

# Statement of Principal Adverse Impacts of investment decisions on sustainability factors.

**MAPFRE AM**

MAPFRE ASSET MANAGEMENT

June 2024

## 1. Summary

MAPFRE Asset Management (959800U4W3EMFD0C3R46) ("MAPFRE AM" or the "Management Company") considers the principal adverse events ("PAI") of its investment decisions on sustainability factors as part of its investment due diligence process and procedures.

This statement is MAPFRE Asset Management's consolidated on the main adverse impact sustainability factors. The publication of this statement refers to the reporting period from January 1, 2023 to December 31, 2023.

In accordance with regulatory requirements and the methodology for the measurement and management of Principal Adverse Events developed by MAPFRE AM, this report has been prepared, to the extent possible, according to the guidelines set out in Annex I of the Delegated Regulation (EU) 2022/1288 (the Regulatory Technical Standards, hereinafter "RTS"). The 18 mandatory indicators of adverse sustainability impacts set out in Table 1 of the RTS, on ESG disclosure, have been taken into account. Additionally, two optional indicators have been identified, one of them related to environmental aspects in Table 2 of Annex I, and the other related to social factors in Table 3 of Annex I.

In 2023, MAPFRE AM has identified these adverse events at the Entity level for all the products it manages as part of its own business or by delegation (investment funds, pension funds, EPSVs and the discretionary management portfolios of third parties and the MAPFRE Group).

Given that MAPFRE AM is part of the MAPFRE Group, and that it manages most of the investments on the insurer's balance sheet, both the responsible investment framework and the Group's environmental and social commitments are shared by MAPFRE AM. The selection of the optional environmental indicator (Delegated Regulation 2022/1288 Annex I Table 2 PAI 4) was based, among others, on the priorities defined in the MAPFRE Group's Sustainability Plan, on the policies and frameworks emanating from it and on the environmental commitments.

MAPFRE is a member of the Net Zero Asset Owner Alliance initiative, which aims to achieve zero net greenhouse gas emissions by 2050. Intermediate targets have been set in 2024 in relation to reducing emissions from the investment portfolio, boosting engagement activities and contributing through investment that promotes the transition to a low-carbon economy (<https://www.unepfi.org/net-zero-alliance/resources/member-targets/>). Therefore, a priority for MAPFRE AM is the fight against climate change, for which environmental factors have been prioritized and environmental policies and commitments have been defined at Group and Management Company level aimed at achieving them.

MAPFRE AM has identified and monitored the performance of those issuers that generate a greater impact in terms of Greenhouse Gas Emissions (GHG) and Carbon Footprint and is working on the definition of an engagement action plan to reduce this impact.

In addition, in relation to social aspects, and in particular the inclusion of people with disabilities, these are part of MAPFRE's priorities. For this reason, a fund focused on the inclusion of people with disabilities was launched by MAPFRE AM in 2019.

Respect for human rights is inspired by the international declarations and standards included in the Group's Human Rights policy, thus demonstrating the will to contribute to the non-violation of the guiding principles on business and human rights of the United Nations. The selection of the optional social indicator (Delegated Regulation 2022/1288 Annex I Table 3 PAI 14) was aimed at identifying adverse incidents in this regard.

MAPFRE AM carry out a periodic evaluation and monitoring of the main adverse impacts on sustainability factors, defining the necessary mitigation measures. These measures may consist of non-investment, divestment, or the implementation of relevant engagement actions with companies.

To analyse it, the Management Company relies on data provided by MSCI ESG, as an external ESG data provider. In addition, the coverage and quality of the data is evaluated, which helps to determine the representativeness of the indicator and the actions to be implemented.

During 2023, MAPFRE AM has worked on identifying those issuers that have had a negative impact on each PASI indicator. Based on the results of this exercise, the entity will be able to establish engagement actions to reduce their adverse impacts.

The following section will show the results for each of the PASI at Entity level.

## 2. Description of the principal adverse impacts on sustainability

Principal adverse impacts should be understood as those relevant or potentially relevant negative effects on sustainability factors caused by investment decisions.

A process has been developed to identify and periodically track principal adverse impacts directly linked to the investment decision-making process. Relevant sustainability factors can be identified in a specific area, industry, sector or company.

The MAPFRE Group and MAPFRE AM's commitment in the fight against climate change and the contribution to a fairer and more equal society, has prioritized certain environmental and social factors, and, therefore, environmental and social policies and commitments have been defined at Group and Management Company level. In addition, among the social aspects, the inclusion of people with disabilities is one of the Group's priorities.

In general, the Asset Management Company and MAPFRE strive to develop measures and controls that comply with regulations.

Indicators such as the carbon footprint, the exposure of our portfolios to fossil fuels, compliance with the United Nations principles for the respect of human rights or accessibility to jobs are analyzed, among others, as part of the commitments acquired, and commented above. In order to take these indicators and criteria into account in decision-making process, they are continuously reviewed to ensure compliance with new regulatory requirements.

As issuers and companies in which MAPFRE AM invests provide enhanced and additional information, such information will be incorporated into the decision-making process. MAPFRE AM's objective, as a long-term investor, is to develop engagement activities (voting and dialogue) that support specific policies

purposes. These activities are key to detecting potential adverse impacts, learning how companies manage those impacts, and establishing processes for companies to take improvement actions.

The results obtained in each PASI at Entity level, the definition of the indicator, the impact, the data coverage (reported by the company and estimated by MSCI according to its methodologies) as well as an Action Plan, where the planned measures, defined objectives and relevant comments on each of them are identified, will be presented below.

