuals.

As a company we take responsibility for contributing to the highest ethical standards and as individuals we ensure that all of our people act with integrity and conscience in all aspects of their lives.

4. INTERNAL STRUCTURE APPLIED TO ESG CRITERIA

4.1. ACTION OF THE ORGANIZATIONAL UNITS

The responsibilities of the company's various organizational units are set out below, establishing their ESG-related action.

Governing Body:

- Approval of this policy and ratifying the amendments thereof.

Risk Management

- Preparation of this document.
- Monitor the environmental, social and corporate governance risks of financial instruments in their own portfolio and clients.

Regulatory Compliance:

- Pre-approval review by the Board of Directors of this policy after its elaboration and/or updating.
- Periodic review of internal procedures and controls.

ESG Committee

- **Composed of the Chairman of the Board, the Chief Executive Officer and the Head of Investor Relations, its functions are. Its functions are:**
 - Promote, evaluate and approve proposals for ESG objectives and their implementation in our Company
 - Approve, where appropriate, an annual ESG action plan whose objective is to strengthen the position of our Company as a responsible firm and as socially responsible investors.
 - Follow the processes related to the integration of ESG into investment advisory decision-making processes.
 - Analyze and decide on investor expectations through channels developed to collect your ESG preferences.
 - Collect and decide on the expectations coming from the people in our society with the aim of consolidating a culture in the organization aimed at developing and improving sustainability.

Investment Advisory Area.

- Take into account the criteria set out in this policy when developing advisory proposals for clients, in particular in the analysis of the companies in which investments are made and the preferences expressed by customers.

Other operational areas:

- Ensure knowledge of this policy by the employees of the Company involved in the provision of the investment services indicated in the previous paragraph, and where appropriate the exclusion criteria.

4.2. TOOLS USED IN ESG PROCESSES

Our Company will rely on external information providers for the development of ESG processes, which allow adequate management of sustainability factors.

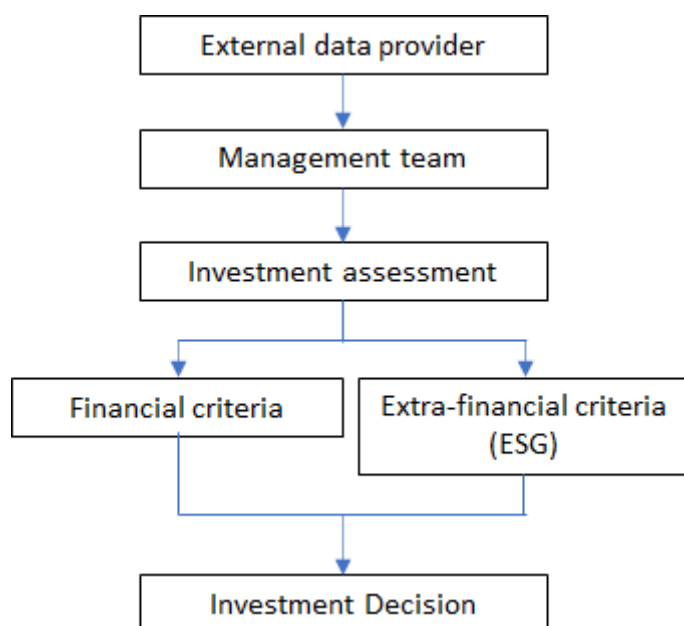
Being aware that we face unresolved challenges in terms of disclosure of sustainability information and that the availability of ESG data is limited and incomplete, with a restricted number of companies, we also rely on market knowledge, the skill and experience of the investment team, managers and advisors to undertake a thorough internal analysis and add value to the investment process, through the committee created for this purpose that aims to establish an action plan, an understanding of regulatory changes to ensure at all times that our tools are up to date and adequately managed both the sustainability risks and the application of the guidelines emanating from our board of directors as the ultimate responsible involved in this task.

