

**ENGAGEMENT POLICY**

July 2023

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## 1. Introduction

### 1.1 Responsible investment

Effective and sustainable shareholder engagement is one of the cornerstones of the corporate governance model, and greater engagement is an instrument to improve corporate financial and non-financial performance.

MAPFRE ASSET MANAGEMENT, SGIIC, S.A. (“MAPFRE AM” or “the management company”) has developed and published a long-term shareholder engagement policy (the “Engagement Policy” or the “Policy”) which explains how it conducts its voting and engagement activities and how these are integrated into its investment decisions through its fund and portfolio managers.

The management company, in accordance with the commitments of the MAPFRE Group (hereinafter, MAPFRE) takes into account socially responsible investment criteria in the management of its investments based on the principles of sustainable investment and transparency in management. The inclusion of ESG (Environmental, Social, and Governance) criteria and their integration into investment management can have a favorable effect on the long-term financial performance of companies and contribute to greater economic and social progress.

ESG analysis is intended to be applied to all assets in the portfolio and aims to improve performance in the medium and long term. For this purpose, MAPFRE AM relies on data from specialized sustainability providers (metrics and methodologies) in its analysis.

In addition, the management company has a Due Diligence Policy on the Principal Adverse Impacts on sustainability factors, which serves as a framework for the identification, analysis, and management of impacts on sustainability factors under the provisions of Art. 4.1.a and 4.2 of 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.

### 1.2 Guidelines framework

International initiatives devised to ensure the involvement of institutional investors in the affairs of the companies in which they invest, with the aim of promoting their role in the good governance of those companies, have given rise to a set of rules, such as Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017, amending Directive 2007/36/EC as regards the promotion of long-term shareholder engagement (hereinafter the “Directive”), that significantly impact the activities of MAPFRE in general, in its capacity as an institutional investor, and of the MAPFRE AM management company in particular.

This European standard aims to (1) ensure transparency of investment strategies, engagement policies, and the voting process; (2) encourage investor involvement in the governance of investee companies.

In order to meet the applicable regulatory requirements and contribute to the objectives established by the legislator, MAPFRE AM has prepared this Policy, through which MAPFRE furthers its sustainability philosophy (previously called Corporate Social Responsibility) and its commitment to the Sustainable Development Goals of the United Nations (“UN”) and the Paris Agreement.

The principles described in this Policy represent general guidelines for corporate governance and long-term shareholder engagement. Therefore, these guidelines shall be applicable when the management company exercises voting rights for any of its shareholders/customers, both before the collective investment institutions (CII) whose assets it manages and the companies with which it has entered into a discretionary and individual portfolio management contract with MAPFRE AM, where the companies have not retained such right, regardless of the country where the investment has been made.

### 1.3 Scope of application

This Policy and, where applicable, its implementing regulations, are mandatory for all MAPFRE AM directors, managers, and employees, who must be aware of and comply with the provisions thereof.

This Policy applies to all vehicles and portfolios managed by MAPFRE AM, except for any vehicles or customers who have exceptionally decided to withhold their engagement.

For the investee companies comprising the portfolios of the management company, the scope is understood to include all securities, integrating the aspects of this Policy in the investment decisions of the respective managers, and provides for monitoring of companies and the dialog established with them with respect to their financial and non-financial performance, including environmental, social, and governance (ESG) aspects.

## 2. Engagement Policy Principles

### 2.1. General principles of application

As a general principle, in its investment decisions, its dialog activities, and its voting at annual general meetings (AGMs), MAPFRE AM shall apply the spirit of the Principles for Responsible Investment (PRI), to which MAPFRE has been a signatory since 2017.

It shall also take into account the commitments and guidelines in relation to responsible investment set by its customers whose investments are managed by MAPFRE AM.

In particular, it shall follow the principles and objectives of the Net Zero Asset Owners Alliance (NZAOA), of which MAPFRE has been a member since 2023.

In addition, the management company takes into account the social and environmental aspects of investment management, as set out in MAPFRE's Integration of Sustainability Risks Policy and in the Responsible Investment Framework.

In general, it shall follow the main universal standards of responsible investment, sustainability, and corporate governance.

In the exercise of this engagement strategy, it is understood that not all companies and sectors of activity are the same, meaning that particularities in terms of business and how different risks are managed must be taken into account. Therefore, the focus will be on the material issues that each company must address, adapting the engagement strategy to the particularities of each one.