MAPFRE AM shows the average value for each PASI indicators considering the whole of MAPFRE AM's investments for all the products it manages as part of its own business or by delegation (mutual funds, pension funds, EPSVs and the discretionary management portfolios of third parties and the MAPFRE Group), including fixed income and corporate equities, as well as public debt, and includes both direct and indirect investment through third-party vehicles.

MSCI ESG was the data source used, both for direct investment, through corporate issuers and sovereigns, as well as for indirect investment through funds.

Currently, in relation to MAPFRE Group and MAPFRE AM's priorities and goals, as explained in the previous section, the most relevant PASI have been identified and the actions to be taken based on the commitments has been adopted. In addition, coverage and quality of the available data by indicator has been considered, ruling out any action on those indicators that are not very representative, because an active management is not possible. All this is explained in the following table in the "Actions taken" section.

The two optional indicators selected, PAI 4 (Table 2 RTS) and PAI 14 (Table 3 RTS) are based on the criteria previously explained, on the one hand, Management Company's commitment and goals; and on the other, data coverage.

**Indicators applicable to investments in investees**

Sustainability indicator in relation to adverse impacts		Metric	Impact 2023	Impact 2022	Explanation	Actions taken
<b>INDICATORS RELATED TO CLIMATE CHANGE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>						
<b>GHG Emissions</b>	<b>1. GHG Emissions (tCO<sub>2</sub>e)</b>	Scope 1 GHG emissions	458.363,46	468.898,17	Sum of portfolio companies' Carbon Emissions - Scope 1 (tCO <sub>2</sub> e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash.	Action linked to PAI 2. Carbon Footprint
		<i>Indicator coverage: 79,52%</i> <i>Reported: 76,98% Estimated: 2,54%</i>				
		Scope 2 GHG emissions	112.124,52	109.565,56	Sum of portfolio companies' Carbon Emissions - Scope 2 (tCO <sub>2</sub> e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash	Action linked to PAI 2. Carbon Footprint
<i>Indicator coverage: 79,52%</i> <i>Reported: 75,91% Estimated: 3,61%</i>						
		Scope 3 GHG emissions	3.717.906,53	3.733.811,08	Sum of portfolio companies' Scope 3 - Total Emission Estimated (tCO <sub>2</sub> e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash.	The indicator is calculated assuming a relevant percentage of estimation, since, up to now, most of the companies are not making Scope 3 public. So, no actions will be taken.
<i>Indicator coverage: 79,06%</i> <i>Reported: 0,00% Estimated: 79,06%</i>						

	Total GHG emissions	4.294.768,08	4.312.385,04	<p>The total annual Scope 1, Scope 2, and estimated Scope 3 GHG emissions associated with the market value of the portfolio. Companies' carbon emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).</p> <p><i>Indicator coverage: 79,04%</i> <i>Reported: 0,00% Estimated: 79,04%</i></p>	<p>The evolution of the indicator will be analysed, since Scope 3, which contributes the most, is largely estimated. Action linked to PAI 2. carbon footprint.</p>
<p><b>2. Carbon Footprint</b> (tCO<sub>2</sub>e/Millones EUR EVIC)</p>	Carbon Footprint	348,99	405,03	<p>The total annual Scope 1, Scope 2, and estimated Scope 3 GHG emissions associated with 1 million EUR invested in the portfolio. Companies' carbon emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).</p> <p><i>Indicator coverage: 79,04%</i> <i>Reported: 0,00% Estimated: 79,04%</i></p>	<p>MAPFRE has joined to the NZAOA in 2023 and has set intermediate targets to reduce the carbon footprint (scope 1 + scope 2) by 43% by 2030 (2022 baseline) of MAPFRE's balance sheet investment portfolio, mostly managed by MAPFRE AM. This target is focused on the corporate fixed income and listed equities segment. Appropriate actions are being taken to reduce the carbon footprint and are also aligned with the targets set in MAPFRE's Sustainability Plan for the investment area. Our intention is gradually increased the scope also to investment funds and pension funds to cover 100% of AUM managed by MAPFRE AM. This is supported by the engagement activity (voting and dialogue) as well as the Environmental Commitments undertaken by MAPFRE AM.</p>

<p><b>3. GHG intensity of investee company</b> (tCO<sub>2</sub>e/Millones EUR ventas)</p>	<p>GHG Intensity of investee companies</p>	<p>787,10</p>	<p>821,68</p>	<p>The portfolio's weighted average of its holding issuers' GHG Intensity (Scope 1, Scope 2 and estimated Scope 3 GHG emissions/EUR million revenue).</p>	<p>The indicator will be monitored, focused on Scope 1 and Scope 2 (reported by companies), so that it helps in decision-making process. It allows to reduce the intensity of the portfolio and to be aligned with the intermediate decarbonization target of the NZAOA. The most intensive companies (Scope 1+2) managed by MAPFRE AM will be identified, and they will be monitored through the engagement mechanisms defined at Management Company level.</p>
				<p><i>Indicator coverage: 94,72%</i> <i>Reported: 0,00% Estimated: 94,72%</i></p>	
<p><b>4. Exposure to companies active in the fossil fuel sector</b> (%)</p>	<p>Share of investments in companies active in the fossil fuel sector</p>	<p>7,73%</p>	<p>9,07%</p>	<p>The percentage of the portfolio's market value exposed to issuers with active fossil fuels related activities, including petroleum, natural gas, and thermal and metallurgical coal.</p>	<p>MAPFRE AM, aligned with MAPFRE Group, has defined environmental commitments to reduce investment in fossil fuels. <a href="https://www.mapfre.com/media/MAPFRE-ENVIRONMENTAL-COMMITMENTS-IN-INVESTMENT-AND-UNDERWRITING.pdf">https://www.mapfre.com/media/MAPFRE-ENVIRONMENTAL-COMMITMENTS-IN-INVESTMENT-AND-UNDERWRITING.pdf</a> In the event of exposure through an issuer, the situation will be assess by the appropriate governing body, and it will be decided whether it is appropriate to begin an engagement process with the company/companies or disinvest. According to MAPFRE's commitments and the thresholds defined in its policy, the percentage of exposure to fossil fuels is 0.25% (vs. 0.40% in the PASI 2022 report). The data reported this year is aligned with MSCI methodology, and shows the % of companies related to fossil fuels. The 2022 and 2023 data is using the same calculation methodology for comparability.</p>
				<p><i>Indicator coverage: 94,07%</i> <i>Reported: 94,07% Estimated: 0,00%</i></p>	
<p><b>5. Share of non-renewable energy consumption and production</b> (%)</p>	<p>Share of non-renewable energy consumption and production</p>	<p>58,55%</p>	<p>62,00%</p>	<p>The portfolio's weighted average of issuers' energy consumption and/or production from non-renewable sources as a percentage of total energy used and/or generated.</p>	<p>The indicator will be monitored in order to help in investment decision making. Although in our portfolio the coverage percentage is around 60%, the % coverage of this indicator over a total of 10,000 companies is 36.5% (MSCI study), still too low to implement action plans on it.</p>
				<p><i>Indicator coverage: 62,40%</i> <i>Reported: 62,40% Estimated: 0,00%</i></p>	

