

## Sustainable and Responsible Investment Policy

March Asset Management

May 2022

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## Background

In a rapidly changing world, our goal as an investment manager focuses on achieving sustainable returns for our long-term customers. Precisely as institutional investors, we have a duty to act in the best long-term interest of our unitholders. Therefore, in order to progress towards a sustainable economy that combines this favourable and sustainable long-term profitability/risk (key basis of March AM's investment policy) and environmental protection, social justice and influence on the best decision-making in the companies in which March AM products participate, March AM has developed a Sustainable and Responsible Investment (SRI) policy based on the following principles:

- Including environmental, social and corporate governance (ESG) aspects in the analysis and investment decision-making process, in addition to the traditional quantitative and qualitative financial criteria, the basis of the company's historical decision-making.
- Increasing the involvement of the management company with the companies in which it invests, through greater participation in corporate governance decisions ("proxy voting").
- Open dialogue with the companies in which it has invested as regards issues related to environmental, social and corporate governance factors ("engagement").

We firmly believe that the implementation of this policy will have a favourable effect on the results of March AM products and of the companies in which it invests with a medium- and long-term horizon, along with ambitious objectives in terms of the greater economic, social and environmental progress of society as a whole. ESG considerations are an important part of our decision-making process, as they help to ensure the financial stability of our customers, of the economy as a whole and of the companies in which we invest.

## Regulations and general principles

This Sustainable and Responsible Investment Policy has been drafted as per the applicable legislation in force:

- Law 11/2018 of 28 December amending the Code of Commerce, the revised text of the capital companies act approved by Royal legislative Decree 1/2010 of 2 July and Law 22/2015 of 20 July on auditing regarding non-financial information and diversity

- Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement
- Law 5/2021, of 12 April, amending the consolidated text of the Capital Companies Act and other financial rules, in relation to the promotion of the long-term engagement of shareholders in listed companies.
- Law 35/2003 of 4 November on collective investment schemes
- Royal decree 1082/2012 of 13 July which approves the implementing regulations of Law 35/2003 of 4 November on collective investment schemes

Further, March AM has drawn up responsible policies approved by its governing bodies, including:

- Ethical Code of Conduct
- Corporate Governance Policy
- Proxy Voting Policy
- Long-Term Engagement Policy

These policies are a reflection of March AM's commitment to engage in its operations in strict compliance with the applicable regulations and observing the highest ethical and professional conduct standards. The progress and management of social and environmental risks linked to its operations are considered essential.

March AM has drawn inspiration from the best practices found in international conventions and protocols, applicable codes of conduct and guidelines to draft this SRI Policy. These include:

- *The United Nations Global Compact*
- The OECD Principles of Corporate Governance
- OECD Guidelines for Multinational Enterprises
- The UN Guiding Principles on Business and Human Rights
- The Universal Declaration of Human Rights
- The United Nations Sustainable Development Goals
- UN Principles for Responsible Investment
- The International Labour Organization's Fundamental Conventions
- The United Nations Convention against Corruption
- COP21 Paris 2015 Climate Change Agreements
- The Recommendations of the *Task Force on Climate Related Financial Disclosures* (Financial Stability Board)
- Local good governance codes

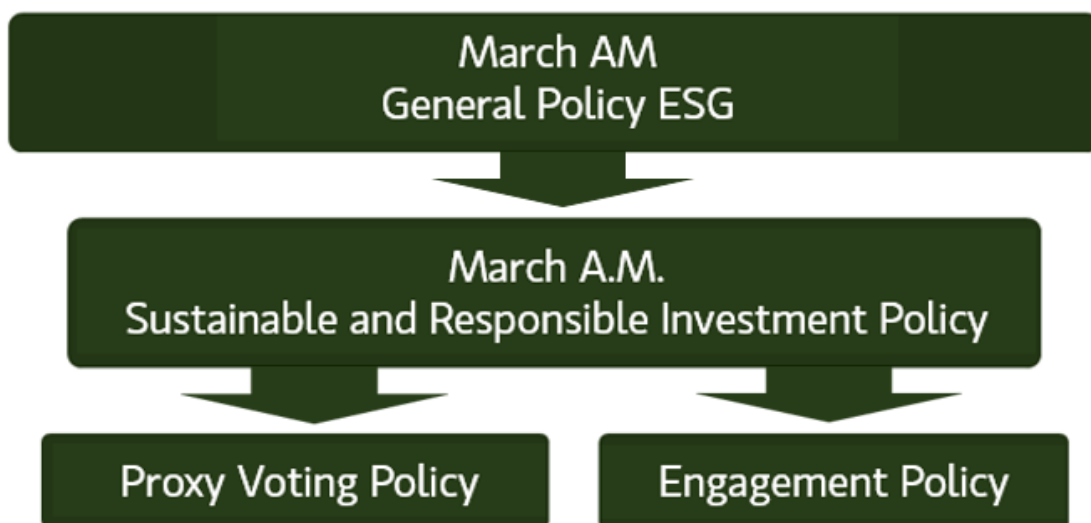
- *International Corporate Governance Network Global Stewardship Principles*

## Purpose and scope

March AM's Sustainable and Responsible Investment Policy establishes principles of conduct aimed at including environmental, social and corporate governance aspects in the analysis and investment decision-making process, in addition to the traditional financial criteria. This Policy also provides for the principles regarding the investment manager's involvement in the companies it invests in ("proxy voting") and open dialogue ("engagement") with its affiliated companies in relation to ESG aspects.

