

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant: Global Evolution Manco S.A. (529900ARJDVDKH54GN69)

Summary

Global Evolution Manco S.A. (hereafter “Global Evolution Manco”), LEI code 529900ARJDVDKH54GN69 considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated principal adverse sustainability impacts statement of Global Evolution Manco S.A.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2022.

Global Evolution Manco considers principal adverse impact on entity level by measuring and monitoring the aggregated negative impact on sustainability factors of the investment funds managed by Global Evolution Manco. For the investment funds managed by Global Evolution Manco, Global Evolution Manco considers the mandatory principal adverse impact indicators and 8 voluntary indicators defined by the Sustainable Finance Disclosure Regulation (SFDR)¹, subject to data availability and quality. Principal adverse impact assessment is described in Global Evolution Manco’s engagement policies and processes. The aim is to minimise, by relevant means at Global Evolution Manco’s disposal, the principle adverse impacts on sustainability of our investments. Global Evolution Manco strives towards this aim through its quantitative and data-oriented approach but also through its qualitative approach of engagement and on-the-ground due diligence processes as described in the Pre-Investment Policy. Global Evolution Manco supports and engages with recognized principles and organization towards the end-goal of promoting sustainability in the world, to which Global Evolution Manco’s engagement policies and sustainability risk policies speak.

¹ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

Information on the principal adverse impact of our funds for the reference period 1 January to 31 December will be reported, subject to data availability and quality, each year by June 30th.

Description of the principal adverse impacts on sustainability factors

For the purposes of this statement, by “principal adverse impacts” is meant the negative, material or likely to be material effects on sustainability factors caused, compounded by or directly linked to our investment decisions.

Global Evolution Manco prioritises and reports on principal adverse impacts of our investment decisions on sustainability factors on basis of and covering the indicators listed in the table below. For each of these indicators, Global Evolution Manco has included information to describe the actions taken and actions are planned to be take/targets set to avoid or reduce the principal adverse impacts identified.

Information on the impact of our investments on these indicators will be published by 30 June 2023, and continuously on an annual basis. This information will cover the period of 1 January until 31 December of the preceding year. Information on impact compared to previous year will be reported by 30 June 2024, and continuously on an annual basis.

‘Impact’ in the section ‘Description of the principal adverse impacts on sustainability factors’ in the Table below is a figure on impact as the average of impacts on 31 March, 30 June, 30 September and 31 December of the reference period.

Indicators applicable to investments in investee companies

Adverse sustainability indicator	Metric	Impact [year 2022]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	N/A	N/A	N/A	Not applicable given investment universe of our funds.
		Scope 2 GHG emissions	N/A	N/A	N/A	Not applicable given investment universe of our funds.
		Scope 3 GHG emissions	N/A	N/A	N/A	Not applicable given investment universe of our funds.
		Total GHG emissions	N/A	N/A	N/A	Not applicable given investment universe of our funds.
	2. Carbon footprint	Carbon footprint	N/A	N/A	N/A	Not applicable given investment universe of our funds.
	3. GHG intensity of investee companies	GHG intensity of investee companies	N/A	N/A	N/A	Not applicable given investment universe of our funds.
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	N/A	N/A	N/A	Not applicable given investment universe of our funds.
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee	N/A	N/A	N/A	Not applicable given investment universe of our funds.

		companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources				
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	N/A	N/A	N/A	Not applicable given investment universe of our funds.
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	N/A	N/A	N/A	Not applicable given investment universe of our funds.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	N/A	N/A	N/A	Not applicable given investment universe of our funds.

Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	N/A	N/A	N/A	Not applicable given investment universe of our funds.
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	N/A	N/A	N/A	Not applicable given investment universe of our funds.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for	N/A	N/A	N/A	Not applicable given investment universe of our funds.

	principles and OECD Guidelines for Multinational Enterprises	Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises				
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	N/A	N/A	N/A	Not applicable given investment universe of our funds.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	N/A	N/A	N/A	Not applicable given investment universe of our funds.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	N/A	N/A	N/A	Not applicable given investment universe of our funds.

