



FIMARGE

your independent wealth managers



SUSTAINABILITY RISKS POLICY

January 2021



When we incorporate an investment idea, we progressively including nonfinancial factors in our fundamental analysis, however, our investment decisions are not solely based into these. We do not claim that we follow an investment policy focused on sustainability risk, nevertheless, we do integrate the Environmental, Social and Governance (ESG) factors to which we believe that are relevant in our analysis, to avoid the emergence of unexpected risk that could diminish the long-term returns of our portfolios and funds.

Within our investment policy, weapons, adult entertainment (red-light business), tobacco and gambling companies are directly excluded, as they are against to our investment policy and they do not meet the required criteria to be included to our portfolios and funds.

To mitigate the risk derived from nonfinancial threats, in our fundamental analyzes, we take in account:

Environmental Factors (E):

We value companies that take measures to reduce pollution and have specific action plans such as considering their environmental related expenditure. We do not, however, exclude oil companies from our analysis, which work with uranium or coal as long as they have specific policies to avoid the risk of leakage, toxic emissions, and hazardous waste.

Social Factors (S):

- We take into account training expenditure.
- We analyze HR policies.
- We assess the employee turnover ratio.
- We measure the number of full-time employees and compare it to part-time and seasonal employees.

Corporate Governance Factors (G):

- We value the independence of the remuneration committee.
- We analyze the incentive plans.
- We take into account the suitability of the management.
- We collect opinions from former employees and managers.
- We focus on executive compensation linked to long-term goals.

We extract this information from internal sources, such as companies' reports and interviews with the company and from external sources, such as Bloomberg and interviews with different stakeholders (customers, suppliers, competitors...).

MEASUREMENT METHOD:

We include the ESG factors into our analysis qualitatively and assess them each time there is earnings' publication. Our fundamental analysis not only focuses on the company, but we also analyze the industry in which the company operates. All companies in the portfolio are monitored and any news that is



triggered is analyzed by our team of analysts. Additionally, we have numerous reports from external providers that allow us to complete our purpose.

IMPACT ON RETURNS

We believe that there is a positive correlation among operational and financial performance and sound sustainability practices, therefore, ESG factors are included into our analysis qualitatively. In our opinion, ESG factors allow us to detect weaknesses and threats of the analyzed company as well as opportunities and strengths. The impact on returns is not quantified as ESG risks are analyzed to avoid the occurrence of unexpected risks that could undermine the returns of our portfolios and funds in the long-term.