

SUB-FUND ANNEX 1: SFDR RTS ANNEX

ANNEX II

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: MAPFRE AM – GOOD GOVERNANCE FUND

Legal entity identifier: 222100AR3SEPTWTOCH77

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<div><div><div></div><div></div><div></div></div><div><input type="checkbox"/> Yes</div></div>	<div><div><div></div><div></div><div></div></div><div><input checked="" type="checkbox"/> No</div></div>
<div><div><input type="checkbox"/></div><div>It will make a minimum of sustainable investments with an environmental objective: ___%</div></div>	<div><div><input checked="" type="checkbox"/></div><div>It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of _25_% of sustainable investments</div></div>
<div><div><input type="checkbox"/></div><div>in economic activities that qualify as environmentally sustainable under the EU Taxonomy</div></div>	<div><div><input type="checkbox"/></div><div>with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</div></div>
<div><div><input type="checkbox"/></div><div>in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</div></div>	<div><div><input checked="" type="checkbox"/></div><div>with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</div></div>
<div><div><input type="checkbox"/></div><div>It will make a minimum of sustainable investments with a social objective: ___%</div></div>	<div><div><input checked="" type="checkbox"/></div><div>with a social objective</div></div>
<div><div><input type="checkbox"/></div><div>It will make a minimum of sustainable investments with a social objective: ___%</div></div>	<div><div><input type="checkbox"/></div><div>It promotes E/S characteristics, but will not make any sustainable investments</div></div>

Sustainability indicators
measure how the environmental or social characteristics promoted by the financial product are attained.



What environmental and/or social characteristics are promoted by this financial product?

The Sub-fund promotes a combination of social and environmental characteristics.

More specifically, the Sub-fund aims at promoting environmental characteristics related to the reduction of carbon emissions and to support on reaching the objectives set in the “Paris Agreement”.

In what regards social characteristics, the Sub-fund takes into consideration the Guiding Principles for Business and Human Rights and the Sustainable Development Goals (SDGs) of the United Nations.

However, no reference benchmark has been designated for the purpose of attaining such characteristics.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The Sub-fund uses several principal adverse impact (PAI) indicators⁶, specifically the carbon footprint (indicator 2); as well as carbon intensity (indicator 3) based in the calculations that we have defined in our own methodology. Additionally, the Sub-fund will follow up on decarbonization plans so that it can be determined whether they are aligned or not with the Paris Agreement objectives.

The Sub-fund also considers whether or not a company has had significant allegations regarding breach of human rights. For such purpose, there will be a follow-up on violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (indicator 10); on exposure to controversial weapons (indicator 14); and on the number of identified cases of severe Human Rights issues and incidents (additional social indicator 14) in the last 3 years.

In order to promote in an active manner other environmental and social characteristics, the Sub-fund applies filters based on exclusions (for instance, considering UN Global Compact; UN Guiding Principles for Business and Human Rights; strong SDGs misalignments; severe controversies regarding Human Rights). Subsequently, we take as a basis the ESG note (average) set out by an ESG specialist which is complemented with the investment manager analysis, who is closely following up on any occurrence, controversy or negative warning that may arise through engagement with the entities. This engagement will happen as a minimum once a year to address sustainability matters.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***



The sustainable investments made by this Sub-fund contribute to social and climate goals, specifically to those set out in the Paris Agreement.

Furthermore, investments considered sustainable of this Sub-fund shall be publicly committed to the SDGs, positively contributing to at least one of the goals established by UN and not misaligned with any other SDGs.

⁶ Principal Adverse Impact indicators as defined in Annex I of Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