5. APPLICATION OF ESG CRITERIA IN THE ISR PROCESS

To the extent that the Company, following its program of activities published in CNMV, only provides investment services to professional clients, the application of ESG's criteria is subject to the sustainability policy of each of the professional investors to which the investment service is provided.

The following details the process followed by the Company for the implementation of the ESG criteria in the making of investment decisions for the elaboration of investment proposals:

5.1. ESG INTEGRATION PROCESS



5.2. SUSTAINABILITY FACTORS ANALYZED IN DECISION-MAKING.

The application of the criteria defined in this policy does not imply the modification of the processes that are carried out in the asset selection field from a financial point of view but adds to those processes the analysis of another set of factors. This implies that two types of analyses will be performed:

- Financial, which aims to choose assets in terms of:
 - Profitability-risk
 - Associated costs that are more attractive to customers.
- Extra-financial, which aims to identify and assess the practices of issuers of fixed and variable income financial instruments grouped in the following areas:
 - Environmental:
 - A preventive approach that favors the environment.
 - Promoting initiatives that promote greater environmental responsibility.
 - Support for the development and dissemination of environmentally friendly technologies.
 - Social:
 - Respect for international labor standards.
 - Promoting equal opportunities.
 - Support for policies that promote health and medical research, and education.
 - Governance.
 - Establishment of an adequate anti-corruption framework.
 - Promoting an internal culture of compliance through the establishment of an adequate internal control structure.

ESG CRITERIA		
Environmental criteria	Social Criteria	Governance criteria
Climate change Carbon footprint Scarcity of resources Efficient water management Toxic emissions Clean energy Pollution Deforestation Controlling CO2 emissions Impact on the biosphere Renewable energy	Working conditions: slavery, child labor Impact on local communities Health Nutrition Demographic risks Security Diversity and equality of work Human rights Access to finance Access to information	Remuneration executives Embezzlement and Corruption Political lobbies Governance structure Political influence Business ethics Anti-competitive behaviors Fiscal transparency

5.2.1. SUSTAINABILITY INDICES

To support the analysis of sustainability factors, the extra financial ratings issued by a specialized external supplier (MSCI) will be used. Following this criterion, the rating will discriminate the best companies within each sector, giving greater relevance to those companies that have a higher sustainable rating and lower relevance the lower rating has.

5.2.2. SELECTION/POSITIVE BIAS

Positive biases help to select companies where, due to their business model or sustainable approach, further growth or better evolution of long-term profits can be expected.

- **Best-in-class:** This approach selects within each sector those companies with the best ESG ratings.
 - **Best-efforts:** selecting those companies that have the best ESG ratings evolution. That is, this approach rewards the companies and issuers that are making the most efforts to improve their sustainability, even though they may not currently have a high ESG rating.
 - **Best-prospects:** identify those companies that have the greatest potential for future sustainability improvement.
- **Impact investment:** investment in companies and/or issuers whose mission and objectives are focused on the generation of products or services aimed at achieving a more sustainable world. Its characteristics are:
 - **Intentionality:** the investor's willingness to generate a positive and quantifiable social or environmental impact ex-ante to the constitution of the portfolio.
 - **Economic/financial return:** the pursuit of a sustainable impact has to be compatible with the generation of a positive financial return. It is important to differentiate this type of investment from donations or philanthropic activities, which is that impact investment must necessarily involve the pursuit of a positive profitability generation.
 - **Causality:** there must be a cause-and-effect relationship between the investment made and the impact generated. The term additionality is sometimes used to express a similar idea: how much impact or added effect we achieve with our investment.
 - **Measurement:** For an investment to be considered an impact reversal, the result of such action must be quantifiable. In this way, the investor will be able to know the real effect of his investment in terms of sustainability. There are different ways to measure this impact

depending on the objectives of the investment. For example, establishing standardized metrics that determine the different levels of compliance for the defined objective.