**6. Energy consumption intensity per high impact climate sector**(GWh / Millones de EUR ingresos)

NACE Code A (Agriculture, Forestry and Fishing)	0,39	0,06
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The portfolio's weighted average of Energy Consumption Intensity (GWh/million EUR revenue) for issuers classified within NACE Code A (Agriculture, Forestry and Fishing)

*Indicator coverage: 82,12%  
Reported: 82,12% Estimated: 0,00%*

NACE Code B (Mining and Quarrying)	1,21	1,91
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The portfolio's weighted average of Energy Consumption Intensity (GWh/million EUR revenue) for issuers classified within NACE Code B (Mining and Quarrying)

*Indicator coverage: 82,12%  
Reported: 82,12% Estimated: 0,00%*

NACE Code C (Manufacturing)	0,84	0,64
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The portfolio's weighted average of Energy Consumption Intensity (GWh/million EUR revenue) for issuers classified within NACE Code C (Manufacturing)

*Indicator coverage: 82,12%  
Reported: 82,12% Estimated: 0,00%*

NACE Code D (Electricity, Gas, Steam and Air Conditioning Supply)	1,31	2,73
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The portfolio's weighted average of Energy Consumption Intensity (GWh/million EUR revenue) for issuers classified within NACE Code D (Electricity, Gas, Steam and Air Conditioning Supply)

*Indicator coverage: 82,12%  
Reported: 82,12% Estimated: 0,00%*

A low investment in the high impact climate sectors detailed in this section will be maintained, which will contribute positively to the energy consumption of MAPFRE's investment portfolio. MAPFRE AM carried out an exercise to identify the weight in the investment portfolio of the CPRS (Climate Policy Relevant Sectors) based on EIOPA's NACE methodology.

NACE Code E (Water Supply; Sewerage, Waste Management and Remediation Activities)	1,81	2,25	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code E (Water Supply; Sewerage, Waste Management and Remediation Activities)
			<i>Indicator coverage: 82,12%</i> <i>Reported: 82,12% Estimated: 0,00%</i>
NACE Code F (Construction)	0,17	0,30	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code F (Construction)
			<i>Indicator coverage: 82,12%</i> <i>Reported: 82,12% Estimated: 0,00%</i>
NACE Code G (Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles)	0,15	0,14	The fund's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code G (Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles)
			<i>Indicator coverage: 82,12%</i> <i>Reported: 82,12% Estimated: 0,00%</i>
NACE Code H (Transportation and Storage)	1,15	1,24	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code H (Transportation and Storage)
			<i>Indicator coverage: 82,12%</i> <i>Reported: 82,12% Estimated: 0,00%</i>

		<p>NACE Code L (Real Estate Activities)</p>	<p>0,41</p>	<p>0,25</p>	<p>The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code L (Real Estate Activities)</p> <p><i>Indicator coverage: 82,12%</i> <i>Reported: 82,12% Estimated: 0,00%</i></p> <p>A low investment in the high impact climate sectors detailed in this section will be maintained, which will contribute positively to the energy consumption of MAPFRE's investment portfolio. MAPFRE AM carried out an exercise to identify the weight in the investment portfolio of the CPRS (Climate Policy Relevant Sectors) based on EIOPA's NACE methodology. Direct investment in real estate is not incorporated.</p>
<p><b>Biodiversity</b></p>	<p><b>7. Activities negatively affecting biodiversity-sensitive areas (%)</b></p>	<p>Share of investments in investee companies with sites/operations located in or near to biodiversity sensitive areas where activities of those investee companies negatively affect those areas</p>	<p>8,08%</p>	<p>0,14%</p>	<p>The percentage of the portfolio's market value exposed to issuers' that reported having operations in or near biodiversity sensitive areas and have been implicated in controversies with severe or very severe impacts on the environment</p> <p><i>Indicator coverage: 94,23%</i> <i>Reported: 0,00% Estimated: 94,23%</i></p> <p>An update has been performed including 1) whether a company has operating sites that are owned, leased, managed or adjacent to protected areas and areas of high biodiversity value outside of protected areas, as reported by the company, and 2) whether a company has been involved in very serious and severe controversies related to a company's use or management of natural resources, as estimated based on the MSCI ESG Controversies methodology. At MAPFRE there is no clear focus on biodiversity, however, we will not exceed 25% over the total investment in activities that adversely affect sensitive areas in terms of biodiversity.</p>

