

**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**. This Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** Future Generation Alternative Management Portfolio (*Cartera Generación Futura Gestión Alternativa*)

**Legal entity identifier:** A08188534 / CNMV no.: 1

## Environmental or social characteristics

**Did this financial product have a sustainable investment objective?**

**Yes**    **No**

<p><input type="checkbox"/> It made <b>sustainable investments with an environmental objective</b>: ___%</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul>	<p><input checked="" type="checkbox"/> It promoted <b>environmental/social characteristics</b> and, while it did not have as its objective a sustainable investment, it had a proportion of 33.17% of sustainable investments</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with a social objective</li> </ul>
<p><input type="checkbox"/> It made <b>sustainable investments with a social objective</b>: ___%</p>	<p><input type="checkbox"/> It promoted environmental/social characteristics, but <b>did not make any sustainable investments</b></p>



### To what extent were the environmental and/or social characteristics promoted by this financial product met?

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

The portfolio promotes a number of environmental and social characteristics in keeping with:

- The reduction of environmental risks through the establishment of policies and procedures governing matters such as climate change, waste management, energy efficiency, conservation and use of natural resources, among others;
- The establishment of social practices and policies relating to the observance of human rights, workers' rights, impact on local communities, data security, etc.; and
- The implementation of good practices on corporate governance, including measures on anti-corruption and bribery, tax evasion, transparency, etc.

In this regard, throughout the year, the portfolio promoted environmental and social

characteristics via investments in Collective Investment Undertakings (CIUs) which, in turn, promoted the sustainable characteristics described above by investing in financial instruments aligned with best practices in the fight against climate change, respect for human rights, the promotion and guarantee of decent work, alignment with the main international sustainability initiatives, among others.

The exposure to companies whose business is incompatible with the characteristics being promoted has also been reduced through the application of exclusion policies by the underlying CIUs.

100% of the underlying CIUs of the portfolio were classified according to Article 8 of SFDR or EU Regulation 2019/88 as at year-end.

● ***How did the sustainability indicators perform?***

For monitoring the sustainable characteristics promoted, the portfolio uses the indicators reported by the underlying CIUs themselves to measure their investments' alignment with the characteristics pursued. Indicators include: **ESG rating**, which provides an assessment of the environmental, social and governance profile of the assets; and the **compliance with the exclusion criteria** imposed (exclusion policy).

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During the reporting period, the underlying CIUs submitted the following indicators, among others:

- **ESG rating:**
  - One of the underlying CIUs outlined that its portfolio's weighted average ESG rating is 'C', taking into account that the rating scale ranges from 'A' (best score) to 'G' (worst score).
  - The other underlying CIU had a lower ESG risk rating than that of the investment universe, achieving 19.5% compared to 21.4% respectively, with 0% being the lowest risk exposure and 100% the highest.
- **Compliance with the exclusion criteria:**
  - One of the underlying CIU stated that it is fully compliant with the defined exclusion policy.

● ***... and compared to previous periods?***

Insofar as the underlying CIUs that make up the portfolio as at 2023 year-end do not coincide in their entirety with those as at 2022 year-end, we conclude that:

- At the aggregate level, the portfolio improved the promotion of sustainable characteristics, insofar as an improvement has been observed by the underlying CIUs when monitoring the sustainability indicators.

- Furthermore, in relation to the funds held in the portfolio in both years, similar levels of promotion of sustainable characteristics were identified.

● ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

Although the portfolio did not pursue a sustainable investment as its objective, it had a proportion of sustainable investments through its underlying funds.

Through these investments, the portfolio sought to invest in economic activities that contribute to environmental and social objectives. Specifically, through investments in other CIUs, the portfolio pursued the following sustainable investment objective:

- Investments in **best performers** compared to industry average, which follow best environmental and social practices and do not manufacture products or provide services that harm the environment and society, such as in the arms, tobacco or gambling sectors.

