

MAPFRE AM – EUROPEAN EQUITIES**SUSTAINABILITY-RELATED DISCLOSURES****IN RELATION TO THE OBLIGATIONS ESTABLISHED IN DELEGATED REGULATION (EU)****2022/1288¹****1. SUMMARY**

The Fund is classified according to the SFDR as Article 8 and applies financial and sustainability criteria with **the objective of promoting environmental and social characteristics (E and S)**, but does not have a sustainable investment objective.

Although it does not have a sustainable investment objective, it will have a minimum of 25% in “sustainable investments,” as defined in Article 2(17) of Regulation (EU) 2019/2088 (SFDR).

To promote characteristics E and S, the Fund uses exclusions and valuation criteria as its main strategy, both of which are binding. Thus, considering that the Fund is an equity fund, the primary application criterion is that of corporate issuers, and therefore, the promotion indicators taken into account to evaluate the compliance with the environmental and social characteristics promoted by the Fund are:

Firstly, with regard to corporate issuers (hereinafter, “issuers”), the Fund applies the following indicators exclusively to determine the investment universe:

- In relation to the gas, coal, and oil sector, the Fund ensures that issuers are committed to climate transition plans;
- Issuers in which the Fund invests must comply with the 10 principles of the Global Compact, as well as the United Nations Guiding Principles on Business and Human Rights;
- Avoiding investment in issuers that have received complaints related to human rights violations;
- The issuer in which the investment is made must not have been involved in any critical controversy, understood as any impact related to the issuer that indicates malpractice in the management of sustainability risks.
- Issuer in which the investment is made must comply with the criteria established in the Management Company's Sustainability Risk Integration Policy, which restricts investment in companies related to gas, coal, and oil, and is available on [its website](#).

¹ Delegated Regulation (EU) 2022/1288 of the European Commission, of April 6, 2022, supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to the technical regulatory standards that specify the details of the content and presentation that must comply with the information relating to the “do not cause significant harm” principle, and specifying the content, methods, and presentation for information relating to sustainability indicators and adverse sustainability impacts, as well as the content and presentation of information relating to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports.

Secondly, also with regard to corporate issuers, the following valuation indicators are evaluated. Once the above exclusion criteria have been applied, it will be understood that the investment promotes characteristics E and S if the following criteria are met:

- The issuer's ESG rating: only issuers that are not classified as laggards by our ESG information provider are included in the percentage of promotion for E and S characteristics.
- Controversies in which the issuer may be involved: a dispute is understood to be any impact related to the issuer that indicates malpractice in the management of its sustainability risks. The analysis of controversies enables continuous monitoring of the alignment of investments with the characteristics promoted. Thus, issuers identified with controversies considered critical (red flags) do not promote E and S characteristics.
- Only issuers that are not exposed to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium weapons, blinding laser weapons, or incendiary weapons) are included in the percentage of promotion for E and S characteristics.
- Only issuers with no detected cases of serious and very serious human rights impacts in the last 3 years promote E and S characteristics.
- Only issuers that do not have a strong misalignment in some of the 17 Sustainable Development Goals (SDGs) promote E and S characteristics.

Furthermore, the Management Company always evaluates the degree of governance of the issuers in which the Fund invests, and it does not promote E and S characteristics for issuers whose governance note is lower than a threshold determined by the management company.

In corporate issuers, in addition to complying with the aforementioned promotion criteria, the Management Company ensures that the issuers in which it invests meet the following additional criteria to be considered as a sustainable investment:

- An ESG rating (i.e., environmental, social, and governance) that allows for the selection of issuers who are the best in their category, following a best-in-class approach (leaders and superior-good category, as determined by our ESG information provider);
- Alignment with the Paris Agreement: not only applied to companies in the coal, gas, and oil sector, as mentioned in the promotion section. To confirm this requirement, the Management Company follows the methodology developed by an external provider to verify whether the issuer in question is aligned with the objective of not exceeding 2 °C of global temperature increase by 2100;
- The issuer in which it is invested will have no relationship with oil sands;
- The issuer in which it is invested must not have had any controversy, regardless of its degree, regarding human rights in the last three years;
- The issuer in which it is invested must be aligned with any of the 17 Sustainable Development Goals (SDGs) without harming (misaligned or strongly misaligned) any of the others;
- The issuer in which the Fund invests must follow good governance practices. Thus, for the sustainable investment criterion, issuers whose governance score exceeds a threshold determined by the management company will be considered. This threshold will be more ambitious than the level set for issuers promoting E and S characteristics.