- **Validation/Reporting:** Another very important element is the need to report on the results that are being obtained. In this way, the investor will be able to verify the efficiency of his or her investment and the social or environmental impact that it entails. However, impact measurement should not be seen as static, but as a dynamic task that encompasses monitoring and managing the impact over time.

Impact investing is therefore an investment whose objective is to generate a positive and measurable social or environmental impact, and which at the same time generates an economic return.

Regarding the quantification of impacts, and probably linked to the lack of legislation requiring harmonized reporting, there is no common methodology for measuring and quantifying these effects.

5.2.3. Exclusions

The Company excludes from its decision-making processes the financial instruments issued by certain companies taking into account the restrictions imposed by its investors. These include those companies that:

- Their main activity is the manufacture of armaments.
- Their main activity consists in the production of energy with thermal coal/oil derivatives/ nuclear.
- Are mainly active in countries or territories that do not respect international labor standards.
- Develop their activity in countries or territories considered to be tax havens or non-cooperative territories.
- Have been sanctioned for being engaged in fraudulent activity.

5.3. ADVERSE INCIDENTS

Taking into account the size, nature and scale of the Company's activities, as well as the robustness of procedures for integrating sustainability risks into investment decisions, the Company declares that it does not take into account the adverse impacts of investment decisions on sustainable factors.

However, the consideration of the adverse impacts of investment decisions on sustainable factors may be further developed as the level of maturity of ESG risk management allows for the establishment of robust methodologies for this purpose.

6. REMUNERATION POLICY AND SUSTAINABILITY RISK INTEGRATION POLICIES

It consists of reporting on the consistency of the Company's existing remuneration policies with the sustainability risk integration policies.

The Company's Remuneration Policy promotes the inclusion of environmental, social and governance factors (ESGs) within executive management to generate sustained value creation and promote sustainable corporate performance, materializing in specific performance objectives in these matters and in the relevant areas of the Organization.

To this end, in compliance with Article 5.1 of Regulation (EU) 2019/2088, the consistency of the remuneration policy in the achievement of the ESG criteria concerning the sustainability risks identified and duly managed will be incorporated into the Company's website.

7. PUBLICATION OF THE ESG POLICY AND DOCUMENTATION

The Company in compliance with Article 3 of Regulation (EU) 2019/2088 publishes this policy on its website placing particular emphasis on the management of sustainability risks and on the need of incorporating the progress that the Company implements because of the regulatory changes that will undoubtedly involve adaptations of this policy.

Our Company as Financial Advisors in compliance with Article 4 of Regulation (EU) 2019/2088 publishes and maintains on its WEBSITE:

1. Information on whether they take into account the main adverse impacts on sustainability factors when providing investment or insurance advice, taking into account their size and nature, as well as the scale of their activities and the types of financial products on which they provide advice; Or

In addition, the following is made public:

- Information regarding remuneration policy, as mentioned in the previous point
- Pre-contractual information (Art 9)
- Website promotion and advertising communications (Art 10 and 13)

8. INTERNAL ESG AWARENESS

8.1. EMPLOYEE TRAINING

The Company's strategy of providing a wide range of alternatives and approaches to the different degrees of integration of ESG criteria begins with the appropriate qualification of managers, investment teams and advisors.

In this regard, courses or seminars will be held as deemed necessary by the ESG Committee when proposed to the Board of Directors.

8.2. INTERNAL COMMUNICATION

The ESG Committee and, where appropriate, the Risk Management function and the Regulatory Compliance function are responsible for preparing all those documents, circulars that are necessary to prepare and made known to everyone in the Company.

9. APPLIED REGULATION

- Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on the disclosure of information on sustainability in the financial services sector.
- Law 11/2018, of December 28, amending the C.C., the consolidated text of the LSC approved by DRL 1/2010, of July 2, and Law 22/2015, of July 20, on Audit of Accounts, on non-financial information and diversity.
- Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders of listed companies.
- Sustainable Development Goals (SDGs).