<b>Water</b>	<p><b>8. Emissions to water</b> (Toneladas de emisiones de agua / Millón de EUR invertido)</p>	<p>Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average</p>	0,32	0,00	<p>The total annual wastewater discharged (metric tons reported) into surface waters as a result of industrial or manufacturing activities associated with 1 million EUR invested in the portfolio. Companies' water emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).</p>	<p>The evolution of the indicator will be monitored. However, no concrete actions have been established due to the low representativeness of the data. It has been observed that a small number of companies report this information (0.3% according to the MSCI study out of a universe of 10,000 companies).</p>
					<p><i>Indicator coverage: 0,55% Reported: 0,55% Estimated: 0,00%</i></p>	
<b>Waste</b>	<p><b>9. Hazardous waste ratio</b>(Toneladas de residuos peligrosos y radiactivos / Millón de EUR invertido)</p>	<p>Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average</p>	4,76	7,65	<p>The total annual hazardous waste (metric tons reported) associated with 1 million EUR invested in the portfolio. Companies' hazardous waste is apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).</p>	<p>The evolution of the indicator will be monitored. However, no concrete actions have been established since the data is still not very representative. A small number of companies report this information (18% according to the MSCI study out of a universe of 10,000 companies).</p>
					<p><i>Indicator coverage: 35,13% Reported: 35,13% Estimated: 0,00%</i></p>	

Sustainability indicator in relation to adverse impacts	Metric	Impact 2023	Impact 2022	Explanation	Actions taken	
<b>INDICATORS ON SOCIAL AND LABOUR ISSUES, RESPECT FOR HUMAN RIGHTS AND THE FIGHT TO COMBAT CORRUPTION AND BRIBERY</b>						
	<b>10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (%)</b>	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0,01%	0,99%	The percentage of the portfolio's market value exposed to issuers with very severe controversies related to the company's operations and/or products.	If the 5% threshold is exceeded, the situation will be evaluated by the appropriate governing body, and a decision will be made whether to (1) adjust the portfolio or (2) begin an engagement process with the company/companies.
				<i>Indicator coverage: 95,21% Reported: 0,00% Estimated: 95,21%</i>		
<b>Social and labour issues</b>	<b>11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises(%)</b>	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0,52%	28,16%	The percentage of the portfolio's market value exposed to issuers that are not signatories in the UN Global Compact.	The objective and actions will be focus on PAI 10. However, this indicator will be tracked.
				<i>Indicator coverage: 91,63% Reported: 91,63% Estimated: 0,00%</i>		

<p><b>12. Unadjusted gender pay gap (%)</b></p>	<p>Average unadjusted gender pay gap of investee companies</p>	<p>14,10%</p>	<p>15,46%</p>	<p>The portfolio holdings' weighted average of the difference between the average gross hourly earnings of male and female employees, as a percentage of male gross earnings.</p>	<p>The evolution of the indicator will be monitored. However, no concrete actions have been established since the data is still not very representative. A small number of companies report this information (7% according to the MSCI study out of a universe of 10,000 companies).</p>
<p><i>Indicator coverage: 40,55%</i> <i>Reported: 40,55% Estimated: 0,00%</i></p>					
<p><b>13. Board gender diversity (%)</b></p>	<p>Average ratio of female to male board members in investee companies, expressed as a percentage of all board members</p>	<p>39,85%</p>	<p>38,54%</p>	<p>The portfolio holdings' weighted average of the ratio of female to male board members.</p>	<p>The indicator will be monitored in order to help in the investment decision making process. If the average ratio falls below 30%, the situation will be evaluated by the appropriate governing body, and a decision will be made whether (1) to adjust the portfolio or (2) to begin an engagement process with the company/ies.</p>
<p><i>Indicator coverage: 87,08%</i> <i>Reported: 87,08% Estimated: 0,00%</i></p>					
<p><b>14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)(%)</b></p>	<p>Share of investments in investee companies involved in the manufacture or selling of controversial weapons</p>	<p>0,01%</p>	<p>0,03%</p>	<p>The percentage of the portfolio's market value exposed to issuers with an industry tie to landmines, cluster munitions, chemical weapons or biological weapons. Note: Industry ties includes ownership, manufacturing and investments. Ties to landmines do not include related safety products.</p>	<p>The indicator will be monitored in order to help in investment decision making process. In the event of exceeding 1%, the situation will be evaluated by the appropriate governing body, and a decision will be made whether to (1) adjust the portfolio or (2) begin an engagement process with the company/ies.</p>
<p><i>Indicator coverage: 95,09%</i> <i>Reported: 95,09% Estimated: 0,00%</i></p>					