Therefore, taking into account both promotion and sustainable investment criteria, the Fund will pursue objectives such as:

Environmental objectives:

- Reduction in greenhouse gas emissions.
- Climate change adaptation.
- Ensure the availability of water and its sustainable management and sanitation for all.
- Guarantee access to affordable, safe, sustainable, and modern energy.
- Adopt measures to combat climate change and its effects.
- Conservation and sustainable use of the oceans, seas, and marine resources.
- Sustainable management of forests and the fight against desertification and land degradation.

Social objectives:

- End poverty and hunger.
- Improvement of employee relations, working conditions, and workplace safety.
- Improved health and well-being of employees, clients, and society as a whole.
- Reduce inequalities.
- Promote responsible production and consumption.
- Inclusive economic growth and decent work.
- Improve companies' compliance with human rights.
- Promote fair, peaceful, and inclusive societies.

In addition to these objectives, issuers must be committed to the Sustainable Development Goals, contributing positively to at least one of the 17 objectives set by the United Nations and, at the same time, not causing harm (misaligned or strongly misaligned) to any of the others.

The Management Company ensures that the assets in which the Fund invests comply with the E and S characteristics promoted by the Fund, mainly using information from recognized external providers.

Finally, the consideration of the principal adverse impacts on sustainability factors (PAIs) involves the selection of high-quality issuers committed to sustainability within the process. This selection contributes to reducing the sustainability risks caused by investments.

2. WITHOUT A SUSTAINABLE INVESTMENT OBJECTIVE

This financial product promotes environmental or social characteristics, but does not have a sustainable investment objective.

Although it does not have a sustainable investment objective, it will have a minimum of 25% in “sustainable investments,” as defined in Article 2(17) of Regulation (EU) 2019/2088 (SFDR).

Sustainable investment objectives are always aligned with the environmental characteristics mentioned above, and the issuers in which the Fund invests must meet the following criteria:

- An ESG rating (i.e., environmental, social, and governance) that allows for the selection of issuers who are the best in their category, following a best-in-class approach (leaders and superior-good category, as determined by our ESG information provider);
- Alignment with the Paris Agreement: not only applied to companies in the coal, gas, and oil sector, as mentioned in the promotion section. To confirm this requirement, the Management Company follows the methodology developed by an external provider to verify whether the issuer in question is aligned with the objective of not exceeding 2 °C of global temperature increase by 2100;

- The issuer in which the investment is made must not have any type of relationship with oil sands;
- The issuer in which the investment is made must not have had any controversy, regardless of its severity, related to human rights in the past three years.
- The issuer in which the investment is made must be aligned with any of the 17 Sustainable Development Goals (SDGs) without harming (misaligned or strongly misaligned) any of the others;
- The issuer in which the Fund invests must follow good governance practices. Thus, for the sustainable investment criterion, issuers whose governance score exceeds a threshold determined by the management company will be considered. This threshold will be stricter than the level set for issuers promoting E and S characteristics.

Therefore, taking into account both promotion and sustainable investment criteria, the Fund will pursue objectives such as:

Environmental objectives:

- Reduction in greenhouse gas emissions.
- Climate change adaptation.
- Ensure the availability of water and its sustainable management and sanitation for all.
- Guarantee access to affordable, safe, sustainable, and modern energy.
- Adopt measures to combat climate change and its effects.
- Conservation and sustainable use of the oceans, seas, and marine resources.
- Sustainable management of forests and the fight against desertification and land degradation.

Social objectives:

- End poverty and hunger.
- Improvement of employee relations, working conditions, and workplace safety.
- Improved health and well-being of employees, clients, and society as a whole.
- Reduce inequalities.
- Promote responsible production and consumption.
- Inclusive economic growth and decent work.
- Improve companies' compliance with human rights.
- Promote fair, peaceful, and inclusive societies.