## 2.2. Specific guiding principles

Two of the fundamental principles that guide the management of investments by MAPFRE AM were taken into account in the drawing up of this Policy:

- I. Putting the interests of the shareholders/customers above any other considerations.
- II. The philosophy of creating long-term value. When it comes to investing, we choose companies that share the same approach.

The application of environmental, social, and corporate governance criteria is fundamental to the implementation of both principles. Thus, sustainable investment criteria are not only considered but are also a key part of the investment decision-making processes at MAPFRE AM.

With regard to the analysis of non-financial information, the management company works with internationally renowned suppliers, which provide it with indicators and metrics that enable it to identify the exposure and ESG risk factors of the companies in which it invests. It also provides information on companies' negative impacts on society and/or the environment. These indicators serve as a basis for integrating ESG into investment analyses and for identifying potential risks, which will be, inter alia, the factors that determine the course of engagement actions.

Likewise, MAPFRE AM shall periodically publish a statement on the principal adverse impacts (in terms of sustainability) of its investment portfolio. Therefore, within the framework of its Due Diligence Policy in relation to the Principal Adverse Impacts on sustainability factors, it will also focus the dialog on achieving a positive performance in the selected indicators. Finally, the dialog may focus not only on equities (ownership-vote), but also on corporate bonds, in cases where the importance of the issuer so requires.

## 3. Policy development and implementation

### 3.1 Monitoring of Investee Companies

In the pursuit of long-term value creation for its investors, MAPFRE AM considers that maintaining a relationship with the companies in which it invests is a highly important aspect of its investment process that allows it to defend the interests of its shareholders/customers. This relationship provides a source of information to detect the risks and opportunities that arise for the company and to take them into account in the corresponding investment decisions.

MAPFRE AM continuously monitors the assets in which it invests with a detailed analysis of both financial and extra-financial factors, including ESG among the latter. The management company monitors the companies in which it invests to verify that they create long-term value for their investors and that they act in the best interests of shareholders. This oversight not only involves the ongoing assessment of economic and financial aspects, but also includes the monitoring of certain sustainability elements and metrics.

This monitoring takes into account, among other things, information provided by ESG data providers as well as information published by the company, relevant facts, periodic information, or items on the agenda discussed at the AGM. In addition, consideration is given to MAPFRE AM's own knowledge of companies and the knowledge it acquires through active dialog with these companies or through other forms of relationships.

Among the measures and procedures it implements, the management company ensures that the exercise of voting rights, whenever the customer decides to do so, is in line with its objectives and with the agreed investment policy, whereby it manages any potential conflict of interest. In the event that this activity is delegated to the management company, the Policies and internal procedures of MAPFRE AM shall apply, always prioritizing the interest of shareholders/customers.

### 3.2 Exercising voting rights

In accordance with the provisions of the regulations applicable to CIIs, MAPFRE AM shall exercise all the rights inherent to the listed securities in which it has invested on behalf of the CIIs for the exclusive benefit of the shareholders, in particular the right to attend and vote at the AGMs. MAPFRE AM extends this criterion to all the customer portfolios it manages by proxy and whose customer has not decided to withhold the exercise of voting rights.

As a general rule, voting rights shall be exercised at all AGMs, unless there are reasons justifying the non-exercise of such rights. The right to vote shall be exercised on a consistent, uniform, and cross-cutting basis, without prejudice to the necessary flexibility and assessing exceptions on a case-by-case basis.

MAPFRE AM has a policy for exercising voting rights approved at the meeting of the Board of Directors of the management company, held on July 14, 2020, whose principles have been included as part of this Policy.

Voting rights shall be exercised remotely or physically at the AGM. Remote voting may be carried out in one of the following two ways:

1. Using the physical attendance card for the AGM that will be issued by the depository company. Once completed and signed by managers, including the voting direction decided in accordance with this Policy, the cards will be sent to the company. The company will be required to certify that the voting right has been exercised and to confirm the voting direction.
2. The company must use a service provider that enables the exercise of voting rights and the voting direction to be registered.

Active participation in the decisions adopted at the AGMs of the companies that form part of the investment portfolios takes place mainly through the exercise of voting rights at these meetings, an act which constitutes a fundamental pillar for MAPFRE AM when managing investments.

MAPFRE AM relies on the services of a specialized advisory firm that provides advice on voting at companies' AGMs. Doing so allows it to analyze the items to be discussed at the meeting while also incorporating a sustainability approach.

Without prejudice to the advice of the proxy advisor, it is the management company that ultimately makes the final voting decision.