**Indicators applicable to investments in sovereign and supranational entities**

Sustainability indicator in relation to adverse impacts		Metric	Impact 2023	Impact 2022	Explanation	Actions taken
<b>Environmental</b>	<b>15. GHG Intensity</b> (Tco2 / Mil millones PIB)	GHG intensity of investee countries	234,66	249,00	The portfolio's weighted average of sovereign issuers' GHG Emissions Intensity (Scope 1, 2 and 3 emissions/EUR M GDP)	The indicator (Scope 1+ Scope 2) will be monitored to assist in investment decision making, but no specific action plans will be set for this year beyond setting a carbon footprint reduction path (scope 1+2) for the corporate fixed income and listed equity portfolio, aligned with the NZAOA's commitments. The transition to a sustainable and decarbonized economy model is one of the greatest global challenges. This transition process is a source of risks and opportunities for governments. To manage this PAI, MAPFRE AM integrates variables such as the ESG score of government, among other, into its investment decision-making processes based on an internal methodology and/or data from leading international ESG providers.
					<i>Indicator coverage: 95,46%</i> <i>Reported: 95,46% Estimated: 0,00%</i>	
<b>Social</b>	<b>16. Investee countries subject to social violations</b> (% y N <sup>o</sup> )	Number of investee countries subject to social violations (absolute number), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	5	1	The portfolio's number of unique sovereign issuers with European External Action Service (EEAS) restrictive measures (sanctions) on imports and exports	The indicator will be tracked in a way that will assist in Investment decision making. MAPFRE AM will be focused on the relative metric, explained below. For this indicator in this statement, the result obtained (5) corresponds exclusively to indirect positions.
					<i>Indicator coverage: 95,46%</i> <i>Reported: 0,00% Estimated: 95,46%</i>	

Number of investee countries subject to social violations (relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law

5,62%

0,78%

The portfolio's percentage of unique sovereign issuers with European External Action Service (EEAS) restrictive measures (sanctions) on imports and exports

The indicator will be monitored and if the threshold of 1% in direct investment is exceeded, the situation will be evaluated and a decision will be made by the appropriate governing body whether to (1) adjust the portfolio or (2) begin an engagement process with the company/ies. For this indicator in this statement, the result corresponds exclusively to indirect positions.

*Indicator coverage: 95,46%  
Reported: 0,00% Estimated: 95,46%*

**Indicators which apply to investments in property assets**

Sustainability indicator in relation to adverse impacts		Metric	Impact 2023	Impact 2022	Explanation	Actions taken
Fossil Fuels	<b>17. Exposure to fossil fuels through real estate assets</b>	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	N/A	N/A	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	Not applicable.
Energy efficiency	<b>18. Exposure to energy-inefficient real estate assets</b>	Share of investments in energy-inefficient real estate assets	N/A	N/A	Share of investments in energy-inefficient real estate assets	Not applicable.

Other indicators of the main adverse impacts on the sustainability factors

**Indicators applicable to investments in investees**

Sustainability indicator in relation to adverse impacts	Metric	Impact 2023	Impact 2022	Explanation	Actions taken	
<b>INDICATORS RELATED TO CLIMATE CHANGE AND OTHER ADDITIONAL ENVIRONMENT-RELATED INDICATORS</b>						
<b>Emissions</b>	<b>4. Investments in companies without carbon emission reduction initiatives (%)</b>	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	1,50%	4,20%	The percentage of the portfolio's market value exposed to issuers without a carbon emissions reduction target aligned with the Paris Agreement	<p>MAPFRE AM, aligned with the MAPFRE Group, has defined environmental commitments to reduce investment in companies that are not committed to an energy transition plan that allows global warming to be kept to around 1.5°C.</p> <p><a href="https://www.mapfre.com/media/MAPFRE-ENVIRONMENTAL-COMMITMENTS-IN-INVESTMENT-AND-UNDERWRITING.pdf">https://www.mapfre.com/media/MAPFRE-ENVIRONMENTAL-COMMITMENTS-IN-INVESTMENT-AND-UNDERWRITING.pdf</a></p> <p>In case of exposure through any issuer, the situation will be evaluated in the appropriate governance body, and it will be decided whether it is appropriate to start an engagement process with the company/ies or to proceed with its re-engagement.</p> <p>This indicator complements the management of the other PAI indicators related to climate change and is supported by the rest of the environmental commitments assumed at group and management entity level.</p>
<p><i>Indicator coverage: 92,96%</i>  <i>Reported: 0,00% Estimated: 92,96%</i></p>						

**ADDITIONAL INDICATORS ON SOCIAL AND LABOUR ISSUES, RESPECT FOR HUMAN RIGHTS, AND THE FIGHT TO COMBAT CORRUPTION AND BRIBERY**

<b>Human Rights</b>	<b>14. Number of identified cases of severe human rights issues and incidents<sup>(Nº)</sup></b>	<b>Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis</b>	0,00	0,00	The total number of severe and very severe human rights concerns controversies associated with EUR 1 million invested in the portfolio. It is calculated as the weighted average of Number of Severe and Very Severe Human Rights Concerns Controversies per company divided by the company's most recently available enterprise value including cash (EVIC).	The Management Company intends not to invest in companies involved in very severe controversies (red flag by MSCI). In case of a very severe controversy, the investment team will be informed in order to (1) disinvest or, (2) if necessary, the relevant governing body will review the situation and will take a decision (engagement process or adjust the portfolio).
<p><i>Indicator coverage: 79,79%</i>  <i>Reported: 0,00% Estimated: 79,79%</i></p>						

### 3. Description of policies to identify and prioritise the impact of Principal Adverse Impacts on Sustainability.

A periodically process has been developed to identify and monitor the main adverse impacts directly linked to the investment decision-making process. The results of the indicators mentioned in the previous section are tracked and monitored in order to detect, mitigate and explain the main adverse impacts on sustainability.

These indicators make it possible to evaluate which companies are causing an adverse impact, so each one can be analysed and, if necessary, appropriate actions can be taken. For this purpose, it is relevant to take into account (1) the exposure to that issuer or (2) whether it is one of the indicators on which a clear line of action has been defined, focused mainly on the reduction of emissions, exposure to companies active in the fossil fuel sector or the violation of certain international standards in relation to respect for human rights or accessibility to jobs.

The MAPFRE Group and MAPFRE AM's commitment in the fight against climate change and the contribution to a fairer and more equal society, has prioritized certain environmental and social factors, and, therefore, environmental and social policies and commitments have been defined at Group and Management Company level, which are the main point around the actions regarding the main adverse impacts have been taken.