Indicators applicable to investments in sovereigns and supranationals						
Adverse sustainability indicator		Metric	Impact [year 2022]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	259.99	N/A	This indicator includes emissions from energy use and land use, land-use change and forestry, including CO ₂ , CH ₄ , N ₂ o, and F-gases. GHG is divided by GDP converted from USD to EUR. sourced from Haver/IMF.	<p>ESG integration: In our proprietary ESG framework, carbon intensity is considered alongside carbon consumption per capita and regulatory efforts (e.g. Paris Agreement, NDC, and carbon taxes). Considering a nearly \$95 trillion funding gap for emerging markets' transition, we do not seek to reduce the carbon intensity of the portfolios, as this would divert capital away from those countries in most need of investments.</p> <p>Engagement: In 2022 we strengthened our engagement approach and consider decarbonization as key theme for our</p>

						sovereign engagement efforts. In 2023 we aim to double down on our sovereign engagement, including risks and opportunities related to a green transition.
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	31 (Absolute number) 44.39% (Relative number)	N/A	This indicator reflects severe and extensive violations of international treaty provisions related to human rights. As nearly all countries in the world experience some form of social violations – whether from state or non-state actors – we count only countries with a risk score <2.5 on a scale 0-10 where 0 reflects the largest extent and most severe forms of rights violations. Data is sourced from Verisk Maplecroft.	<p>Exclusion: Considerations to social violations are given in our quantitative and qualitative exclusion process. Moreover, countries that are subject to sanctions are tracked and blocked for investments that are prohibited from investments.</p> <p>ESG integration: Social violation indicators are part of our analytical ESG framework and hence part of our overall assessment.</p> <p>We believe our current level of action is sufficient; however, it can be adjusted if deemed inappropriate. So, we will work to continuously enhance data coverage and calculation capabilities to enable/improve the</p>

						monitoring of this indicator.
Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		Metric	Impact [year 2022]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	N/A	N/A	N/A	Not applicable as the entity is not managing and does not intend to manage any real estate assets' investment strategy.
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	N/A	N/A	N/A	Not applicable as the entity is not managing and does not intend to manage any real estate assets' investment strategy.
Other indicators for principal adverse impacts on sustainability factors						
Adverse sustainability indicator		Metric	Impact [year 2022]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period

Green securities	17. Share of bonds not issued under Union legislation on environmentally sustainable bonds	Share of bonds not issued under Union legislation on environmentally sustainable bonds	N/A	N/A	The green bond standard has not yet been adopted by the EU, and hence no bonds are currently considered issued under the legislation.	<p>We will monitor development in the EU legislation on environmentally sustainable bonds.</p> <p>Additionally, we will work to continuously enhance data coverage and calculation capabilities to enable/improve the monitoring of this indicator.</p>
Social	18. Average income inequality score	The distribution of income and economic inequality among the participants in a particular economy including a quantitative indicator explained in the explanation column	4.20	N/A	Average income inequality is measured through the GINI coefficient and standardized on a scale 0-10, where 0 reflects a perfectly unequal society and 10 reflects a perfectly egalitarian. The PAI is reported as a weighted average based on portfolio exposure. Data is sourced from Verisk Maplecroft.	<p>ESG Integration: In 2022, the GINI index became integrated into our analytical ESG framework, and hence is now a stronger element of our overall risk assessment.</p> <p>Engagement: Income inequality has many sources (e.g. economic stability, tax and labor policies, education levels) that differ between countries.</p> <p>In 2023, we aim to engage with sovereigns on underlying risks.</p>
	19. Average freedom of expression score	Measuring the extent to which political and	3.20	N/A	The chosen indicator measures the	Exclusion: Freedom of opinion and expression is

		civil society organisations can operate freely including a quantitative indicator explained in the explanation column			practices of state and non-state actors limiting the right of citizen to express opinions as well as state's efforts to protect the freedom of expression. Countries are scored on a scale 0-10 where 0 reflects the lowest level of freedom of expression. The PAI is reported as a weighted average based on portfolio exposure. Data is sourced from Verisk Maplecroft.	included within our quantitative sovereign exclusion screening. ESG integration: Freedom of opinion and expression indicators are included within our analytical ESG framework and hence part of our overall risk assessment. We believe our current level of action is sufficient; however, it can be adjusted if deemed inappropriate. So, we will work to continuously enhance data coverage and calculation capabilities to enable/improve the monitoring of this indicator.
Human rights	20. Average human rights performance	Measure of the average human right performance of investee countries using a quantitative indicator explained in the explanation column	3.75	N/A	The chosen indicator measures a country's overall human rights performance, reflecting state and non-state actors' violations of human rights, as defined in international human rights treaties, as well as states' commitment and	Exclusion: Our sovereign exclusion methodology includes an assessment of selected key human rights and further consideration is given in our additional qualitative exclusion analysis. ESG Integration: We take a holistic view in assessing ESG including