### 3.3 Relationship with companies: dialog

To strengthen the good corporate governance of the companies in which it invests, improve their financial and extra-financial performance, and resolve potential disputes that may arise regarding

ESG aspects, MAPFRE AM shall promote constructive dialog through regular contact with companies.

Activities involving dialog are handled by members of the investment team. The information obtained from dialog with a company is integrated into the ESG analysis and valuation models of portfolio companies or potential portfolio companies. The selection and interpretation of these indicators may vary depending on the geographical, sector, or thematic exposure of the investment. The management company recognizes that the following aspects may call for a tailored approach, depending on the company (sector, geographic area, etc.).

With regard to the monitoring and assessment of the dialog process, objectives must be set to guide the successive exchange of information to promote companies' alignment with the most appropriate policies for managing sustainability risks and the principal adverse impacts. In the event that the dialog does not produce the desired results, the management company may agree on strategies to make the company aware of its sustainability risks (additional meetings with the management team, divestment of positions, inclusion in exclusion lists, etc.). The management company may also resort to external dialog service providers with extensive international experience, when and where appropriate. In addition, MAPFRE AM believes that its sustainability convictions will have a greater impact through collaboration with other financial market players and stakeholders. Therefore, it takes part in collective dialog initiatives, mainly through PRI (The PRI Collaboration Platform), of which MAPFRE is a signatory. Participation in these collaborative dialog initiatives fosters coordinated action by financial agents and a joining of forces to promote more effective measures.

Finally, as a result of the outcome of voting and dialog with the companies, a group of securities will be selected for further monitoring, through direct communications with the companies or indirectly through other shareholders or service providers, such as proxy advisors.

### 3.4 Cooperation with other investors, stakeholders, and proxy advisors

When developing its engagement activities, MAPFRE AM shall assess collaboration with other shareholders and/or stakeholders on a case-by-case basis. In particular, it shall participate in campaigns led by other institutional investors, activist shareholders, and specialized institutions (e.g., investor alliances) that are aligned with its interests. MAPFRE AM may delegate its participation in these initiatives to a third party, such as another shareholder or its voting advisor, when it decides it is more efficient and depending on the nature and method thereof. For the same reason of efficiency, it may exceptionally delegate its vote to another investor or proxy with precise instructions on how to act, as well as its involvement in engagement activities.

It shall also pay particular attention to the proposals presented by other shareholders at the AGMs, assessing how it plans to vote on proposals not announced by the board of directors of companies on the meeting's agenda. MAPFRE AM shall closely monitor voting instructions for such proposals, as well as for any proposals that arise during the course of the AGM.

As mentioned above, MAPFRE AM relies on the services of a specialized advisory firm that provides advice on voting at companies' AGMs and supports the management company in certain engagement processes.

### 3.5 Management of conflicts of interest in relation to engagement activities

When conducting its engagement activities, and especially when exercising voting rights, MAPFRE AM shall monitor any possible conflicts of interest, especially with MAPFRE Group companies. Several measures have been put in place to minimize these conflicts: firstly, investment in shares or other assets issued by any group company is prohibited; secondly, there are internal mechanisms to guarantee the management company's independence when exercising voting rights.

MAPFRE AM has a [Conflict of Interest Policy](#) which all its directors, managers, and employees must follow in the course of their activity. This Policy, published on its website ([www.mapfream.com/politicas](http://www.mapfream.com/politicas)), is important when it comes to managing any conflicts of interest that may arise in the exercise of voting rights at the companies in which MAPFRE AM has invested.

In order to avoid and/or properly manage these potential conflicts of interest, there are specific procedures in place that determine the actions of MAPFRE AM and the affected subjects and that govern the monitoring and reporting of conflicts of interest to senior management. The principles underpinning MAPFRE AM's Conflict of Interest Policy include the following (which are particularly relevant to the exercise of voting rights by investment managers):

- (i) Shareholders'/Customers' best interests shall always take precedence over those of the management company.
- (ii) If any conflict of interest cannot be adequately managed, the management company shall avoid the situation giving rise to it or shall inform the customer so that the appropriate decision may be taken.
- (iii) Voting rights are exercised exclusively in the interests of the CII and their shareholders or stakeholders. In the case of other types of customers, the management company shall fulfill the provisions of the contracts signed with them and, in any case, shall act in the customer's exclusive benefit.
- (iv) There is functional, hierarchical, and physical separation between the management company and other MAPFRE Group companies; there are barriers that prevent or otherwise control the exchange of information, and areas are separated so as to prevent the flow of privileged or non-public information between group companies.
- (v) MAPFRE AM has adopted measures to prevent or restrict the possibility of any party improperly influencing the manner in which portfolio management activities are performed by an affected subject.

