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ESG INTEGRATION POLICY **MAPFRE ASSET MANAGEMENT, S.G.I.I.C.,** **S.A.**

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1. DEFINITIONS

For the purposes of this Policy, the following definitions apply:

- a) MAPFRE, MAPFRE GROUP or GROUP: the corporate group comprising MAPFRE, S.A., as parent company, and its subsidiaries and dependent companies, in accordance with the provisions of the Stock Market Law.
- b) MAPFRE AM: the Management Company of Collective Investment Institutions MAPFRE ASSET MANAGEMENT, S.G.I.I.C., S.A. belonging to the MAPFRE GROUP.

2. INTRODUCTION

MAPFRE is very committed to sustainability and adheres to the UN Global Compact, the UN Environment Programme Finance Initiative (UNEP FI) and the Principles for Sustainable Insurance (PSI). It also adheres to the UN Principles for Responsible Investment (PRI) and the Principles for UN WOMEN.

In addition, MAPFRE has made a public commitment to contribute to the UN 2030 Agenda for Sustainable Development.

3. OBJECTIVE

The European Union increasingly faces the catastrophic and unpredictable consequences of climate change. The depletion of resources and other issues related to sustainability, and so, it is essential to mobilize capital through public policies and the financial services sector. In this context, the Regulation 2019/2088 (EU) of the European Parliament and of the Council of November 27, 2019, regarding sustainability-related disclosures in the financial services (“Disclosure Regulation”) requires financial market participants and financial advisors to disclose specific information regarding how they address sustainability risks and analysis in adverse sustainability impacts.

Therefore, the objective of this document is to describe the sustainability risks integration (hereafter, “ESG Integration Policy”) adopted by MAPFRE AM as a measure for its participation in financial markets in accordance with the disclosure regulation, and activity in mutual fund management (“MFM”) and discretionary management portfolios.

Sustainability risk means an environmental, social, or governance (ESG) factor or condition, if it occurs, may produce a negative impact on the value of the investment.

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4. SCOPE: SUMMARY OF CRITERIA TO CONSIDER

This policy will apply to the investment decisions of the MFM and portfolios managed by MAPFRE AM, made by all employees, executives, and members of the Board of Directors of MAPFRE AM. Additionally, MAPFRE AM will ensure that all external collaborators are governed by the general principles similar to those established in this Policy.

The monitoring of environmental, social and governance (ESG) factors provides additional information about social movements and transformations, stakeholder expectations and the market. All these factors affect the MAPFRE Group. This knowledge helps us identify and assess potential risks (ESG) and business opportunities.

In this line, the objectives that MAPFRE AM pursues, considering the ESG criteria for the funds and portfolios it handles, are not only to select for its clients the companies and states that can provide them with the best economic results, but also the most favorable in terms of responsible growth.

Additionally, MAPFRE AM upholds the commitments of the MAPFRE Group to work on all areas that may contribute to climate change, and the transition towards a low-carbon economy, and will not invest in:

- We will not invest in utility companies that earn 20% or more of their revenue from coal-fired energy.
- We will not invest in companies with coal-based energy expansion plans of more than 300MW.
- We will not invest in companies that earn 20% or more of their revenue from annual thermal coal extraction and/or production greater than 20 million tons.
- MAPFRE will not invest in coal, gas and oil companies that are not committed to an energy transition plan that allows global warming to be maintained around 1.5°C.

MAPFRE AM applies ESG risk integration on all across-the-board managed products in established management and control processes by using various complementary risk assessment and analysis systems that enable the integration of these risks.

According to the disclosure regulation, the sustainability risk factors analysis could yield profits that transcend financial markets, since it may improve the real economy's resilience and the stability of financial systems. Thus, it could ultimately impact the relationship between the risk and profits of financial products.

5. INVESTMENT PROCESS

The management objective is to achieve long-term sustainable growth; therefore, the

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areas and committees involved in the investment process are commissioned to integrate the sustainability risks as specifically described in this Policy.

