

SUB-FUND ANNEX 1: SFDR RTS ANNEX

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 - INCLUSION RESPONSABLE FUND

Legal entity identifier: 5493005OUW3LFQSIF119

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☒ ☒ ☐ Yes

☐ It will make a minimum of sustainable investments with an environmental objective: ___%

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of sustainable investments with a social objective: ___%

☒ ☐ ☒ No

☐ 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 ___% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ with a social objective

☒ It promotes E/S characteristics, but will not make any sustainable investments

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, although no reference benchmark has been designated for the purpose of attaining the E/S characteristics.

The Sub-fund integrates Sustainability Risks in investment decisions by following a specific own selection methodology. This methodology focuses on eco-social factors based on more than 145 indicators and allows to identify high-value companies, committed to sustainable development and growth. This selection methodology is combined furthermore with an evaluation of the level of commitment of eligible companies using a questionnaire that quantifies, classifies and supervises a series of specific practices of companies in their inclusion policies (such as employment policies, adaptation of offices, inclusion programs and others).

On the social side, the Sub-fund aims at generating a positive impact on the social inclusion of disabled individuals by investing, using an innovative methodology, the “IVA® Integral Management”-process, which allows it to identify financially competitive companies that are at the same time committed with the inclusion of this group into the job market.

The approach of the IVA® Integral Management belongs to La Financière Responsable and it is based on a triple analysis of the portfolio companies, successively: a strategic analysis; an extra-financial analysis; and a financial and stock market analysis.

Prior to the application of the IVA® Integral Management method and positive selection of companies that are part of an integral development approach, the Investment Manager applies the following ESG excluding criteria to the portfolio companies:

- (E) Direct and indirect impacts on the environment incompatible with sustainable development issues;
- (E) Exclusions related to thermal coal under the provisions of our Coal Policy;
- (S) Proven controversies in the field of Human Rights;
- (S) Unaccompanied dismissal practices over the past three years;
- (G) Engaging in illegal activities such as cluster munitions and anti-personnel mines;
- (G) Refusal to disclose sufficient extra-financial and/or financial information.

After the exclusion process, the IVA® Integral Management is applied through the following triple analysis:

1. Strategic analysis: study of the strategic and competitive positioning of the companies in order to draw the company's future and assess the solidity of its growth model. The following are in particular reviewed :
 - the business and the competitive position of the company, in order to determine the different strategic segments; and,
 - the search for the generic strategy model (Michael Porter matrix) to which the company is attached, thus making it possible to draw the broad outlines of future actions, if they are consistent.
2. Extra-financial analysis: based on this knowledge of the company, its profession and an appreciation of the strategic project, the management team determines the main extra-financial challenges for the company and analyses their concrete extra-financial practices. This work is carried out only internally thanks to our own extra-

	<p>financial data base (« Empreinte Ecosociale »). This analysis leads to a classification of the companies into an SRI typology: Leader / Good student / Promising student (concerning the categories of eligible values); Under -surveillance; and Dilettante / Communicative / Not concerned (concerning the categories of non-eligible securities). The SRI analysis and classification of securities is prior to their financial analysis. The SRI analysis makes possible to verify the consistency of the organization of the company in view of its strategic project, and to assess the quality of management.</p> <p>3. Financial analysis: the management team finally validates the consistency of its strategic and extra-financial diagnosis with financial and stock market value analysis. In particular the growth potential of the company, its profitability (profitability ratios, acquisitions / sales of assets, potential for improvement, etc.), its financial flexibility (debt ratios, shareholder controls, evolution of profits, etc.), its liquidity and its market potential are taken into consideration. A valuation analysis is carried out using a method developed internally from DCF (Discounted Cash Flow).</p> <p>At the end of all these stages, integrating a joint analysis of the strategy, extra-financial practices and the financial quality of the companies, the value will be retained in the portfolio, sold or placed under surveillance.</p>
	<ul style="list-style-type: none"> ● What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?
	<p>The Sub-fund follows the ISR- Integral Value approach – IVA® methodology based on non-financial criteria. The investment pool is based on two different databases (the Empreinte Ecosociale ® (which includes more than 170 ESG indicators concerning more than 240 European companies considered compliant with these indicators) and the Inclusion Indicators Database ® (based on a questionnaire regarding working conditions of handicapped individuals at companies, among others, internal policies, accessibility and ergonomics of working spaces, recruitment and integration of colleagues, participation in initiatives and collaboration with the protected work sector) owned by La Financière Responsable. Both are regularly updated.</p>
	<ul style="list-style-type: none"> ● 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?
	Not applicable
	<ul style="list-style-type: none"> ● 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?
	Not applicable
	<p>How have the indicators for adverse impacts on sustainability factors been taken into account?</p>
	<p>Indicators have been integrated through the ESG Ecosocial Footprint questionnaire® which is daily updated and allows to follow the extrafinancial practices of companies in the investment universe. Fully integrated into the IVA® analysis, indicators concerning adverse impacts are followed up by the investment</p>