These principles apply to all assets in the vehicles managed by March AM.

This Policy fits with and is complemented by other March AM policies, as follows:



## Governance framework

The governing bodies are:

- Head of SRI
- Sustainability Committee
- SRI Committee
- Risk Committee

Its content is defined in: the Corporate Governance Policy attached hereto (Annex I).

## ESG methodologies, tools and investment processes

In general terms, approving this Policy does not result in a substantial change to the decision-making processes regarding new assets. Proposals for investment in new assets will be subject to the policies in force and to their implementing criteria and procedures.

However, in compliance with this Policy, March AM's investment team will add an ESG assessment to the process focusing on any assets already invested in, currently being invested in or currently being reviewed for investment. The aim is to create a broader picture of their risks and opportunities from the point of view of ESG aspects. With this analysis, March AM can identify, inter alia, any issuers that are better prepared to face future challenges and that, on the strength of appropriate management policies and systems, can generate greater potential for a positive impact on society and the environment; and, as a result, can stay ahead and avoid any potential ESG-associated risks. This does not mean that March AM will necessarily invest in these issuers since the decision-making process for investment in an asset will depend on its expected return in conjunction with its assumed risk and other qualitative elements. Instead, it means that March AM will be integrating this ESG assessment into this process.

The ESG assessment considers two elements:

1. An ESG risk analysis with a review of the issuers' behaviour with regard to environmental, social and governance criteria. With this goal in mind, March AM has created its own methodology integrating, adapting and completing the information from external providers that assign an ESG rating to each issuer. If these external providers are unable to assign this rating (particularly because of the issuer's size), the March AM team (Management and Risk) will infer

its own rating from an *internal* assessment of the company's sector of activity and of the specific behaviour of this issuer in terms of environmental, social and governance criteria and include it in its decision-making process. This ESG assessment consists of general and specific analysis criteria depending on the sector and operations, targeting relevant ESG factors (social and corporate governance). The governance analysis will apply ESG criteria adapted to each country (following the analysis of a specialist external provider or providers).

2. An excluding analysis applied to businesses, primarily on the basis of the nature of their business. These exclusions derive from Banca March Group's exclusion policy for certain sensitive sectors. There may also be exclusions due to a breach of regulations or linked to specific SRI products.

Considering the excluding analysis and in general terms, it should be noted that March AM's SRI model is not an exclusion-based model, even though it is based on integrating ESG into the process. March AM's SRI Committee identifies and approves certain restrictions on the investment universe linked to businesses with direct or indirect ties to certain activities or controversies classified as "very severe". These may include extraordinary events within the companies that jeopardise their conduct in ESG-related issues, e.g. penalties for poor practices, breach of international rules, and environmental disasters, all extremely serious. Nevertheless, exceptionally, consideration may be given to investing in a company or companies under these restrictions. This is subject to a favourable opinion from the SRI Committee however:

	ESG risk analysis			Excluding analysis	
	ESG assessment	Integrative ESG analysis (*)	Theme analysis	Exclusion by activity	Other
	Analysis of issuers regarding ESG criteria – ESG rating (by adapting information from a qualified external provider)	ESG analysis with a positive affect on asset selection/portfolio architecture using various strategies (best-in-class, affect of cost of equity, minimum and maximum limits, ...)	Analysis to identify the issuers with a particularly prominent role in ESG issues	Exclusions deriving from the exclusion policy of March AM which includes sensitive sectors and rules-based analysis	Exclusions deriving from specific SRI products
All March AM products	X	-	-	X	-
March AM SRI products	X	X	X	X	X

in the specific case of third-party and risk-profiled funds, March AM's management team conducts a specific ESG analysis via a recurring *look through* of the funds that comprise its portfolios for which March AM has its own methodology based on the help of external providers.

It should be noted that the investment team is ultimately responsible for its own investment process and, as such, for the analysis and resulting decision-making. As a consequence, the investment team must apply the integration of ESG factors into the investment process, in line with March AM's common integration principles.

## Proxy Voting Policy

March AM is firmly committed to progressing towards a sustainable economy that combines long-term profitability, with an appropriate risk level, with environmental protection, social justice and influence on the best decision-making in the companies in which March AM products invest. Its Proxy Voting Policy establishes the long-term engagement in the companies it invests in, with greater involvement in corporate governance decisions. We believe this will help to improve the financial and non-financial performance of these issuers. In addition to purely ESG criteria, March AM will seek to use its Proxy Voting Policy to promote the creation of long-term value, risk management, and good governance of the companies it invests in.

Its content can be found in the Proxy Voting Policy attached hereto (Annex II).



## Open-dialogue (engagement) policy with issuers

March AM is firmly committed to progressing towards a sustainable economy that combines long-term profitability, with an appropriate risk level, with environmental protection, social justice and influence on the best decision-making in the companies in which March AM products invest. Its open-dialogue policy with issuers provides for the long-term engagement in the issuers that it invests in. We believe open dialogue with issuers may underscore our investment process and enable us to appropriately manage the long-term risk of portfolios by promoting ESG practices in the companies we invest in on behalf of our customers. This open dialogue is applied to equity and fixed-income portfolios.