In addition to these objectives, issuers must be committed to the Sustainable Development Goals, contributing positively to at least one of the 17 goals set by the United Nations while simultaneously ensuring they do not cause harm (misaligned or strongly misaligned) to any of the others.

3. ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT

This mutual fund promotes environmental and social characteristics (Art. 8 Regulation (EU) 2019/2088) through investment in issuers that show a clear commitment in environmental and social matters.

In making investment decisions, the management company confirms that the issuers in which it makes an investment comply with and promote different E and S principles. In particular, this Fund promotes:

- Environmental Characteristics: those related to achieving the objectives established in the Paris Agreement regarding the reduction of greenhouse gas emissions to limit the increase in global temperature in gas, coal, and oil companies.
- Social Characteristics: responsible management of workers within the company; improvement of employee relations and working conditions; adherence of companies and/or countries to the Universal Declaration of Human Rights; non-discrimination; and the company's relationship with stakeholders, taking into account the United Nations Guiding Principles on Business and Human Rights.

The Fund also ensures that the issuers in which makes an investment do not present a strong misalignment with any of the 17 Sustainable Development Goals (SDGs) and comply with the 10 principles of the United Nations Global Compact. The latter supports issuers in aligning their strategies and operations with the Ten Principles of the United Nations Global Compact, which cover human rights, labor, environment, and anti-corruption, and encourages them to take strategic actions to promote the United Nations Sustainable Development Goals.

Although investment is not limited to issuers that do not meet the binding valuation criteria that help the promotion, these issuers will be classified under the 35% bucket allowed by the Fund (“no promotion of E and S characteristics”).

4. INVESTMENT STRATEGY

When selecting assets, the Fund's investment policy is taken into account, and sustainability aspects (ESG: Environmental, Social, Governance) are taken into account in order to promote the environmental and social characteristics mentioned above.

Since the Fund is equity-based, the investment will primarily be made through stocks (corporate issuers) and, therefore, it will be through investment in these types of assets that the characteristics mentioned above will mainly be promoted.

To promote these characteristics through investment in corporate issuers, the Fund follows its own methodology that includes an initial exclusion filter that allows the Fund's investment universe to be defined. Subsequently, a valuation analysis will be added, which is binding and will allow the issuers of the portfolio that promote E and S characteristics to be determined:

- Firstly, an exclusion strategy is applied to corporate issuers, which helps define the investment universe. This strategy is aligned with the environmental and social commitments of the management company, which are part of its sustainability integration policy and are available on the [Company's website](#). Thus, assets with significant exposure to sensitive sectors (e.g., oil sands, coal, gas, and oil, among others), as well as issuers exposed to critical controversies, mainly in the area of Human Rights, are discarded from the investment universe.
- Secondly, to actively promote environmental and social characteristics, corporate issuers must meet the criteria explained in the summary section, in relation to the ESG score (evaluation of environmental, social, and governance pillars), critical controversies, exposure to controversial weapons, detected cases of severe and very severe human rights impacts in the last 3 years, and significant misalignment with any of the 17 Sustainable Development Goals (SDGs). In addition, issuers with a governance score below the threshold determined by the management company will not promote E and S characteristics.

The Fund will then invest in assets that meet the above criteria to be considered as sustainable investment (minimum 25%): (1) best-in-class criterion - ESG rating; (2) alignment of any issuer, not just companies involved in coal, gas, and oil as specified in the promotion section, with the Paris Agreement, using a methodology developed by an external provider to verify alignment with the 2 °C target by 2100; (3) issuers with no involvement in oil sands; (4) the issuer must not have had any controversy, regardless of its severity, related to human rights in the last three years; (5) the issuer must be aligned with at least one of the 17 SDGs without causing harm (misaligned or strongly misaligned) to any of the remaining goals.

In addition, in the case of sustainable investment, issuers must also follow good governance practices, requiring a governance score above a threshold determined by the management company, which will be more rigorous than the level established for issuers promoting E and S characteristics.

Thus, issuers are required to follow good governance practices, and the management of Principal Adverse Impacts is also conducted to manage and mitigate potential adverse effects.