	<p>How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?</p>
	<p>The Sub-fund will take into consideration the indicators as set out in Annex I of the Delegated Regulation (EU) 2022/1288, focusing on indicators number 2, 3, 10, 14 and additional social 14 as previously mentioned.</p> <p>In addition, several exclusion criteria are set in activities considered as controversial. Assets with significant exposure to sensitive sectors (such as tar sands, carbon, oil and gas and controversial weapons, among others) as well as investments exposed to severe controversies, mainly in the area of Human Rights, are analysed and excluded.</p> <p>In particular, the Sub-fund will exclude activities in the following:</p> <ul style="list-style-type: none"> Companies involved in any activities related to controversial weapons; Companies involved in the cultivation and production of tobacco; Companies that benchmark administrators find in violation of the United Nations Global Compact (UNGC) principles or the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises. <p>Any other type of non-severe controversy or alert of any type in what relates to social, environmental and governance matters, will be addressed directly with the entities to make a firsthand evaluation of the content of the controversy, how it is being treated and to decide if it should constitute an exclusion.</p>
	<p>How have the indicators for adverse impacts on sustainability factors been taken into account?</p>
	<p>The main indicators for adverse impacts referred to before have been taken into account by their follow-up, publication and integration in our investment decision making processes.</p> <p>The valuation of the sustainability investments takes into account systematically all the mandatory indicators of each defined principal adverse impact. Taking them into account, MAPFRE ASSET MANAGEMENT, SGIIC, SA has set out certain thresholds and criteria both quantitative and qualitative to determine if an investment causes significant harm to any of the social or environmental goals.</p>
	<p>How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:</p>
	<p>Respect to Human Rights is an integral part of MAPFRE's corporate values and a minimum standard to take on its activities.</p> <p>MAPFRE is part, at corporate level, of several initiatives that grant respect to Human Rights, for instance, the adherence to UN Global Compact. We are also part of the UNPRI with a clear commitment to focus on responsible and sustainable management of all our investments. In is context, the activity of the investment area of MAPFRE Group is based in the corporate commitments and therefore the Sub-fund periodically monitors if the investments comply with these international guidelines or if any kind of controversy occurs. In such case, it is analysed and</p>

	managed according to its relevance, with the possibility to disinvest totally in the affected asset.
	<p><i>The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.</i></p> <p>The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.</p> <p><i>Any other sustainable investments must also not significantly harm any environmental or social objectives.</i></p>
	<p>Does this financial product consider principal adverse impacts on sustainability factors?</p> <p><input checked="" type="checkbox"/> Yes, the Sub-fund takes into consideration PAIs on sustainability factors. These are measured, published and assessed with the intention to keep a close follow up so that it is part of the investment decision making criteria. PAIs related to greenhouse gas emissions and Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises play an important role when it comes to defining the sustainable characteristics promoted by the Sub-fund, as explained further in this document.</p> <p><input type="checkbox"/> No</p>
	<p>What investment strategy does this financial product follow?</p> <p>The Sub-fund seeks to achieve long-term capital growth by investing across a wide range of asset classes globally including other UCITS and using financial derivative instruments where appropriate. At least 75% of the portfolio is invested in equity which is also analyzed under the ESG criteria described, actively promoting social and environmental characteristics.</p> <p>The Sub-fund promotes social, environmental and governance characteristics as a complimentary method to the financial analysis. The Sub-fund does not seek to generate impact with its investments.</p> <p>To promote such characteristics, the Sub-fund will follow an own methodology which includes a first filter of exclusions performed together with an internal analysis that measures both quantitative and qualitative investments, supplemented with an analysis from an external data provider.</p>
	<ul style="list-style-type: none"> <i>What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?</i>
	<p>The first binding element of the investment strategy is the exclusion filter applied. This exclusion filter includes the commitments adopted by the MAPFRE Group regarding investments. Further to the MAPFRE Group’s main environmental commitments, the Sub-fund will not invest in coal, gas and oil companies that are not committed to an energy transition plan. Among others, the Sub-fund will not make any investments in companies where more than 15% of their revenues are directly or indirectly linked to oil sands activity, and the Sub-fund will not make any investments in companies where 20% or more of their revenues and/or proceeds</p>

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

	<p>comes from coalfired power. The full scope of these commitments can be found in our corporate web page: https://www.mapfre.com/media/MAPFRE-ENVIRONMENTAL-COMMITMENTS-IN-INVESTMENT-AND-UNDERWRITING.pdf</p> <p>Once the possible investment universe is defined, after the exclusions, a second filter is applied to define the consideration of sustainable investment. For that, the Sub-fund requires a strategy or commitment of decarbonization aligned with the Paris Agreement and take into consideration human right controversies, among others. It will also be established that any asset shall contribute in a positive manner to, at least, one of the 17 SDGs without doing significant harm to any of the others.</p> <p>As a supplement to this, the ratings of a specific ESG data provider will be analysed and help to discard laggards, taking the opportunity to focus on leader and average companies. Any moderate or low controversies in which an entity may incur, will be analysed and followed-up.</p>
	<ul style="list-style-type: none"> • What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?
	Not applicable.
	<ul style="list-style-type: none"> • What is the policy to assess good governance practices of the investee companies?
	<p>The initial filter applied to define our investment universe based on exclusions is already a first guarantee of good governance, considering that we will not invest in entities that do not comply with: UN Global Compact, OECD, Guidelines for multinational companies or United Nations Guiding Principles on Business and Human Rights.</p> <p>We also perform an internal analysis with data provided by an external party with which we analyse any type of controversy related to the good governance of the companies we invest in, via engagement.</p>
	<p>What is the asset allocation planned for this financial product?</p>
<p>Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.</p>	<p>At least 80% of the portfolio will be actively promoting social and environmental characteristics.</p> <p>Furthermore, from the entire portfolio, at least 25% will be classified as sustainable investments as defined in article 2(17) of the SFDR and according to the described criteria (aligned with the Paris Agreement, generate positive impact, at least one SDGs with no significant harm and good governance).</p>