● ***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

To ensure that the sustainable investments did no significant harm (DNSH) to any environmental or social investment objective, and insofar as only one of the underlying CIUs has taken into account sustainable investments, the following measures were applied:

- Oversight and monitoring of the indicators included in Table 1 of Annex 1 to Regulation (EU) 2022/1288 in relation to **Principal Adverse Impacts**, by means of setting thresholds or specific rules.
- Implementation of an **exclusion policy**, which covers issues such as controversial weapons, violations of the principles of the United Nations Global Compact, coal and tobacco.
- In addition to the specific sustainability factors covered through setting PAIs, an **ESG rating** has been applied to verify that companies do not perform poorly from an environmental or social standpoint compared to other companies in their sector.

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

Principal Adverse Impacts (PAIs) were managed with the aim of mitigating potential negative impacts on the environment and society. The underlying fund that took into account sustainable investments followed various strategies for managing these indicators. Some of them are described below:

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

- Have a CO<sub>2</sub> intensity above the last decile compared to other companies in their sector (only applies to high-intensity sectors);
- Have a diverse Board of Directors above the last decile compared to other companies in their sector;
- Be free from any disputes concerning working conditions and human rights; and
- Be free from any controversies concerning biodiversity and pollution.

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

Inasmuch as the portfolio’s sustainable investments have been the result of the investment in a single CIU, the methodology applied by that CIU to align these investments with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights is explained below.

- The CIU uses an ESG scoring model that includes assessment criteria related to respect for human rights, the supply chain, working conditions and labour relations. In addition, controversies are monitored regularly through a proprietary methodology to identify any exposure to potential human rights violations and define improvement efforts.

*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 Union criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the Union 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.*



**How did this financial product consider principal adverse impacts on sustainability factors?**

The portfolio took into account the Principal Adverse Impacts (PAIs) by making sure that the underlying CIUs measured and assessed a series of metrics or KPIs that warn of the negative effects that the investment can have on environmental and social aspects.

In addition, 100% of the underlying CIUs take into account the PAIs. Specifically, the following mechanisms apply:

- Oversight and monitoring of the indicators included in Table 1 of Annex 1 to

Regulation (EU) 2022/1288 in relation to **Principal Adverse Impacts**, by means of setting thresholds or specific rules.

- Application of the **exclusion policies** by activity and sector.
- Regular integration of **ESG factors** through the definition of minimum ESG rating criteria in order to mitigate the main negative impacts on sustainability.
- Continuous engagement process aimed at influencing the activities or behaviour of the investee companies.
- **Exercise of voting rights**, which responds to a holistic analysis of all long-term issues influencing value creation.
- **Monitoring controversies** through a monitoring system by ESG data providers and a regular review of the same.



The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reporting period which is: **2023**

### What were the top investments of this financial product?

<b>Largest investments</b>	<b>Sector</b>	<b>% Assets</b>	<b>Country</b>
<i>SABADELL INVERSIÓN ÉTICA Y SOLIDARIA</i>	<i>Materials, Government, Industrial</i>	<i>50.60%</i>	<i>Italy, France, Spain</i>
<i>EXANE FUND 2 PLEIADE</i>	<i>Financial, Utilities, Industrial</i>	<i>49.40%</i>	<i>France, Italy, Portugal</i>