Through dialogue and its engagement in the companies it invests in, March AM seeks to gain an in-depth understanding of their business model, their risks and their opportunities. It also aims to promote change with a view to improving each company's strategy, management and reporting of material environmental, social and governance aspects. In our view, this helps to protect the value of March AM's investments.

March AM maintains open dialogue with issuers about ESG matters. March AM sees sustainability as a long-term driver of change in markets, countries and businesses that affects future performance and ultimately improves our customers' investment process. In our opinion, integrating ESG principles into the investment process is a win-win situation for all involved. Additionally, we believe constructive dialogue can improve behaviour towards ESG factors and enhance risk management or corporate governance. To our mind, divestment should be approached as a last resort.

Broadly speaking, March AM opposes investments in businesses or governments that engage in practices in violation of international treaties. Integrating ESG into investment analysis and management processes is compatible with establishing exclusion criteria for certain areas of activity.

. As such, if any issuer does not meet the SRI Policy requirements but is part of March AM portfolios, the management company (itself or through top-quality external independent advisers selected subject to due diligence) will endeavour to take measures to ensure compliance with the Policy as promptly as possible. To this end, March AM will promote open dialogue with issuers and adopt the right specific method

as established through open dialogue, to implement the measures needed to change any controversial practices or activities. March AM may even disinvest in the event of incompatibility between the issuer's operations and the aspects in this Policy.

Its content can be found in the Long-Term Engagement Policy. Attached hereto (Annex III).

## Transparency

March AM expects the companies that its products invest in to report on any relevant ESG aspects for their business model, and which may have a substantial impact on the analysis and decisions made by investors and other *stakeholders*. This means that March AM must be transparent about how March AM integrates ESG aspects into its investment decisions. Consequently, March AM has placed its Sustainable and Responsible Investment Policy on its website for access by its stakeholders.

March AM pledges to foster transparency so that all of its stakeholders may receive quality, accurate and timely information about its management of sustainable and responsible investments. With this goal in mind, it promotes the continuous improvement of reporting systems to promote better information about the integration of ESG criteria into investment processes, and about proxy voting and *engagement* activities.

## Policy owner and updating

The owner of this Policy is March AM's Board of Directors, which must approve and oversee its implementation.

This Policy will be revised and adopted by the Sustainability Committee. Any substantial revision or change must be approved by this Committee.

The content of this Policy forms part of a continuous improvement process, translated into regular revisions of this document.

This document was last revised in December 2021 and is published on the intranet and online for access by the general public.

**MARCH A.M.**



ANNEX I

**Corporate Governance Policy**

Risk and Regulatory Compliance Control Unit – March AM

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## Purpose

This Corporate Governance Policy aims to reproduce the organisational structure of March AM, S.G.I.I.C., S.A.U. (the Management Company) and describe the general duties assigned to each of its areas or departments.

## Introduction

Circular 6/2009, of 9 December by the Spanish National Securities Market Commission (CNMV), on the internal control of investment firms and management companies of collective investment schemes stipulates that these companies must have appropriate operational rules and procedures in place to enable the members of their management bodies to fulfil their obligations at all times and take on any responsibilities as required by applicable regulations.

## Recipients of the Procedure

This Procedure has been created for all employees, managers and executives at March AM.

## Updating the Procedure

The Procedure must be updated to adapt to regulations and the Management Company's actual operations.

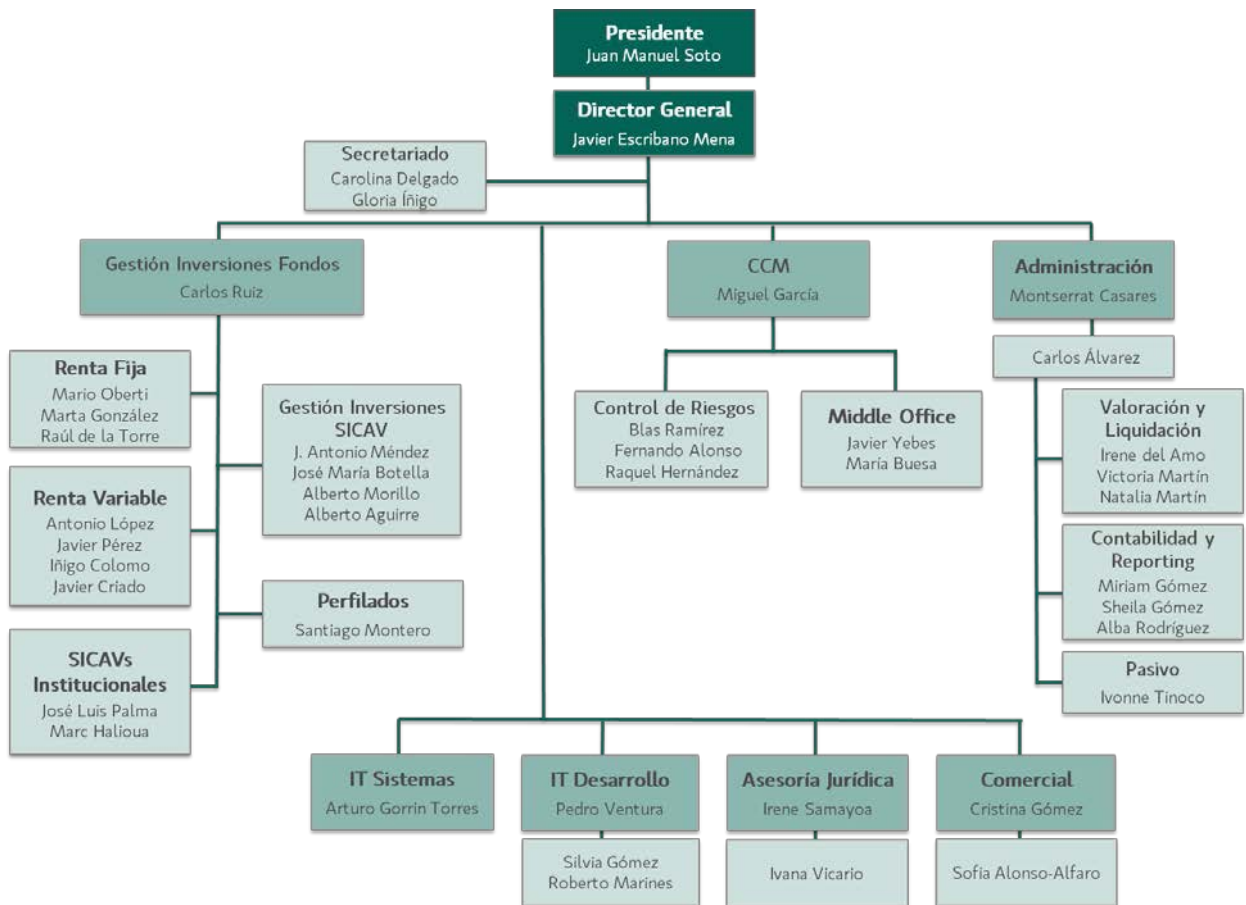
The Procedure will be reviewed at least every year by the Regulatory Compliance area. This area will make any amendments as necessary as a result of:

