Principal Adverse Impact Statement

1. Purpose and scope of the Principal Adverse Impact Statement (Article 4 – SFDR)

In line with the Article 4 of the SFDR, this Principal Adverse Impact Statement aims to describe the due diligence policies with respect to the Principal Adverse Impact of investment decisions on sustainability risk factors, taking in due account the size, nature and scale of GIL activities and the types of financial products it makes available.

GIL does not currently consider the adverse impacts of its investment decisions on sustainability factors in accordance with Art. 4(1) (b) SFDR. GIL has less than 500 employees as of the release date of this information. Therefore, there is no legal obligation for GIL to consider principal adverse impacts of its investment decisions on sustainability factors (PAI).

As GIL acts as the management company of collective investment schemes of which it has delegated the Portfolio Management function to third-party managers, it has been decided not to opt in. By operating under a full-delegation model, GIL does not take any "investment decisions" as referred to under the SFDR.

Given the specificities of this model, GIL is not in a position to consider the PAIs of those decisions on sustainability factors.

In addition, GIL is of the opinion that aggregating the PAI (where and if available) of the delegated third-party managers would neither be relevant nor comparable as the delegated managers apply different approaches for the consideration of PAIs.

Based on the continuous monitoring, GIL will, on a regular basis, revisit its decision not to consider PAI in accordance with Art. 4 (1) (b) SFDR. Thus, the Company will transparently inform investors and further external stakeholders about the current implementation status of the PAI framework.

1.1 Operating model of the Portfolio Management function and consideration of the sustainability factors

GIL can either assume the Portfolio Management function or externalize it to Delegated Investment Managers. Therefore, the usual operating model is based on the delegation to external Investment Managers and following to the below assumptions:

- The investment decision-making process is carried out by the Delegated Investment Manager, as such each Delegated Investment Manager may consider the sustainability factors it deems relevant for the investment strategy implemented;
- As a result, the sustainability factors considered may vary among the Delegated Investment Managers appointed by GIL for the management of its funds;
- Regardless of the strategy implemented, GIL ensures – through the initial and ongoing due diligence assessment, as well as through further ongoing monitoring activities – that the Delegated Investment Managers comply with the provisions stated by the Article 4 of the SFDR in relation to the principal adverse impacts.

1.2 Monitoring of the principal adverse impacts of investment decisions on sustainability factors

Based on the above, should Delegated Investment Managers wish to consider PAI in respect of the Funds in line with Article 7 of SFDR, GIL:

- Evaluates the internal arrangements in place for each Delegated Investment Manager with regard to the capabilities to manage ESG products and to specifically consider principal adverse impacts;
- Assesses whether the Delegated Investment Managers consider the adverse impacts of their investment decisions. If so, GIL ensures the Delegated Investment Managers have appropriate policies in this regard; if not, GIL ensures the Delegated Investment Managers clearly explain the reason why they do not consider principal adverse impacts of their investment decisions;
- Controls the effectiveness of the processes, systems and procedures in place to consider and report on principal adverse impacts;
- Ensures that appropriate disclosures are published on the pre-contractual documentation of the products and on the website of the Delegated Investment Managers;
- Ensures that appropriate information is disclosed to the investors within the periodic reports of the funds where principal adverse impacts are considered.

In the event that GIL assumes the Portfolio Management function internally, it will ensure that all the above-listed activities are conducted by GIL itself in an equivalent manner to the standards required to its Delegated Investment Managers.

1.3 Review and update of the Principal Adverse Impact Statement

This statement is reviewed at least on an annual basis by GIL to ensure its alignment with the Regulation and market standards from time to time.
Where no update is required, the statement will be applied consistently over time.