In this context, MAPFRE AM is aware that certain investment activities may cause adverse impacts on sustainability, and seeks to minimize them, whenever possible, through the strategies for integrating environmental, social and governance (ESG) factors contained in [MAPFRE AM's policies available on the website](#) and in the corresponding internal procedures.

In the investment analysis and management processes, MAPFRE AM takes into consideration own policies and frameworks or adopts others from MAPFRE Group. These policies constitute a control framework trying to avoid, anticipate or mitigate events that may result in adverse sustainability incidents:

- [MAPFRE Group Responsible Investment Framework](#) (October-2023)
- [Environmental Commitments for the Investment Area](#)
- [MAPFRE AM Sustainability Risk Integration Policy](#) (December-2023)
- [MAPFRE AM Engagement Policy](#) (July-2023)
- [MAPFRE AM Voting Policy](#) (July-2020)
- [Due Diligence Policy for Principal Adverse Incidents](#) (Jun-2021)

MAPFRE AM's objective, as a long-term investor, is to develop engagement activities (voting and dialogue) that support the specific policies' purposes, being key to detect possible adverse impacts, to know how companies manage such impacts and to establish processes so that companies can take improvement measures.

MAPFRE AM has Engagement and Integration of Sustainability Risks policies, to detect and prioritize PASI on sustainability factors. Each of the policies identify how responsibilities are assigned in the implementation within strategy and procedures.

Additionally, as a measure to reinforce this monitoring of PASI, the Management Company has established an engagement working group where, among others, the identification of Principal adverse incidents is one of the factors that could trigger the initiation of a dialogue activity (individual, collective or through suppliers and/or third parties). In addition, as mentioned above, the identification of adverse impacts could follow with disinvestment of a position, not increasing the exposure or keep under observation, among others, initiating possible actions of engagement in case they are deemed necessary.

All the policies, detailed in this report are kept permanently updated. They are reviewed periodically (at least annually or more frequently if deemed appropriate) and are submitted for approval by the governing bodies.

Regarding the representativeness of the data, as mentioned above, in some indicators, the lack of coverage or the quality does not allow for active management of certain adverse incidents that may occur. MAPFRE AM will work, as far as possible, trying to improve the coverage and quality of the data, in order to obtain greater reliability for the following years.

There are PASI that, due to the low coverage, it has been decided not to adopt specific measures on them. To this end, a minimum coverage percentage of 80% has been established in order to minimize the margin of error.

While issuers and companies in which MAPFRE AM invests provide enhanced and additional information, these will be incorporated into the decision-making process.

In order to cover the obligation to select two additional indicators, one of a social nature and another environmental indicator from the list of additional indicators included in Table 2 and Table 3 of Annex I of the RTS, MAPFRE AM has conducted an analysis of all the additional indicators, taking into consideration the following aspects, as mentioned in previous sections:

- ✓ The importance of the optional indicators in accordance with the commitment and objective of both the Management Company and the MAPFRE Group.
- ✓ Availability and coverage of PAI by the data provider.

The two optional indicators chosen were as follows:

- PAI 4- Investments in companies without carbon emissions reduction initiatives (Environmental): In line with the sustainability strategy of the Group, of which MAPFRE AM is part of.

In accordance with the Sustainability Risk Integration Policy, MAPFRE AM will not invest in coal, gas and oil companies that are not committed to an energy transition plan. In addition to this general restriction, MAPFRE AM is committed to: (1) not investing in companies in which 20% or more of their

revenues and/or generation come from energy produced from coal; (2) not investing in companies with energy expansion plans of more than 300 (MW) based on coal; (3) not investing in companies that derive 20% or more of their revenues from the extraction and/or annual production of thermal coal in excess of 20 million tons; (4) not investing in companies in which more than 15% of their revenues are directly or indirectly linked to oil sands activity.

- PAI 14- Number of detected cases of serious human rights problems and incidents (Social): Aligned with the MAPFRE Group's responsible investment framework and MAPFRE AM's integration policy.

In addition, both indicators have a wide coverage so we consider that they can be representative and allow us to identify and manage adverse incidents.

MSCI ESG was the data source used, both for direct investment, through corporate issuers and sovereigns, as well as for indirect investment through funds.

## 4. Engagement policies

MAPFRE AM considers effective and sustainable shareholder engagement as one of the cornerstones of the corporate governance model to ensure long-term sustainable performance, whereby increased engagement is a tool to improve financial and non-financial performance.

MAPFRE AM has developed and published a long-term shareholder engagement policy that explains how it conducts its voting and dialogue activities, and how these are integrated into the investment decisions.

As mentioned previously, the Engagement Policy applies to all vehicles and portfolios managed by the Management Company, except for those that, exceptionally, have decided to keep the exercise of voting rights and to carry out engagement activities themselves.

MAPFRE AM, in accordance with the commitments of the MAPFRE Group (MAPFRE) and the Management Company, takes into account socially responsible investment criteria in the investment management based on the principles of sustainable and transparency, as well as the main adverse incidents identified. The consideration of ESG (Environmental, Social and Governance) criteria and their integration into investment management can have a favorable effect on the long-term financial performance and contribute to greater economic and social progress.

Through dialogue with companies, MAPFRE AM aims to understand the business models, risks and opportunities of companies and promote change to improve strategy, management and ESG data, particularly in material aspects of each company. In this way, adverse impacts can be identified and mitigated. MAPFRE AM also collaborates with other actors (members of the financial markets, associations, regulators, etc.) to promote socially responsible investment.