- Proposals from heads of the areas and departments involved.
- Any regulatory developments.
- Recommendations from Internal Audit.
- Recommendations from external auditors and supervisory authorities.

The Procedure may be revised with information and advice from any areas at March AM, and from Internal Audit.

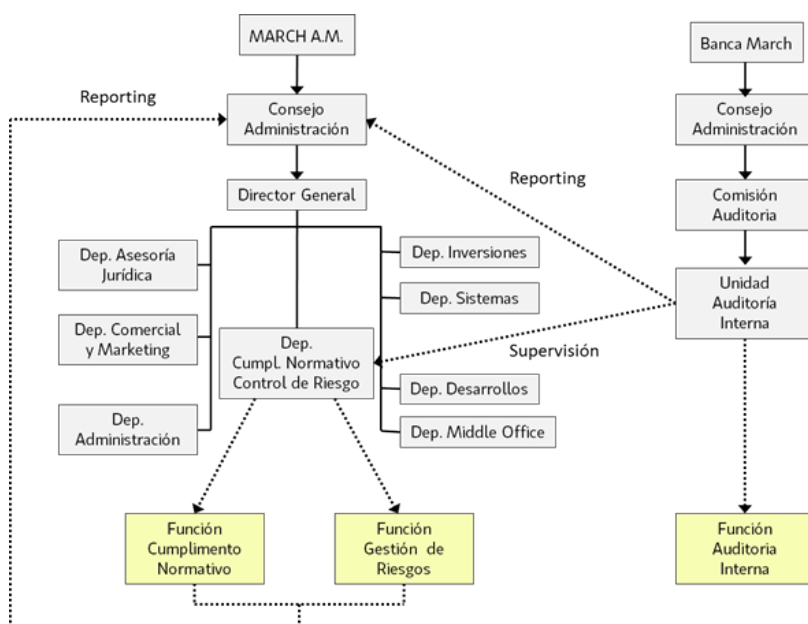
## Organisational structure

Below is the organisation chart for the Management Company, with a description of the general duties assigned to each of the areas and departments therein.



The Risk and Regulatory Compliance units report directly to the Board of Directors and are overseen by the Internal Audit area, as shown below:





## Duties of the organisational units

### Managing Director

The most senior role in the Management Company. The heads of all other areas report to him and supply systematic information about the departments' performance.

Develops the courses of action set for the Company; supplies the means and right organisation for the Company to manage and administer CIS; sets the levels of responsibility in CIS management and administration; and receives information from the heads of every area of the Management Company, and makes decisions accordingly if applicable.

### Investments area (Management and SICAV management)

The basic duty of the Investments department is to manage the portfolios of collective investment schemes under the Management Company's mandate. To fulfil this role, it relies on a series of human and general resources for optimal investment management, in accordance with the general investment guidelines in each scheme and the economic and market situation.