Finally, issuers' dialog and voting actions are taken to promote and influence specific decisions on ESG issues, in accordance with the policies and procedures defined by the management company.

Furthermore, if the investment is made through fixed income:

- Corporate fixed income: the same criteria described above for equity (corporate issuers) are applicable.
- Sovereign issuers: to promote E and S characteristics, the Fund will invest in countries whose score is favorable to the Management Company's criteria, where an acceptance threshold is established.

Finally, if the investment is made through other collective investment undertakings (CIUs), the Management Company will analyze the investment policy of the vehicle to ensure it aligns with the characteristics promoted by the Fund. The Management Company will use as a reference indicator whether the CIU has been classified as Article 8 (promotion of E and S characteristics) or Article 9 (sustainability objective) in accordance with EU Regulation 2019/88.

To monitor these indicators, the Management Company relies on an external provider, as well as on internal models and public sources of information.

5. PROPORTION OF INVESTMENTS

The investment process incorporates a framework for analyzing the environmental and social impact of the issuer, as well as its governance. The objective is to favor issuers with a sound ESG strategy (environmental, social, and governance), as the management company believes that this provides a better risk and profitability profile.

This is a fund where more than 75% of the portfolio will be invested through equity, and at least 65% of the portfolio will actively promote environmental and social characteristics.

In addition, the Fund has a minimum sustainable investment commitment of 25%.

The Fund's portfolio will consist mainly of equity assets, although, based on the investment policy, the part not materialized in this type of asset may be invested in corporate fixed income instruments, sovereign fixed income, or mutual funds.

The criteria used in corporate fixed income will be those described above for corporate issuers.

With regard to sovereign issuers, the management company has developed its own methodology to evaluate the achievement of E and S characteristics. This allows it to obtain an ESG rating for each country, which is prepared taking into account specific variables for each of the three pillars:

- Environmental factors: these are considered variables related to water resources, pollution, biodiversity, the ecosystem, and CO2 emissions, making use of the Environmental Performance Index (EPI) of each country.
- Social factors are evaluated by considering data related to the social dimensions of the economy, such as education, income, and inequality, using the Human Development Index of each country.
- Lastly, governance is measured by combining different variables that are ranked according to their importance. These include the use of resources (effectiveness and aging), transparency of the Government (political stability, corruption, responsibility, and freedom of expression), economic development (competitiveness and regulatory quality) and the rule of law (compliance with the law) of each country.

Once the note has been obtained for each of the three pillars, they are weighted to obtain the global ESG score for each country.

To promote E and S characteristics, the Fund will invest in countries whose assessment is favorable at the discretion of the Management Company, where an acceptance threshold is established.

If the investment is made through other collective investment undertakings (CIUs), the Management Company will analyze the investment policy of the vehicle to ensure it aligns with the characteristics promoted by the Fund. The Management Company will use as a reference indicator whether the CIU has been classified as Article 8 (promotion of E and S characteristics) or Article 9 (sustainability objective) in accordance with EU Regulation 2019/88.

In the management of this Fund, a percentage of investments not aligned with the promotion of environmental and social characteristics may be included, which cannot exceed 35% of the portfolio, in the following assets:

- Liquidity (cash).
- Equity assets that do not meet the requirements for promoting environmental and social characteristics.
- Assets for which we do not have information.
- Corporate fixed income assets that do not meet the requirements for promoting environmental and social characteristics.
- Sovereign emissions that do not reach the score thresholds established by the management company.
- Mutual funds that are not classified as Article 8 or Article 9 under SFDR.

As a safeguard, all portfolio assets, whether or not they meet binding criteria to promote environmental and social characteristics, will be subject to the commitments of the Management Company's sustainability integration policy, available on the [Company website](#). Additionally, the consideration of the Principal Adverse Impacts (PAIs) will be taken into account.

In this way, the aim is to achieve better management of sustainability risks, reducing, as far as possible, the potential negative impacts they may generate. The goal is to maintain investment levels in line

with the defined investment policy and liquidity management, seeking investments that integrate sustainability risks so as not to compromise the E and S characteristics promoted by the Fund and/or by establishing minimum environmental or social safeguards.