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.

	managers seeking to select companies according to a conviction approach and “best-in-universe”.
	<i>How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:</i>
	The sub-fund does not define sustainability objectives, however in the context of the promotion of E/S characteristics, the IVA® investment process demands a portfolio that takes ESG aspects into consideration using a strict monitoring and management of controversies policy and on a voluntary engagement policy.

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.

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.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes, the consideration of principal adverse impacts on sustainability factors implies the selection of quality and engaged issuers in the context of the sustainability process. Such a selection contributes to reduce the negative externalities caused by the investments. To avoid this, we have developed several systems, in particular, the Empreinte Ecosociale® which is a database that includes 135 historical indicators (65 social, 23 environmental and 47 linked to governance practices) annually updated since 2006 via a questionnaire developed by the investment teams and shared with more than 200 entities:

A specific typology based investment process as described in this document;

An exclusion policy;

A controversies management policy;

An engagement policy.

☐ No



What investment strategy does this financial product follow?

The selection process described allows for an integration of the sustainability characteristics on the investment process of the Sub-fund at the same time that it aims at seeking coherence between the strategic, non-financial and financial analysis of companies.


The following non-financial exclusion criteria are analysed in the context of the described methodology:

- Environmental: companies using carbon as energy or heat source are excluded. In addition, the following environmental indicators can be taken into account in the context of the non-financial analysis of companies and their practices: the carbon footprint; waste; use of renewable energies; water consumption; etc.