During 2023 an Engagement Working Group has begun to coordinate all activities at the Management Company level, and for the time being, priorities have been established in the dialogue with companies focused on the MAPFRE Group and MAPFRE AM environmental commitments.

In addition, MAPFRE AM exercises its voting rights at general shareholders' meetings. The voting policy establishes the general rules to be considered in the voting process at annual general meetings (AGM). It is aligned with the Asset Management Company and the Group's vision in terms of socially responsible investment and governance aspects, aiming to influence corporate policies to improve the deficiencies detected in ESG matters.

MAPFRE AM relies on the services of a specialized advisory firm that provides recommendations on voting at the companies' AGMs. It facilitates the analysis of the points to be discussed at the meeting, also incorporating a sustainability approach. However, without prejudice to the advice of the proxy advisor, the Management Company will ultimately determine the final voting decision.

Therefore, MAPFRE AM will exercise its voting rights considering environmental, social and governance issues and will act in the exclusive best interest of its clients.

The identification of adverse incidents in the issuer will be one of the key points that may trigger the initiation of dialogue with the companies.

When conducting the process of actively approaching companies: (1) set the objectives of the dialogues, and circumstances under which an escalation strategy will be implemented; (2) draw up an inventory of issues; (3) establish guidelines for the governance of the engagement process (determine relevant contact persons in the company, contact relevant persons to explain the objective pursued, ensure that all issues included in the inventory are addressed in the meetings, and collect company responses in order to conduct an analysis against the objective pursued for follow-up and internal evaluation; (4) Dialogue objectives can be redefined and adjusted throughout the process, if necessary.

In the event that the dialogue does not produce the desired results, the Management Company may agree on strategies to make the company aware of its sustainability risks (holding additional meetings with the management team, divestment of positions, inclusion in exclusion lists, etc.). MAPFRE AM may also appeal to external dialogue services with extensive international experience, in the cases and matters they deem appropriate.

In addition, potential conflicts of interest will be evaluated. MAPFRE AM has a Policy that constitutes a general framework for the management of potential conflicts of interest, as well as a regulation that develops it, in order to ensure, among others, the interests of clients.

The Engagement and Voting policies are available on the Management Company's website (<https://www.mapfream.com/en/policies/>).

These policies are kept constantly updated. They are reviewed periodically (at least annually or more frequently if deemed appropriate) and are submitted for approval by the governing bodies.

## 5. Referens to international standards

Given that most of the investments managed by MAPFRE AM belong to the MAPFRE group, the initiatives and commitments acquired by the Group are part of the commitments acquired by the Management Company. And thus, MAPFRE AM's policies and procedures are based on the Group's Responsible Investment Framework.

MAPFRE has been a signatory to the UNPRI Principles for Responsible Investment (PRI) since 2017 and has been member of the Net Zero Asset Owner Alliance (NZAOA) since January 2023.

Details of voluntary adherence to the main international and local benchmark initiatives ([Internacional commitments](#)), in which MAPFRE actively participates, are provided below.

### Related to environmental issues

The matters and commitments contained in these statements are related to some of the PASI indicators applicable to environmental matters (indicators 1, 2, 3, 4, 6 and 15 of Table 1; as well as indicator 4 of Table 2 of Annex I of the RTS).

MAPFRE AM supports the achievement of the objectives of the:

- Paris Agreement through its support to the Task Force on Climate-related Financial Disclosures (TCFD).
- Climate Disclosure Project (CDP)
- Agenda 2030 and the Sustainable Development Goals (SDGs).
- Paris Pledge for Action
- United Nations Environment Programme Finance Initiative (UNEPFI).Net Zero Asset Owner Alliance (NZAOA).
- Net Zero Asset Owner Alliance (NZAOA).

## Related to social issues

The matters and commitments contained in these statements are related to some of the PASI indicators applicable to social and labor issues (indicators 10, 11, 13, 14 and 16 in Table 1; as well as indicator 14 in Table 2 of Annex I of the RTS).

MAPFRE actively participates in the following initiatives:

- UN standards of conduct for companies in favor of LGTBI people.
- UN Women Principles.
- ILO Global Business and Disability Network (GBDN).

## Related to other sustainability initiatives

The subjects and commitments included in these statements are related to all the PAI indicators:

- Adherence to the United Nations Global Compact.
- Adhesion to UNPRI Principles for Responsible Investment (PRI)
- Principles for Sustainability in Insurance (PSI)

## Climate scenarios

This year, no prospective climate scenarios have been used in the management of PAI indicators. An evaluation will be carried out in order to be able to implement them in future statements.

## 6. Historical comparison

The following table shows a comparative evaluation of the results obtained in fiscal year 2022, taking into account the following aspects:

- 1) PASI on which a measure or action has been set to be taken in fiscal year 2022, in line with the Management Company's priorities, will be analyzed.
- 2) Indicators with relevant variations will be analyzed.
- 3) Indicators with very low coverage will not be evaluated (<50%).

Applicable to	Thematic	Indicator PAI	Impact 2023	Impact 2022	Explanation
Indicators applicable to investments in investees	Issues related to climate change and other environmental indicators	<b>1. Greenhouse gas emissions.</b>			
		Scope 1 GHG emissions	458.363,46	468.898,17	In line with the measures adopted in PAI 2, and therefore with the explanation included below.
		Scope 2 GHG emissions	112.124,52	109.565,56	-
		Scope 3 GHG emissions	3.717.906,53	3.733.811,08	-
		Total GHG Emissions (Scope 1, 2 and 3)	4.294.768,08	4.312.385,04	In line with the measures adopted in IPA 2, and therefore with the explanation included below.
		<b>2. Carbon footprint</b>	348,99	405,03	The reduction is a consequence of the progressive decarbonization (scope 1 + scope 2) of the investment portfolio managed by MAPFRE AM, in line with the environmental commitments acquired at Group and Management Company level, mainly alignment with the objectives set in the NZAOA and compliance with established frameworks and policies. Likewise, the most emission-intensive companies have been identified and a process of dialogue with them has gradually begun.