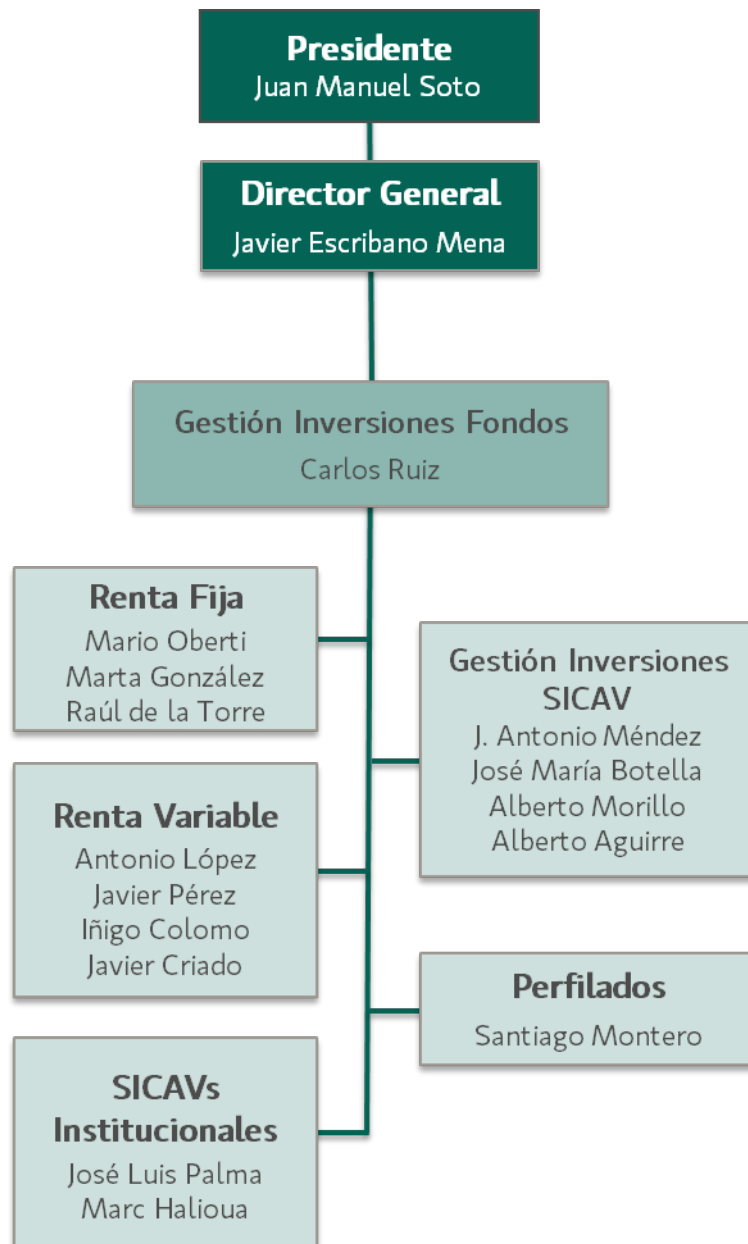
It also needs general information about the markets and the portfolios' investment policies to be able to analyse the status of investments at all times; measure the outcome of proposed investments and their consequences; suggest alternatives to previous investment policies; and make any adjustments to the assets to adapt to the changes in markets and the needs of each CIS. It is indispensable to continuously train the management team to not only enhance their medium-term knowledge and learning, but also to gain insights into new investment products, the most innovative management techniques and the tools to achieve excellence in the implementation and choice of instruments for investments. As a result, a large proportion of the area's time is spent on analysis and research, complemented by national and international courses and seminars.

Additionally, it convenes the Investments Committee, as the basic body for the discussion and consideration of investments within the Management Company. It reviews the economic and market situation from an analysis of the most important variables with an influence on their performance and on the portfolios, suggests new investment guidelines if necessary, and monitors them.

As a complementary mission, the Investments area also offers training and support to the salesforce, conveying the general investment philosophy and risk profile for each CIS and informing about the performance of investments and the reason for such results. It analyses the portfolio's basic structure, explaining the determining factors with an impact on its performance and gives details of its assets.

In order to ensure normal investment administration activities, the Management Company relies on a management team composed of fully dedicated managers-analysts with sufficient experience and knowledge of investments.

Their education is primarily in science and they have sufficient experience with financial markets (monetary, fixed income, currency, stock market and derivatives) to best perform their duties. Their profile must be predominantly analytical with a medium- and long-term perspective to be able to identify the key market trends, thus working to optimise portfolio performance. They speak foreign languages fluently and have the necessary communication skills to express their opinion on the markets with due transparency. They are also skilled in using the various computer tools, new technologies and databases, including external sources of information (Bloomberg, Factset, MorningStar, etc). Analysis work has been outsourced for financial and economic analyses, with delivery of reports on companies, the macroeconomic situation, etc. These services are remunerated and broken down on an annual basis.



**Head of SRI**

Promotes and proposes actions in line with the best environmental, social and good governance (ESG) practices.

Submits an action plan to the Sustainability Committee of March Asset Management (the Management Company).

Coordinates the efforts to execute the ESG Policy and oversees the actions approved by the Sustainability Committee.

Designs and coordinates the efforts to draw up reports for investors and regulatory authorities.

## Administration area

Department led by the head of Administration and subdivided into:

- Financial, Supervision and Accounting department
- Product Administration department (CIS/EP/PF/DPM)

### Description of the departments

#### Financial, Supervision and Accounting department

The head of this department will have solid experience in an asset management administration department, as well as ample accounting knowledge.

1 Senior manager with at least 3 years' experience in accounting areas.

The position's duties are:

- Accounting of management companies
- Relations with external auditors
- Control of the Luxembourgish SICAV
- Management control and accounting oversight of products
- Taxation

#### CIS Administration department

Head of the area and 5 staff members, subdivided into three divisions: Accounting, Operations and Shareholders-Reporting.