### 3.6 Explanation for Non-Compliance

If MAPFRE AM decides not to comply with one or more of the requirements set out above, it shall publish a clear and reasoned explanation of the reasons for not doing so. Additionally, this must be reported in the annual report published by MAPFRE AM on how it has implemented this Policy.



## 4. Voting Policy

### 4.1. General principles

MAPFRE AM exercises its fiduciary duties responsibly, including when its managers exercise voting rights on all securities in its portfolios, which is the main instrument through which it engages with companies. The decision on how to vote shall be made by the manager of the corresponding security.

Participation in the AGM through voting shall be carried out in a manner consistent with the investment policy and objectives, as well as the general principles of transparency and good governance, after analyzing the Board's proposals on the agenda and any other proposals submitted by other shareholders. For this purpose, all publicly available information will be used. In addition, when analyzing the most important securities in the portfolios and CII, the recommendations of the voting advisor will be taken into account.

General guidelines are established for voting at the AGMs, without prejudice to the possibility of exceptions to the general policy on a case-by-case basis. Considering that the management teams of the companies in which MAPFRE AM invests seek to maximize the value of the company, confidence in the team is one of the primary factors in deciding to invest in a company. As a general rule, MAPFRE AM shall vote in favor of the decisions proposed by management at the AGM, with some exceptions.

MAPFRE AM shall pay special attention to the agenda item on non-financial reporting and diversity, where companies explain their performance on environmental, social, workforce, supplier, and community matters, as well as other stakeholder, ethical, and tax matters, among others.

The statement of non-financial information must be complete and provide a detailed breakdown of the metrics established for the various indicators (carbon footprint; Scope 1, 2, and 3 emissions; gender diversity; pay gap; supply chain; human rights; fiscal transparency). The report must be verified by an independent expert.

In specific cases, other proposals presented, such as sustainability or climate change action plans or others, shall be analyzed, depending on the company's objectives and the strategy of the fund or portfolio that includes the security in question. Likewise, the management company shall study proposals from other shareholders on ESG or other relevant aspects. It shall apply the specific investment principles of each fund or managed portfolio, specifically those with socially responsible investment, good corporate governance, or sustainability objectives.

For resolutions related to social and environmental aspects, an internal analysis shall be conducted in an effort to act in accordance with MAPFRE AM's sustainable and responsible investment policies and to protect the interest of shareholders/customers. MAPFRE AM pays special attention to voting on resolutions related to social and environmental aspects in products managed under sustainability criteria.

### 4.2. Implementation and monitoring of the Policy

The general and thematic principles that constitute MAPFRE AM's Voting Policy, which are a fundamental part of the Engagement Policy described in this document, shall be reviewed at least annually and adapted to regulatory changes or local and international practices.

They must also be reviewed following a vote, engagement activities between the managers and companies, and the response of the companies. On this basis, the following actions of the management company shall be defined with respect to its investments in terms of engagement, with the aim of establishing a constructive and continuous dialog with the companies in view of long-term strategy objectives.

## 5. Publication of the Policy

The management company has published its engagement policy on its website ([www.mapfre.com/policies](http://www.mapfre.com/policies)) in line with current regulations.

On an annual basis, MAPFRE AM shall publish on that website ([www.mapfre.com/informes-obligatorios](http://www.mapfre.com/informes-obligatorios)) information on how this Policy has been implemented, including, at minimum, a general description of its engagement activity, its exercise of voting rights and, if applicable, the use of the services of proxy advisors. Approval and Review of the Policy

This Policy shall be approved by the MAPFRE AM Board of Directors.

This Policy must be reviewed at least once a year by the Financial and Extra-Financial Risk Management Department and whenever situations that substantially change the nature or structure of the Policy occur.

If there is a substantial change to this Policy at any time, the Board of Directors shall be informed of this so that it may give its approval.

Regardless of whether or not substantial amendments are made, updates to this Policy shall be subject to ratification by the Board of Directors or the body to which this function has been delegated.

**VERSION CONTROL**

| VERSIONS | DATE          | ACTIVITY   | APPROVED BY        |
|----------|---------------|--|--------------------|
| V.0      | July 14, 2020 | Engagement Policy and Voting Rights  | Board of Directors |
| V.1      | July 04, 2023 | General update, restructuring the document.<br><br>The supervisor of the Policy has been modified. | Board of Directors |