The following phases describe MAPFRE's AM investment methodology:

- a) Investment universe analysis. The starting point is a macroeconomic analysis of the financial market, sectorial and business analysis, among others. Additionally, the qualitative factors are considered, such as the geopolitical risks, the policies of central banks and regulatory environment. The ESG criteria supplement our quantitative assessment.
- b) Global strategic positioning. The Global Asset Allocation Committee defines the global strategic positioning of MAPFRE AM. It determines the optimal asset distribution between the different types of assets and geographies, and thus, builds a strategic portfolio. The committee is comprised of international management funds and portfolios of the MAPFRE Group, represented by various places where the Group is present (Spain, United States, Brazil, France, Malta, etc.)
- c) Investment strategies and tactical decisions definition. The Investment Committees will make the tactical decisions and adopt investment strategies.
- d) Operational Portfolio Management The decisions taken will be processed according to the nature of the portfolio.
- e) Monitoring and Reporting: Risk controls, policy compliance, and reports

ESG integration is at the forefront of all investment processes.

6. DECISION MAKING


To conduct the ESG analysis, MAPFRE AM separates its investment assets into three categories: private issuers (corporates), public issuers (Govies), and mutual funds.

- **ESG rating of public issuers:**

In order to assess the issuances made by different countries from the ESG perspective, MAPFRE AM has developed its own ESG integration methodology, for whomever uses available public information.

In this way, the ESG rating is obtained for each country, which is created by considering the different environmental, social, and governance factors.

- Environmental factors: variables related to water resources, pollution, biodiversity, ecosystem, carbon emissions, etc.
- The relative data to social dimensions of the economy, such as education, wages,

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inequality, etc. are assessed for social factors.

- Lastly, governance is measured by combining different variables that are ranked according to their importance. These include the use of resources or the transparency of the Government.

To be included in MAPFRE's AM universe, the sustainability rating of the country should attain a minimum rank.

- **ESG rating of private issuers:**

To measure the sustainability of the private issuers, the global rating granted by an entity specialized in the analysis of companies in accordance with environmental, social and governance issues is taken into account. MAPFRE AM assumes this rating as its own. The values range from 0 to 100, where 0 is the worst and 100 the best. Just like public issuers, the private issuers must obtain a minimum rating to become part of the MAPFRE's AM universe.

The analysis is supplemented with an internal assessment of the investment managers for both its own reporting and sectoral sustainability and discrepancy reports, as well as other additional information.

- **ESG rating of Mutual Funds:**

If the fund to be analyzed is managed directly by MAPFRE AM or is a third party fund, the ESG analysis will be approached differently. In the first case, since the investments that comprise the fund are known in detail, its ESG rating is scored by applying to each asset that comprises it the previous explained methodology and inferred by the global rating of the fund at issue (look through).

In case of third-party funds, and when the necessary information is unavailable to proceed as in the previous case, MAPFRE AM will use the ESG information provided by the sources specialized in mutual funds. Such funds will be used to score the proper rating and, like the other assets, will be defined at the minimum ESG level to be considered appropriate from sustainable point of view.

Regarding the alternative investment funds, MAPFRE AM incorporates specific questions related to sustainability in its due diligence process. However, initially, MAPFRE AM will not grant the ESG rating, even though it will continue to work to score its sustainability.

7. SUBSEQUENT MONITORING OF SUSTAINABILITY RISKS

The funds or portfolio managers adopt investment decisions daily, considering the financial factors and extra-financial ones, the ESG risks. In their analysis, the sustainability criteria are significant variables and are taken into account during the entire process. If the sustainable risk factors fail to conform to the defined criteria, they would take decisions to correct the situation.

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The MAPFRE AM risk management plays a significant role related to sustainability risk management and control. As well as overseeing proper identification, measurement, assessment, monitoring and control of the traditional financial risks, they will implement their measures deemed necessary to ensure the adequate compliance of the duties related to sustainability risk integration. It will ensure that the integration process described above is effectively implemented. It will prepare the required reports and inform the Board of Directors. Finally, it will support other areas involved in order to assess these risks.