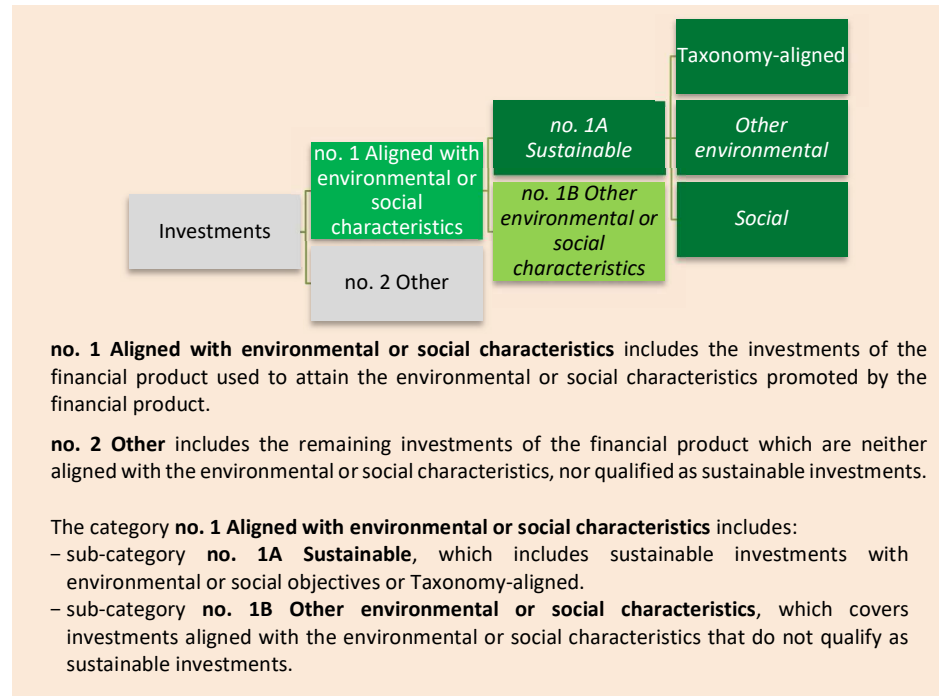
### What was the proportion of sustainability-related investments?

As at 31 December 2023, 98.18% of the portfolio was invested in assets that promoted environmental or social characteristics. In addition, although the portfolio did not have a sustainable investment as its objective, 33.17% of its investments were sustainable. These were investments aligned with the EU Taxonomy (7.89%), investments with an environmental objective not aligned with the EU Taxonomy (21.63%), and investments with a social objective (3.65%).



**Asset allocation** describes the share of investments in specific assets.

## What was the asset allocation?



## ● In which economic sectors were the investments made?

Sector	Weight
Financials	21.47%
Materials	19.92%
Government	12.57%
Industrials	10.28%
Telecommunications	6.64%
Utilities	6.54%
Consumer discretionary	4.75%
Information Technology	4.45%
Energy	4.00%
Health Care	3.17%
Consumer staples	2.55%
Real Estate	1.83%
Other	1.81%

*Weights estimated according to the available information about the underlying funds.*

Taxonomy-aligned activities are expressed as a share of:

- **Turnover**, which reflects the share of revenue from green activities of investee companies;
- **Capital expenditure (CapEx)**, which shows the green investments made by investee companies, e.g. for a transition to a green economy;
- **Operational expenditure (OpEx)**, which reflects the green operational activities of investee companies.



***To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?***

Although the portfolio did not undertake to make a sustainable investment with an environmental objective aligned with the EU Taxonomy, as at year-end **7.89%** of its investments were sustainable with an environmental objective aligned with the EU taxonomy.

**● Did 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

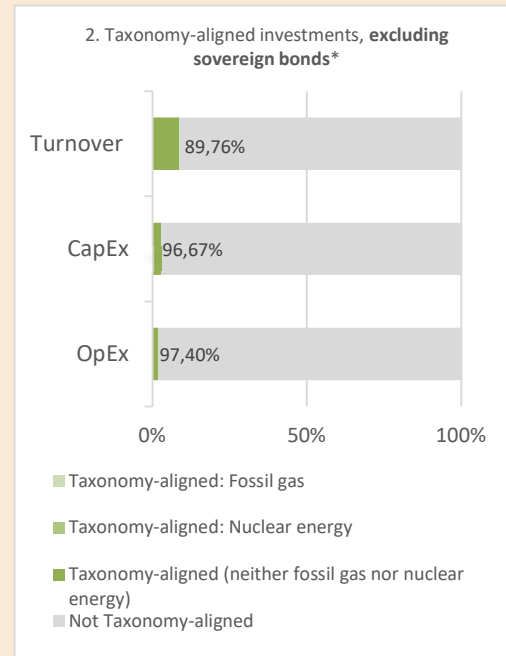
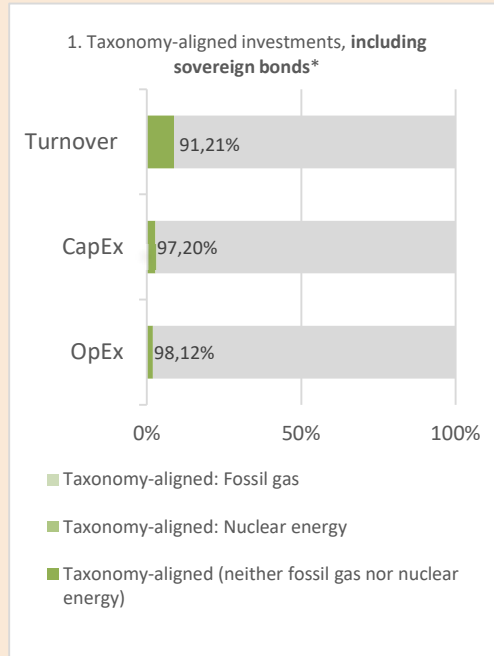
In nuclear energy