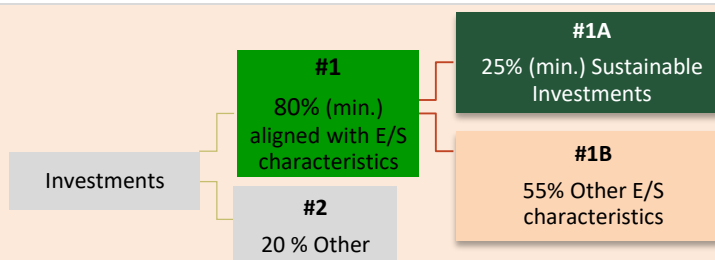


Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.




#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

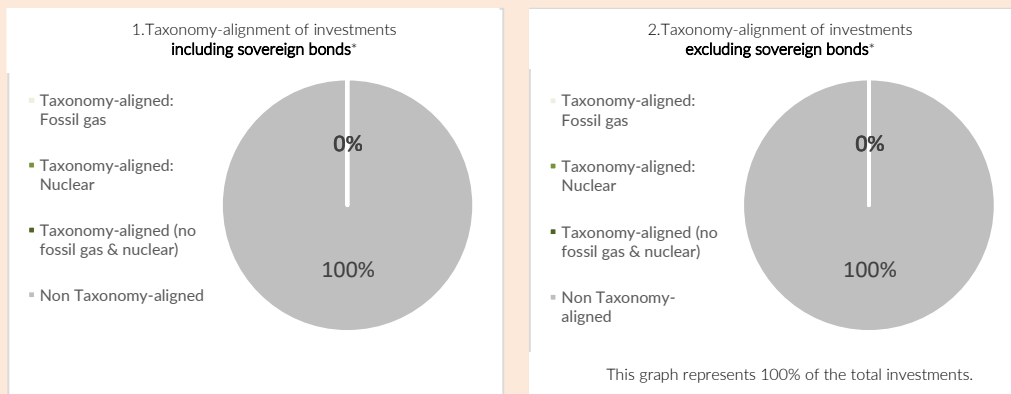
	<ul style="list-style-type: none"> • How does the use of derivatives attain the environmental or social characteristics promoted by the financial product? 	
	Not applicable.	
	To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?	
	Considering the low amount of data available, the Sub-fund does not set a minimum proportion of sustainable investments with an environmental objective according to EU Taxonomy.	
	<ul style="list-style-type: none"> • Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy⁷? 	
	<input type="checkbox"/> Yes:	
	<input type="checkbox"/> In fossil gas	<input type="checkbox"/> In nuclear energy
	<input checked="" type="checkbox"/> No	

⁷Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

- What is the minimum share of investments in transitional and enabling activities?

Not applicable.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

As mentioned, the Sub-fund does not commit to a minimum share of sustainable investments with an environmental objective according to the EU Taxonomy, but at least 25% of the portfolio will be invested in assets aligned with the Paris Agreement; that generate positive impact; that contribute to at least one SDGs causing no significant harm to any other;

At the time being we cannot indicate a differentiated percentage of the environmental part but cumulatively, both environmental and social sustainable investments will represent, as a minimum, 25% of the total portfolio.



What is the minimum share of socially sustainable investments?

As mentioned, the Sub-fund does not commit to a minimum share of sustainable investments with a socially sustainable investment, but at least 25 % of the portfolio will be invested in assets aligned with the Paris Agreement; that generate positive impact; that contribute to at least one SDGs causing no significant harm to any other;

At the time being we cannot indicate a differentiated percentage of the social part but cumulatively, both environmental and social sustainable investments will represent, as a minimum, 25% of the total portfolio.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

We consider cash to be allocated under #2 Other. In addition, we include under “Other” equity (or other assets allowed under the investment policy of this Sub-fund) that are not complying with our own ESG methodology to promote environmental and social characteristics, as defined in this annex.

As safeguards, we apply a first exclusion filter that considers: UN Global Compact, UN Guiding Principles for Business and Human Rights; utilities that are not aligned with the Paris Agreement; and investments in thermal coal and tar sands, applying internal thresholds.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

Not applicable.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Not applicable.

- ***How does the designated index differ from a relevant broad market index?***

Not applicable.

- ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website:
<https://www.mapfream.com/>

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.