The head of this department will have ample experience in an asset management administration department, and solid knowledge of how the financial market operates.

2 Senior staff members, the coordinators of each division. At least three years of experience in similar positions in the financial sector.

3 Junior staff members.

Accounting division

Its duties are:

- Product accounting and billing
- Bank reconciliation

Operations division

Duties:

- Checking and settlement of transactions
- Uploading prices
- Validating the NAV
- Recording financial deals
- Adding new master files
- Reconciling securities accounts
- Monthly reconciliation of all securities streams, claiming entries in reconciliation and following up on incidents

Shareholders-Reporting division

Duties:

- Liabilities management
- Reporting to supervisory authorities

### Risk Control department

The Risk Control department reports to the Board of Directors and the Management Company's senior management team. This department checks that the operations take place under the general framework set by the Board of Directors and always in accordance with the regulations in force. It also runs checks to ensure the effectiveness of the implemented control systems. If there is an incident, it generates a report with a description of the incident's nature and details about its resolution. This report is presented to the Risk Committee (see applicable section) and will be submitted to the Board of Directors as decided by the Committee.

This department consists of a highly qualified staff member with proven experience in similar positions. This person has in-depth training in derivative instruments and financial markets and extensive knowledge of risk measurement and analysis.

The department is subdivided into:

- Regulatory Compliance.
- Risk Management.

It performs various duties, summarised as follows: Duties relating to Regulatory

Compliance and Risk Management, such as:

- Tasks needed to comply with Circular 6/2009 by the CNMV.
- Control over compliance with legal limits and prospectus by the CIS.
- Control of transaction orders, traceability and selection criteria, especially with regard to related-party transactions.
- Best-execution control.
- Control of net asset value.
- Control of curves.
- Asset measurement.
- Liaison and submission of information to Internal Audit.
- Check for compliance with procedures and regulations.
- Review of communications from depository (six-monthly report to CNMV).
- Control of market, credit and liquidity risks.

Duties relating to CIS activities: Some consist of support tasks for CIS administration; others are tasks linked to their creation, development and operation. These include:

- Relations with the CIS depository and the CNMV.
- Reports to the CNMV about CIS development.
- Documentation of OTC transactions for CIS.
- Delivery of information to other departments/areas.

Other tasks linked to:

- Internal Code of Conduct (reporting and authorisation of personal deals, incidents, reporting to the ICC monitoring body).

## Legal Advice

Legal Advice is made up of an internal lawyer and is complemented by engaging the services of an external consultant, if necessary.

The position's duties are:

- Ensure compliance by the Management Company and managed CIS with the legislation.
- Draw up and process the notarisation of contracts or documents needed for the normal operations of this type of entity.
- Process the creation and changes to the CIS vis-à-vis the official authorities.
- Update the prospectuses and regulations and any other legal documents.
- Advise the areas on legal matters.
- Update the Management Committee on regulatory matters.

## Commercial area

- Defines the Company's business strategies.
- Researches and develops fund offerings, and designs and implements new products.
- Liaises with marketers and/or promoting entities (creating and monitoring sales campaigns, creating and coordinating Business Committees, etc.)

Its commercial activity is divided into: Marketers/platforms:

- Activity tracking
- Commercial contacts
- Preparation of commercial documents
- Participation in events with advisers and/or

institutional customers

- Customer monitoring and acquisition
- Commercial contacts
- Preparation of commercial documents

This area tracks business figures. Monitors and researches and analyses the sector.

Negotiates the financial terms and conditions with international management companies.

Organises conferences and events with marketers; coordinates the presentation's content, the logistics, contact with territorial offices and sources the necessary material.

Relations with the media. Keeps the information about the Management Company up to date on social media.

Handles the Management Company's website content, keeping it up to date.

When this document was completed, Cristina Gómez Noblejas and Sofía Alonso-Alfaro Castillo were members of the Commercial area.

## Development Area

These are the key processes of the Development area at March AM:

Software development by the in-house team: Iterative and incremental process by which March AM A.M. uses its in-house resources and means to meet the automation needs of business or support processes, and responds to incidents in the development software.

- Planning of pending tasks.
- Planning of iterations.
- Execution and monitoring of the work planned in iterations.

Software development with external providers: process by which March AM commissions a piece of software to a third party.

- Definition of scope.
- Offer or bid.
- Planning.
- Development of solution.
- Monitoring and control.
- Move to production.
- Warranty.
- Maintenance.
- Handover and closure

## Company bodies and committees

The Management Company has several bodies and committees:

### Board of Directors

The Board leads the Company's operations and conduct, comprehensively and at top level. This leadership encompasses the development and achievement of the ultimate business goals as well as how to achieve them in terms of transparency, ethics, responsibility and compliance with the law.

The Board must envisage the guiding values for the Company and its ultimate goals. It must approve the corporate strategy and actively engage in its research and definition.

It must be aware of and approve strategic decisions and annual or pluriannual business plans, and ensure that the approved plans are executed efficiently and in strict alignment with the strategy.

It must serve the legitimate interests of its shareholders, must report to them fully and regularly and facilitate the exercise of their rights, while guaranteeing equal treatment of all shareholders.

It ensures full compliance with all applicable laws and regulations as well as ethical and good management rules across the Company.

