

# Principal Adverse Impact **(PAI)** **Statement**



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## 1. Introduction

The Sustainable Finance Disclosure Regulation ("SFDR") (Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019) requires Q-Impact Investment Management, S.G.E.I.C., S.A. ("Q-Impact") to make a "comply or explain" decision regarding whether it takes into consideration the Principal Adverse Impacts ("PAIs") of its investment decisions on sustainability factors at an entity level, in accordance with the specific regime described in the SFDR.

PAIs are described as impacts that result, or could result, in negative effects on sustainability factors, such as social and labour issues, respect for human rights, anti-corruption or bribery.

## 2. Explanation on the consideration of PAI indicators at entity level

Q-Impact considers ESG factors as part of the investment process in accordance with its ESG Policy. However, at this time, it will not consider at entity level PAIs on "sustainability factors" as specifically contemplated in the EU Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2088).

Q-Impact has two social and environmental impact funds under management under the name European Social Entrepreneurship Funds (FESE):

- Q-Impact I, FESE, in which ESG and social and environmental impact criteria have been taken into account when making investment decisions, following IMP (Impact Management Project) standards, analysing investments, both pre-contractually and under periodic monitoring, from 5 dimensions (What, How, How, How much, Contribution and Risk) to solve the social or environmental problems identified through the companies in which it invests. Q-Impact is aware that in this vehicle, which is in a divestment period since December 2022, it would be difficult to comply with the PAI regime set out by the above mentioned Disclosure Regulation, due to the current lack of readily available data to comply with the reporting requirements, but considers that the existing ESG policies and procedures are adequate, proportionate and adapted to the investment strategy of this fund.
- Q-Impact Fund II, FESE, which is classified as Article 9 under the SFDR Regulation, does consider PAIs in its investment decisions. In such cases, information on how Q-Impact considers PAIs on the sustainability factors of the relevant fund will be provided in the pre-contractual documentation of that fund and in the periodic reporting to investors.

## 3. Our approach

Q-Impact will keep this position under review and may consider PAIs for investment decisions on entity-level sustainability factors when, for example, the data required to report is more readily available or all funds are required to report PAIs. Q-Impact will review, at least annually, its decision not to comply with the PAI regime and reserves the right to change its position in the future.