Finally, the Fund is not committed to maintaining any minimum proportion of sustainable investments with an environmental objective according to the EU taxonomy.

6. MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

The environmental and social characteristics of the Fund are integrated into the investment process, which is periodically monitored to ensure compliance with the requirements established for the Fund.

The portfolio will be based on the sustainability indicators of each of the underlying issuers, so as to demonstrate the alignment of investments with the promotion of the Fund's environmental and social characteristics. Thus, all these variables are analyzed taking into account the information provided by a reputable external provider, as well as alternative sources of information, including that obtained directly from the issuers themselves.

With a frequency of at least monthly, monitoring will be conducted to ensure that the Fund meets the 65% promotion target, based on the E and S characteristics outlined in the internal methodology of MAPFRE ASSET MANAGEMENT for this Fund, as described in this document. In the event of deviations from these criteria, an action plan will be put in place, which may include, among others, performance monitoring, engagement activities (voting and/or dialog), divestment, or exclusion from the investment universe, among other measures.

In this way, the management team will be informed, and appropriate actions will be taken to ensure that at all times, 65 percent of the Fund promotes the defined environmental and social characteristics.

7. METHODS

Once the issuers have been evaluated based on the methodology explained above, the investment process allows each issuer to be assigned a classification according to an ISR type by following the methodology developed for this Fund.

Issuers are therefore classified as:

- Eligibility for the Investment Universe: this is ensured as long as the initial safeguards are met through the first exclusion filter, which requires compliance with the commitments of the management company regarding its policy on fossil fuels (coal, gas, and oil; energy transition plans) and human rights, primarily.
If sufficient information is not available to assess these criteria, the issuer will be considered as potentially investable, but in no case will it be eligible to promote environmental and social characteristics or be included in the sustainable investment percentage. The only case in which an issuer will not become part of the investment universe will be if we do not have information on energy transition plans, in which case they will be excluded from the investment universe.
- Investment that promotes environmental and social characteristics: in addition to being part of the Investment Universe, issuers that promote environmental and social characteristics must not be exposed to controversial weapons; must have a “non-laggard” rating compared to their peers

from our ESG information provider; must show an adequate level of governance; must not present controversies considered critical; must not be strongly misaligned with any of the 17 SDGs; and issuers with detected serious and/or very serious human rights impacts in the last 3 years will not be included.

- Sustainable Investment: in addition to meeting the criteria mentioned in the previous two sections, the issuer must contribute to limiting the average temperature increase to 2 °C compared to pre-industrial levels; must have an ESG rating that allows for the selection of the best issuers in their category, with a best-in-class approach (leaders and superior-good category according to our ESG data provider); the governance level must be above the average; issuers must have no involvement with oil sands; must not have had any controversy, regardless of its severity, related to human rights in the last three years; and must be aligned with at least one of the 17 SDGs without harming (misaligned or strongly misaligned) any of the remaining goals.

Once the investment universe has been defined, its issuers, even if they do not meet the promotion and sustainable investment criteria, may form part of the Fund's portfolio. However, the portfolio structure must comply with the following criteria:

- Investment that promotes environmental and social characteristics: minimum of 65%.
- Any issuer that belongs to the Investment Universe but does not meet the criteria for promoting characteristics will be in the percentage of "Non-promotion", which cannot exceed 35%.
- Sustainable investment: minimum of 25%.

External provider databases will be used to perform an individual selection of issuers, so that they can be assigned in one of the categories (Excluded, Investment universe, Promotion of E and S characteristics, and Sustainable Investment). This external information will be based on information published by issuers, specialized databases, and media.

For the construction of the portfolio, the Management Company will determine the final weight of each issuer in the portfolio by combining the obtained rating with the internal analysis of the economic and financial criteria for each of them.

8. SOURCES AND DATA PROCESSING

To conduct the analysis and evaluation of the sustainability aspects mentioned above, the Management Company primarily relies on data provided by specialized ESG data providers, which are then evaluated and analyzed internally.

Specifically, the Management Company uses data provided by MSCI Research (ESG) to evaluate the aspects defined in the specific methodology for this product, as detailed throughout this document. This also enables the analysis of the principal adverse impact indicators, alignment with the SDGs, and the issuers' performance regarding good governance.