It must guarantee the necessary transparency about the relevant information elements such as the financial situation, P&L or the Company's ownership and governance. It is responsible for the information's accuracy, presentation, frequency and dissemination. In essence, it must make sure that the shareholders have a true perception of the Company's situation and health.

The Board must ensure complete respect for the rights and legitimate interests of any person or group that, even though they are not shareholders, is directly or indirectly affected by the Company's conduct. Specifically: customers, suppliers, business partners, employees, authorities, competitors and general society as regards the environment, health or safety. It must also guarantee the creation of specific policies on relations with these groups. It must ensure continued active communication adapted to the needs of each group or individual.

The Board must oversee the Company's operations in terms of fulfilment of its plans, profitability, management efficacy, viability and potential for development. It must constantly assess the different risks that the Company is exposed to and ensure they are properly handled.

The Board must select and appoint the Management Committee, set its duties and decision-making autonomy as well as the policies and rules applicable to its relations with the Board (information, meeting frequency and annual calendars for the review of specific matters).

It must also ensure that there are always succession plans. Where appropriate, it must cease a committee member's term of office and guarantee their full or partial replacement. The Board approves the Management Committee's specific objectives and goals or assesses the performance of its duties and their success. The Board will set up specific remuneration schemes and determine the actual remuneration of its members. It will also approve, after a performance assessment, the annual or pluriannual remuneration.

As for specific control duties, the Board of Directors must:

- Establish, maintain and oversee the internal control policies and procedures, and assess their efficacy and, where appropriate, adopt the right measures to correct any deficiencies.



- Ensure that the main risks affecting the managed CIS and the Management Company itself have been identified, and that appropriate internal control systems have been implemented to mitigate these risks.
- Ensure the existence of appropriate and sufficient human and technical resources for the correct performance of risk management, regulatory compliance and internal auditing.
- The Management Company's Board of Directors may delegate to an Audit Committee, created within the Board, the oversight and assessment of risk management and regulatory compliance systems and procedures. In this case, the head of Internal Audit will report to this Committee. The Committee must be mostly made up of non-executive members appointed by the Management Company's Board of Directors.
- Define and enforce appropriate policies and procedures for ensuring that its staff, agents and proxies fulfil their obligations under the applicable regulations; and define and enforce appropriate policies and procedures for control of external entities to which CIS management and administration or any other activity has been delegated.

### Management Committee

The Management Committee's main purpose is to direct the Company towards the future, with a view to achieving the objectives and ensuring business continuity and growth in the long term.

#### Purpose

- Act as an advisor and consultant for general management.
- Coordinate the activities of the Company's areas or departments.
- Set the guidelines for participatory management with powers to delegate.

#### Tasks

- Clearly define the Company's strategic framework (mission, vision, values, culture and strategic lines) and ensure alignment of all decisions therewith.
- Create an organisational structure that is efficiently suited to the objectives set.
- Devise operational strategies aimed at achieving the objectives; regularly monitor their fulfilment and assess the results.
- Propose corrective measures if there is any difference between the outcome and the objectives set.
- Propose improvements and investments.
- Assess and analyse the development of certain projects and specific plans.
- Align strategies and actions across the Company's areas.
- Standardise the project management methodology.

### Investment Committee

The Investment Committee meets every month to review the economic and market situation and discuss the portfolio investment policy.

The meetings are attended by the management team, the Managing Director and members of the commercial team at March AM.

The head of Investments moderates the meeting, prepares any necessary documents and the agenda, and presents the investment proposals for discussion and, where appropriate, approval by the Committee.

#### Documentation

The Investment Committee prepares the following documents on a recurring basis:

- Before a meeting, the head of Investments gathers information from each manager about their portfolios so as to create a homogeneous picture that can be analysed aggregately. This information contains elements such as the current position and the most important deals since the last meeting.
- The head of Investments also prepares any relevant material about macroeconomic aspects or market trends that may affect the future performance of the Management Company's assets or positions.
- The day before the meeting, this information is sent to all Committee members for review and/or change if necessary.
- These documents are placed in a shared directory for future reference. This directory is divided into subfolders for each of the calendar years so as to identify the documents as quickly as possible. There is also a folder for the minutes ("Actas").

#### Recording the minutes

In the days after the Committee meeting, the minutes are recorded to contain detailed information about the proposals and their approval. This is normally done by the head of the "Product Specialist" area. The minutes are then validated by the head of Investments and placed in the aforementioned folder.

## SRI Investment Committee

March AM's SRI products will have an SRI Committee to monitor compliance with the ESG requirements. In addition, potential controversies will be presented and discussed with the aim of reaching agreement on how to proceed and those investments that may be affected by Banca March AM's exclusion policy will be analysed. If necessary, a decision will be taken by this committee on the exclusion of the funds of those assets that may be affected by these controversies or exclusions. This Committee will also suggest individual engagement activities with companies.

## Risk Committee

#### Purpose

The Risk Committee seeks to review, approve, recommend and set limits and powers to assume financial and non-financial (SRI) risks.

It also aims to ensure that the Company's risk profile is in line with the courses of actions decided on by the committees and the Board of Directors.

It is also intended as a catalyst for risk supervision and administration and to define policies for mitigating uncertainty in March AM.

It must also strive to create a corporate risk culture.

#### Composition

The Risk Committee is made up of:

- Executive Chairman.
- Managing Director.
- Head of Risk Control.