					<p>accountability for improvement. Countries are scored on a scale 0-10 where 0 reflects the poorest human rights performance. The PAI is reported as a weighted average based on portfolio exposure. Data is sourced from Verisk Maplecroft.</p>	<p>fundamental rights, political rights and civil liberties, which are each represented in our analytical ESG framework.</p> <p>Engagement: In 2023, the investment manager will take part of Emerging Markets Investor Alliance’s newly established program on Health, Education, and Human Rights to join forces and collaborate with other investors on sovereign engagement campaigns within this area.</p>
Governance	21. Average corruption score	Measure of the perceived level of public sector corruption using a quantitative indicator explained in the explanation column	3.01	N/A	<p>The chosen indicator reflects the strength of anti-corruption legislation, the efficacy and independence of anti-corruption bodies and the prevalence of corruption in the investment countries. Countries are scored on a scale 0-10 where 0 reflects the most extreme risk of corruption. The PAI is reported as a weighted average</p>	<p>Exclusion: Corruption is included to our quantitative sovereign exclusion screening.</p> <p>ESG Integration: Assessment of the perception of public sector corruption is included to our analytical ESG framework and hence part of our overall risk assessment.</p> <p>Engagement: For countries scoring poorly on corruption, we aim to engage with Ministries of</p>

					based on portfolio exposure. Data is sourced from Verisk Maplecroft.	Finance on fiscal transparency, when opportunities for engagement arise.
	22. Non-cooperative tax jurisdictions	Investments in jurisdictions on the EU list of non-cooperative jurisdictions for tax purposes	0.64%	N/A	This indicator provides the percentage of investee countries listed on the EU list of non-cooperative jurisdictions. Data is sourced from Verisk Maplecroft.	While we consider transparency and general considerations to the general function of judiciaries, we do not actively manage risk based specifically on the EU list of non-cooperative jurisdictions. We've developed exclusion policies, also when exclusions include countries listed on the EU list of non-cooperative jurisdictions.
	23. Average political stability score	Measure of the likelihood that the current regime will be overthrown by the use of force using a quantitative indicator explained in the explanation column	8.02	N/A	The chosen indicator is a forecast of the risk of a country experiencing the onset of a major destabilizing event – in the form of civil war, adverse regime change, or genocide/politicide – within the next 12 months. Country risk is scored on a scale 0-10 where 0 represents	ESG Integration: A variety of indicators related to political stability is included to our proprietary ESG assessment, e.g. government stability, civil unrest, conflict intensity, and interstate tensions. High-frequent sentiment data gives daily warning signals on country instability. We believe our current level of action is sufficient;

					highest risk. The PAI is reported as a weighted average based on portfolio exposure. Data is sourced from Verisk Maplecroft.	however, it can be adjusted if deemed inappropriate. So, we will work to continuously enhance data coverage and calculation capabilities to enable/improve the monitoring of this indicator..
	24. Average rule of law score	Measure of the level of corruption, lack of fundamental rights, and the deficiencies in civil and criminal justice using a quantitative indicator explained in the explanation column	4.49	N/A	The chosen indicator assesses the system of rules and rights governing society. This system is evaluated based on judicial effectiveness, judicial independence, transparency of public and private institutions, and efficient regulatory systems. Rule of law is assessed on a scale 0-10 with 0 representing the lowest level of rule of law. PAI is reported as a weighted average based on portfolio exposure. Data is sourced from Verisk Maplecroft.	<p>ESG Integration: The elements of rule of law is integrated to our proprietary analytical ESG framework and hence part of our risk assessment.</p> <p>We believe our current level of action is sufficient; however, it can be adjusted if deemed inappropriate. So, we will work to continuously enhance data coverage and calculation capabilities to enable/improve the monitoring of this indicator.</p>

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

ESG characteristics are applied by the investment manager quantitatively through proprietary models and qualitatively through positive engagement with policy makers and investee countries and companies. Investments of this financial product undergo negative and positive ESG screening.