External providers use a variety of sources, such as data from other general and specialized providers that analyze information from public sources, the media, NGOs, government databases, information on issuers (sustainability report, annual report, etc.), and estimated metrics through internal models.

In line with the Fund's investment policy and its ability to invest in corporate and sovereign fixed income, the management company has developed its own methodology to evaluate sovereign issuers,

for which it uses public information from international organizations and relies on synthetic indices created to measure the environmental and social pillars.

The ESG performance of issuers is subject to systematic and continuous monitoring by the Management Company, which may trigger engagement processes with certain issuers.

9. LIMITATIONS OF METHODS AND DATA

Although MAPFRE ASSET MANAGEMENT uses prestigious sources that are market benchmarks, there may be limitations arising from:

1. Lack of information provided by issuers.
2. Internal models developed by providers, which are progressing as regulation is strengthened.

If the Management Company does not have sufficient ESG information for any of the issuers in the Fund, its sustainability team is responsible for conducting an analysis, which may lead to specific engagement actions.

Specifically, in the case of principal adverse impacts (PAIs), the Management Company works with somewhat limited data availability and quality for some of the indicators. For this reason, the selected PAIs that are monitored and form part of the Fund's methodology are those for which information availability is high, ensuring that the data quality guarantees the robustness and reliability of the indicators.

These limitations do not alter the achievement of the environmental and social characteristics promoted by the Fund.

10. DUE DILIGENCE

The Management Company has a Due Diligence Policy within a sustainable investment framework based on the following aspects:

- The implementation of environmental, social, and governance (ESG) factors into the decision-making and analysis process, and the traditional financial criteria.
- The long-term involvement of the Management Company with issuers in which it makes an investment with greater participation in corporate governance decisions through, among other instruments, the exercise of active voting.
- Fostering stable relationships and open dialog with listed companies or issuers of financial, public or private products regarding ESG topics. As well as establishing communication channels with different stakeholders.

In this frame, the due diligence process contributes to anticipating, preventing, or mitigating adverse impacts. The process must be proportional to the risk and adapted to the circumstances and context of each company. Therefore, the following steps are followed in the investment decision-making processes of the Management Company:

- Identify the main negative impacts, both real and potential.
- Take the necessary measures to prevent and/or mitigate the negative impacts.
- Monitor the implementation of measures and results achieved.
- Reporting on how they act and evolve

The Due Diligence process is ongoing and is directly linked to the investment decision-making process. Relevant sustainability factors are identified in a given area, industry, sector, or issuer.

Currently, the Management Company prioritizes environmental and social factors given MAPFRE's commitment to the fight against climate change and to society.

The Management Company, in its role as a long-term investor, undertakes engagement activities (voting and dialog) that are supported by specific policies for such purposes. These activities are key to detecting potential adverse impacts, knowing how issuers manage these adverse impacts, and trying to establish processes to ensure that issuers take improvement measures.

11. ENGAGEMENT POLICIES

MAPFRE ASSET MANAGEMENT seeks, through dialog and engagement with issuers, to understand their business model, risks, and opportunities and to promote change in a way that improves ESG strategy, management, and information. It also seeks to identify and manage adverse impacts.

In addition, the Management Company intends to exercise its voting rights in all issuers in which, at the time of the Annual General Meeting, the Fund is the owner of the shares, according to a voting policy aligned with the social and environmental characteristics of the Fund and with the Management Company's voting policies.

Specifically, the voting policy establishes the general rules to be considered in the voting process at the Annual General Meeting, aligned with the Management Company's vision regarding socially responsible investment and governance aspects.

The information to decide on the vote comes from different sources, including own analysis and support in a proxy adviser. MAPFRE ASSET MANAGEMENT will exercise its voting rights, taking into account environmental, social, and governance issues and will do so for the exclusive benefit and interest of shareholders and clients.

The Management Company's Engagement and Voting Policy are available at <https://www.mapfream.com/politicas/>

12. DESIGNATED BENCHMARK

To manage this Fund, no specific benchmark has been established to measure the alignment of the portfolio with the environmental and social characteristics it promotes.