No

<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.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

The graphs below show in green the percentage of investments that were 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.

1. Ajuste a la taxonomía de las inversiones, incluidos los bonos soberanos*			
	OpEX	CapEX	Volumen de negocios
Ajustadas a la taxonomía: Gas fósil	0,000%	0,000%	0,000%
Ajustadas a la taxonomía: Energía nuclear	0,000%	0,000%	0,000%
Ajustadas a la taxonomía (ni gas fósil ni energía nuclea	1,882%	2,803%	8,794%
No ajustadas a Taxonomía	98,118%	97,197%	91,206%
2. Ajuste a la taxonomía de las inversiones, excluidos los bonos soberanos*			
	OpEX	CapEX	Volumen de negocios
Ajustadas a la taxonomía: Gas fósil	0,000%	0,000%	0,000%
Ajustadas a la taxonomía: Energía nuclear	0,000%	0,000%	0,000%
Ajustadas a la taxonomía (ni gas fósil ni energía nuclea	2,601%	3,335%	10,241%
No ajustadas a Taxonomía	97,399%	96,665%	89,759%

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.


● **What was the share of investments made in transitional and enabling activities?**

At the end of the reporting period, the share of portfolio investments in transitional activities was 0.01% and the share of investments in enabling activities stood at 0.60%.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reporting periods?**

No references of previous periods available.



 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.



**What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**

At the end of the period, although the portfolio did not have sustainable investments as its objective, through its underlying funds, **21.63%** of its investments were sustainable with an environmental objective not aligned with the EU Taxonomy.



**What was the share of socially sustainable investments?**

At the end of the period, the share of socially sustainable investments was **3.65%**.



**What investments were included under “other” and what was their purpose? Were there any minimum environmental or social safeguards?**

The investments included under “Other” consisted mainly of cash and other instruments whose objective was to manage liquidity and portfolio risk. It also includes securities without ESG rating, for which the data necessary to measure compliance with the environmental and social characteristics being pursued is not available.



**What actions have been taken to meet the environmental or social characteristics during the reporting period?**

The underlying CIUs have been managed and monitored to ensure their alignment with the promoted characteristics. At the same time, measures taken by the various underlying CIUs themselves have been used to ensure the promotion of the desired sustainable characteristics. Specifically, the various underlying CIUs have put the following processes into practice:

- Integration of proprietary ESG indicators into the control framework, allowing for continuous assessment of the impact of investment decisions through checks carried out by the investment team and the environmental and social risk management team.
- Engagement and active dialogue with the investee companies of the underlyings to ensure that not only are the promoted characteristics attained but that those companies also improve their ESG practices.
- Implementation of a regulatory, region- and sector-specific exclusion policy.



**How did this financial product perform compared to the reference benchmark?**

No specific reference benchmark has been designated to attain the sustainable characteristics pursued.

- **How does the reference benchmark differ from a broad market index?**

Not applicable.

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***  
Not applicable.
- ***How did this financial product perform compared with the reference benchmark?***  
Not applicable.
- ***How did this financial product perform compared with the broad market index?***  
Not applicable.