The investment manager takes principal adverse impact (“PAI”) indicators into account by monitoring, evaluating, and integrating these indicators as part of its screening process as well as the essential sovereign learning and knowledge process which is one of the cornerstones of its investment process. Additionally, PAI indicators are treated in the investment process alongside ESG indicators, macroeconomic and financial indicators to attain each of the environmental or social characteristics promoted by this financial product.

The investment manager’s quantitative ESG approach is grounded in its screening process, which focuses both on negative screening and more importantly on positive screening which integrates E, S, and G indicators directly into the investment process through quantitative valuation models.

Both phases are integrated in the investment manager’s investment process as follows:

1. The first phase involves a negative screening that takes a holistic view on E, S, and G dynamics using a quantitative model that estimates their proprietary ESG ratings. Their entire investment universe is screened, and issuers are excluded when indicators such as political rights, corruption, etc. fall below certain extreme thresholds. The investment manager’s approach is one of positive engagement as the investment manager believes engagement is a more valuable approach to encourage emerging market issuers to act in the most beneficial way to improve ESG issues. The negative screening phase results in a negative list of countries in which no investments are pursued.
2. The second phase involves positive screening and integrates individual E, S, and G indicators into the investment manager’s quantitative valuation models. The investment manager incorporates these ESG indicators to the extent that they are supposed to enhance the quality of investment decision making. It is binding for the investment manager to make considerations related to quantitative signals extracted with positive screening together with other quantitative and qualitative indicators at its disposal, however with no obligation to automatically follow any single indicator.

In the event, the financial product does not invest in investee companies, but sovereigns, there is no policy to assess good governance practices of investee companies. However, in the context of sovereigns, please note that the ESG rating monitors also indicators which are linked to good governance practices.

Engagement policies

On behalf of the company, the investment manager embarks on a range of engagement activities (direct and indirect) with sovereign governments and companies, which are:

- *Direct Engagement: Most policy maker and company engagement occur in investor groups often hosted by investment banks or advisory companies. Interactions usually involve issuers visiting investors on issuance or non-issuance roadshows, or investors visiting issuer in their home countries. The attendance of issuers at the IMF/World Bank annual meetings is another source of direct engagement.*
- *Indirect Engagement: Global Evolution engage indirectly through third-party advocacy groups and official sector institutions such as the IMF/World Bank. Investment banks is another source of indirect engagement as they frequently seek out investors' opinions on behalf of issuers, either in direct relation to an issuance or to solicit investor feedback in relation to a proposed issuance. In the regulation we observe indicators related to sovereign and corporate investments and the suggested approach to measure these. While this is not necessarily the most appropriate approaches to measure potential principal unintended adverse impacts, we concede that the indicators serve to approximate an appropriate list of indicators to measure such potential principal adverse impacts.*

References to international standards

The portfolio manager, Global Evolution FMS, is a signatory and supporter of several international standards for underpinning a sustainable future. In particular, their support is aligned with the objectives in the Paris Agreement as well as the objectives and principles advocated for by the PRI, the UNGC; and the TCFD.

- The company continuously support the UN Global Compact (“UNGC”) through our implementation of the principles and focus on outcomes by integrating sustainability indicators as well as by communicating and engaging with stakeholders on progress achieved.
- The company supports the PRI by committing to aligning our operations and strategies with six principles for responsible investment supported by the United Nations Global Evolution has achieved the top A+ rating, scoring 30 out of 30 points, in the PRI annual assessment for 2017-2020.
- In addition, the company supports and endorses the recommendations of the Task Force on Climate-related Financial Disclosure (“TCFD”) against which we annually report our climate-related action plans and perspectives on how climate change scenarios affect risk in emerging and frontier market sovereign and corporate debt investing.

Historical comparison

The earliest historical comparison will be provided in June 2024