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

	<ul style="list-style-type: none"> - Social: companies involved in controversies concerning Human Rights are excluded; companies having carried out layoffs during the past three years. In addition, the following social indicators can be taken into account in the context of the non-financial analysis of companies and their practices: defined term contracts; absenteeism rate; work accident rate; the number of training hours per employee; percentage of shares owned by employees; women employees rate; etc. - Governance: companies with direct link with activities concerning cluster bombs and anti-personnel mines; companies that refuse to communicate financial or non-financial information. In addition, the following indicators can be taken into account in the context of the non-financial analysis of companies and their governance practices: the separation between the functions of the president and executive director; the integration of non-financial criteria into the remuneration policies; etc. <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>Once the selection process has taken place and after the corresponding approval from the internal committee, analysts will assess using a specific template, the different sustainability characteristics and will integrate them, according to the IVA®, into a scale of sustainability risks. The scale will mark from a color range from green to red different aspects (Environmental, Social and Governance). Red would mean a risk is significant, with a potential impact on value. Green would mean the risk is well identified and the impact is very weak. Analysts will restrain from investing in companies ranging red. Analysts must adequately base their assessment and determine if the potential impact on the share; the probability of occurrence; and the identification and control of the risk are each of them weak, medium or important.</p> <p>The assessment proposed by the analyst will be approved by the investment committee, which meets monthly. When examining the value, the analyst will identify the non-financial indicators according to the business and/or the strategy, even the non-financial aspects of the activity of the company. Analysts will keep at their discretion on a case-by-case basis the ability to consider the most pertinent non-financial indicators concerning the activity of the company, allowing to make a decision on the consideration of the issuer.</p> <p>The identification of controversies can be a relevant aspect demonstrating the governance practices of the companies in the context of their activities. Such events can affect the stakeholders of the company: employees, clients, providers, partners, environment, society and shareholders. When such an event is being examined, there is an assessment process in place formalised in controversies management policy.</p> <p>100% of the titles in the portfolio have been subject to the ESG analysis and the promotion of social and/or environmental characteristics but they do not have as objective sustainable investments in the sense of SFDR nor alignment with sustainable activities in the sense of the EU Taxonomy.</p> <p>Furthermore, the Sub-fund aims at generating a positive impact on the social inclusion of disabled individuals by investing, using the methodology explained which allows it to identify financially competitive companies that are at the same time committed with the inclusion of this group into the job market, as mentioned above.</p>
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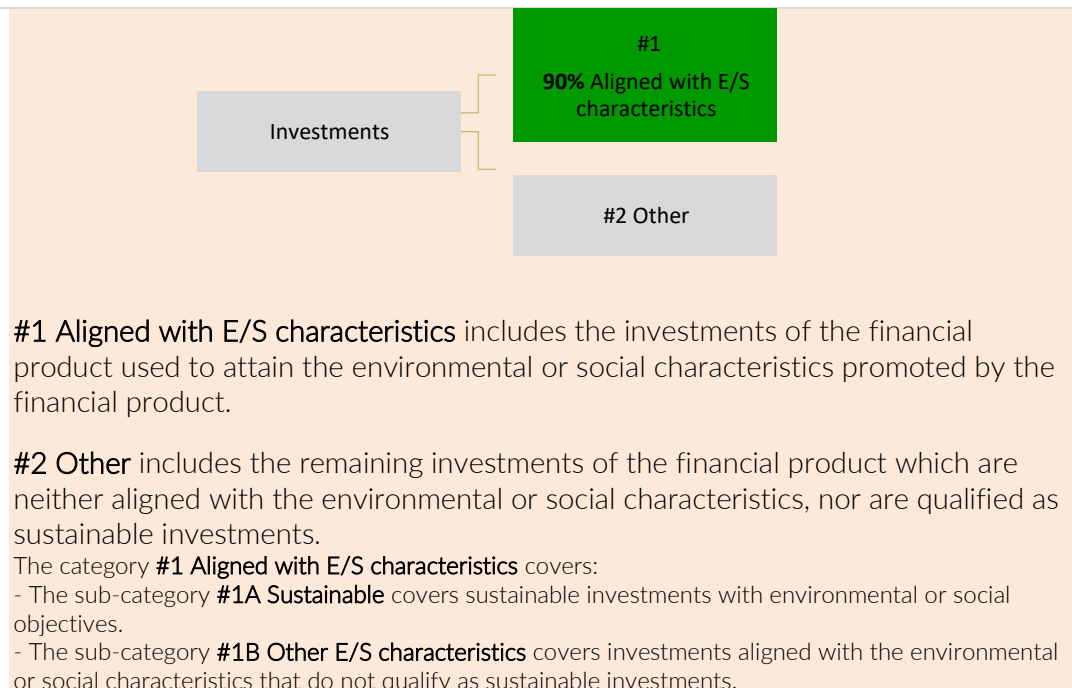
	<ul style="list-style-type: none"> ● <i>What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?</i>
	<p>The investment process allows to attribute each issuer a classification according to an ISR typology developed by the investment manager by screening their non- financial practices. The classification of companies follows different categories:</p> <ul style="list-style-type: none"> - First class: means the eligible company provides complete information; its non-financial results are high quality; and it has solid development plans. - Good student: means the eligible company provides almost complete information; its non-financial results are satisfactory; and the dialogue is engaged and constructive. - Promising: meanst the eligible company is starting to engage in communications and progressively providing information; its results are limited but satisfactory; and there is active dialogue to define the means of improvement. <p>In these three cases, companies are considered eligible for investment in the context of the investment process and methodology.</p> <ul style="list-style-type: none"> - Dilettante: the company practices are considered insufficient; the communication engagement is at the minimum required; and there is an absence of noticeable improvement. - Communicating: the company prioritises communication on non-financial practices however there is an important non-financial risk. - Not concerned: the company shows an absence or lack of interest on non-financial matters and it feeds information into very few indicators. <p>These three last categories mean the company is non-eligible for investing.</p> <p>The resulting classification is assessed and validated by an investment committee on the basis of the information and data collected.</p> <p>In addition, the assessment of the practices and inclusion policies of a company, is reflected into a specific classification according to the following typology:</p> <ul style="list-style-type: none"> - Leader: means the company is very engaged and ahead regarding the seven pillars of of Corporate Social Responsibility and that the inclusion policy is taken into account at a global level. - Engaged: the company is an engaged actor and advancing in the greatest part of the seven pillars of Corporate Social Responsibility and the main subjects of the inclusion policy are taken into account. - Promising: the company is an engaged actor on certain pillars of Corporate Social Responsibility and the global strategy on inclusion is satisfactory although with room for improvement. <p>These three categories are considered for investment.</p> <p>All in all, this is how the Sub-fund aims at generating a positive impact on the social inclusion of disabled individuals into the job market.</p>
	<ul style="list-style-type: none"> ● <i>What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?</i>