<b>3. GHG intensity of investee companies</b>	787,10	821,68	The reduction is a consequence of the progressive decarbonization (scope 1 + scope 2) of the investment portfolio managed by MAPFRE AM, in line with the environmental commitments acquired at Group and Management Company level, mainly alignment with the objectives set in the NZAOA and compliance with established frameworks and policies. Likewise, the most emission-intensive companies have been identified and a process of dialogue with them has gradually begun..
<b>4. Exposure to companies active in the fossil fuels sector</b>	7,73%	9,07%	Reduction of investment in companies active in fossil fuels in line with the environmental commitments assumed in terms of investment in relation to gas, coal and oil.  <a href="https://www.mapfre.com/media/MAPFRE-ENVIRONMENTAL-COMMITMENTS-IN-INVESTMENT-AND-UNDERWRITING.pdf">https://www.mapfre.com/media/MAPFRE-ENVIRONMENTAL-COMMITMENTS-IN-INVESTMENT-AND-UNDERWRITING.pdf</a>  According to MAPFRE's commitments and the thresholds defined in its policy, the percentage of exposure to fossil fuels is 0.25% (vs. 0.40% in the PASI 2022 report), and has been reduced accordingly.
<b>5. Proportion of non-renewable energy production and consumption</b>	58,55%	62,00%	-
<b>6. Energy consumption intensity by sector of high climate impact.</b>			
Sector A (Agriculture, Forestry and Fishing)	0,39	0,06	Investment in high-impact climate sectors remains low. However, there are not significant variations since 2022.
Sector B (Mining and Quarrying)	1,21	1,91	
Sector C (Manufacturing)	0,84	0,64	
Sector D (Electricity, Gas, Steam and Air Conditioning)	1,31	2,73	

	Sector E (Water Supply; Sewerage, Waste management and Remediation Activities)	1,81	2,25	
	Sector F (Construction)	0,17	0,30	
	Sector G (Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles)	0,15	0,14	
	Sector H (Transportation and Storage)	1,15	1,24	
	Sector L (Real Estate Activities)	0,41	0,25	
	<b>7. Activities that adversely affect sensitive areas in terms of biodiversity</b>	8,08%	0,14%	The increase is not due to changes in portfolio composition, but to a methodological change by the data provider. Two new underlying fields have been added. This has increased the coverage of our overall investment portfolio from 7 to 411.
	<b>8. Emissions to water</b>	0,32	0,00	-
	<b>9. Ratio of hazardous waste to radioactive waste.</b>	4,76	7,65	-
<b>Social and labor issues</b>	<b>10. Violations of the principles of the United Nations Global Compact and the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.</b>	0,01%	0,99%	The reduction is justified by: (1) the alignment of the portfolio with MAPFRE AM's social commitment; and (2) the change during 2023 of certain issuers that showed high controversies in fiscal year 2022 in relation to violations of the principles of the United Nations Global Compact.

**11. Lack of compliance processes and mechanisms to monitor compliance with the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises.**

0,52%

28,16%

The decrease in the indicator is not driven by changes in portfolio composition but by methodological changes of the data provider. According to the approach used in 2022 for the calculation of this indicator, only issuers that were signatories to the UN Global Compact were understood to have no adverse impact. However, following the update, in 2023 new factors such as (1) companies reporting that they have a policy covering human rights, labor due diligence or anti-bribery; and (2) some monitoring systems to assess compliance with the human rights due diligence process or periodic audits of ethical standards; or (3) grievance complaint handling mechanisms are taken into account for a company not to cause harm.

**12. Unadjusted gender pay gap.**

14,10%

15,46%

-

**13. Gender diversity of the board of directors**

39,85%

38,54%

-

**14. Exposure to controversial weapons (landmines, cluster bombs, chemical weapons and biological weapons).**

0,01%

0,03%

-

**Other indicators of significant adverse impacts on sustainability factors applicable to investments in investee companies**

**Climate change issues**

**4. Investments in companies without carbon emission reduction initiatives.**

1,50%

4,20%

Reduction of investment in companies without carbon emissions reduction initiatives in line with environmental investment commitments  
<https://www.mapfre.com/media/MAPFRE-ENVIRONMENTAL-COMMITMENTS-IN-INVESTMENT-AND-UNDERWRITING.pdf>, thus MAPFRE AM will not invest in coal, gas and oil companies that are not committed to an energy transition plan to maintain global warming.

**Social and labor issues**

**14. Number of detected cases of serious human rights problems and incidents.**

0,00

0,00

-

Indicators applicable to investments in sovereign and supranational entities	Issues related to climate change and other environmental indicators	15. GHG intensity	234,66	249,00	
					-
	Social and labor issues	<b>16. Countries receiving the investment subject to social infractions</b>			
		Number of countries receiving investment subject to social infractions (absolute number)	5	1	The increase was due to investment through third-party funds. The target for this indicator has been set for direct investment only, where there are no countries subject to social breaches.
		Number of host countries subject to social infractions (relative number, divided by all host countries)	5,62%	0,78%	
Indicators applicable to investments in real estate assets	Fossil fuels	<b>17. Exposure to fossil fuels through real estate assets.</b>	N/A	N/A	
					-
	Energy Efficiency	<b>18. Exposure to energy inefficient real estate assets</b>	N/A	N/A	
					-