	At least 20% of the entities in the investment universe are excluded after the application of this strategy.
	<ul style="list-style-type: none"> What is the policy to assess good governance practices of the investee companies?
	<p>IVA® analysis process aims at integrating the good governance practices of the selected companies in the portfolio. To reduce the exposure of investors to sustainability risks, the process foresees the collection of extrafinancial indicators such as absentism rate; average remuneration; type of working contract; work accident rate; etc.</p> <p>Additionally, the identification of controversies can constitute an element confirming the quality of governance practices in the context of their activities and allows to follow the behavior of companies within the portfolio. Such events may affect a company counterparties: employees; clients; shareholders; the environment. If an event of this type takes place, there is a process in place on what treatment it must be given as there is a controversies monitoring and management policy, available.</p>
	What is the asset allocation planned for this financial product? The Sub-fund intends to invest at least 90% of its net assets in investments aligned with the environmental or social characteristics promoted by the Sub-fund.

Asset allocation describes the share of investments in specific assets.


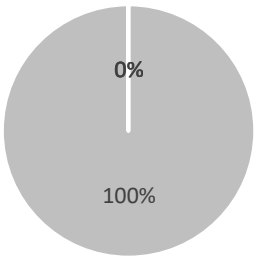
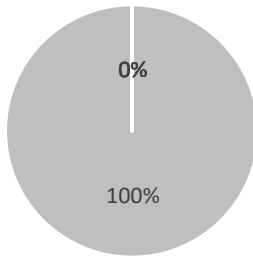
Taxonomy-aligned activities are expressed as a share of:

- **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.



	<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 comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on






	To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?	
	Not applicable.	
	• Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy³?	
	<input type="checkbox"/> Yes:	
	<input type="checkbox"/> In fossil gas	<input type="checkbox"/> In nuclear energy
	<input checked="" type="checkbox"/> No	
<p>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</p> <div data-bbox="347 969 1385 1417"> <div> <p>1. Taxonomy-alignment of investments including sovereign bonds*</p>  </div> <div> <p>2. Taxonomy-alignment of investments excluding sovereign bonds*</p>  <p>This graph represents 100% of the total investments.</p> </div> </div> <p>* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.</p>		
	• What is the minimum share of investments in transitional and enabling activities?	
	Not applicable.	

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.

³Fossil 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.

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

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

	What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?
	Not applicable.
	What is the minimum share of socially sustainable investments?
	Not applicable.
	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.
	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?
	Not applicable.
	<ul style="list-style-type: none"> <i>How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?</i>
	Not applicable.
	<ul style="list-style-type: none"> <i>How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?</i>
	Not applicable.
	<ul style="list-style-type: none"> <i>How does the designated index differ from a relevant broad market index?</i>
	Not applicable.
	<ul style="list-style-type: none"> <i>Where can the methodology used for the calculation of the designated index be found?</i>
	Not applicable.
	Where can I find more product specific information online?
	<p>More product-specific information can be found on the website:</p> <p>https://www.mapfre.es/ahorro-inversion/inversion/mapfre-am-inclusion-responsable-fund/</p>