- Head or heads of the Investments area.
- Head of Administration.
- Legal Counsel.

## Sustainability Committee

### Target

The Sustainability Committee seeks to promote, define, approve and oversee fulfilment of March AM's Sustainability strategy, to track and control the ESG activities of March Asset Management (Management Company), and to liaise and act as representative before the Board.

It meets at least every month.

Its most important duties are:

- Promote, assess and approve proposed ESG targets, while increasing the integration of these criteria into the Management Company's processes.
- Draw up an annual ESG action plan.
- Define a calendar for fulfilment of the actions in the ESG action plan.
- Ensure governance of the sustainability policies and procedures.
- Manage the decisions about which certifications to adopt.
- Draw up and monitor the Engagement Policy.
- Research the market trends and best practices regarding ESG.
- Follow the regulatory developments and analyse their impact.
- Promote, assess and approve the proposed involvement of March Asset Management in initiatives that promote the integration of ESG criteria.
- Monitor the processes for the integration of ESG into March Asset Management.
- Act as a source of knowledge about investor expectations and preferences with regard to ESG and the strategy's suitability.
- Raise awareness among employees in order to consolidate an organisational culture integrating ESG values, while publicising any relevant initiatives and its commitment to this culture.

### Composition

The Sustainability Committee is organised and overseen by the head of SRI and is made up of:

- Chairman.
- Managing Director.
- Chief Investment Officer
- Head of SRI.
- Head of Risk Control.
- Key person in the Investment area.
- Head of Administration.
- Legal Counsel.
- Head of the Commercial area.
- Head of IT Development

ANNEX II

Proxy Voting Policy.

Risk and Regulatory Compliance Control Unit – March AM  
<18/02/2020>

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## Introduction

This document is intended to set guidelines for action within March Asset Management SGIC, SA (the "Management Company") in relation to executing proxy voting for all issuers of instruments in each of the managed CIS.

The Proxy Voting Policy is in line with the applicable legislation and codes of good practices and will be consistent with the specific goals of each portfolio. March AM wishes to exercise its right to vote whenever possible and when the associated costs are not higher than any potential benefits.

## Scope of Application

This procedure complies with the regulations governing CIS: Articles 133 and 115 of Royal Decree-Law 1082/2012, of 13 July.

As per the regulations, March AM must exercise the rights inherent to the securities in the portfolios it manages.

This same obligation applies to the SICAVs managed by March AM unless the SICAV reserves the exercise of rights to vote in the applicable management agreements. In this eventuality, the management agreements between the SICAVs and March AM stipulate that March AM must send instructions to the depositary so as to preserve the SICAV's benefit and interests in exercising proxy voting. However, it is expressly stated that the SICAV itself holds and exercises such rights.

This obligation will apply whenever the issuer is a Spanish company, and the joint investment in the funds and SICAVs managed by March AM is older than 12 months, providing the investment accounts for at least 1% of the affiliated company's capital.

However, true to its pledge to promote the exercise of shareholder rights, March AM has extended the regulatory framework of action and intends to exercise its proxy voting (whenever this is technically and operationally possible). The right to vote shall be exercised (provided that this is technically, operationally and financially viable) in all the variable income positions of the investment products regardless of the market in which they are admitted to trading or the size of the position in the portfolio.

In any case, these rights may be exercised, even if the requirements above are not met, whenever this is advisable for the interests of shareholders or unitholders in investment products. Furthermore, these voting rights shall not be exercised when there are sufficient reasons therefor.

## Concepts

Attendance card for the General Shareholders' Meeting, a document supplied by the depositary with the meeting's agenda.

This card must specify how the vote will be cast on each of the items on the agenda and must be signed by the proxy of the Management Company or SICAV.

If this document is completed and sent to the depositary, in-person attendance at the meeting is waived.

## Means

The information needed to decide how to vote originates in different sources, including external proxy advisors consulted regarding how to best to serve the unitholders. March AM must control any conflicts of interest that may derive from exercising proxy voting.

## General Principles

March AM exercises its attendance and proxy voting rights diligently to the sole benefit and interest of the unitholders and shareholders, after considering the nature of the motions presented to the General Shareholders' Meeting on the basis of public information or information provided to shareholders.

It should be noted that the decision on how to vote will be made with full independence and objectivity vis-à-vis Banca March Group. March AM will exercise the rights to vote of assets in managed CIS autonomously from Banca March and without any kind of direct or indirect influence to determine, interfere or condition this decision. March AM's decision on how to vote may rely on the assistance of *proxy advisors* selected with due diligence.

In accordance with the regulations and with a view to reinforcing the principle of transparency, March AM draws up the annual report for each of the managed CIS so as to include a summary of the policy on the exercise of proxy voting inherent to all securities integrated in the managed CIS, and how the vote was cast in each case.

## Criteria

March AM's proxy voting policy is in line with its vision of socially responsible investments, with a particular focus on social, sustainable development and governance issues.

March AM regards the company beyond purely financial aspects, and integrates risks and opportunities under ESG criteria into its analysis. With its rights to vote, March AM wishes to influence corporate policies with the aim of improving ESG efficiencies and protecting the best general interest of unitholders.

The quality of the information on the company's governance, its changes, its position with regard to market good practices and its relations with stakeholders is essential and, consequently, integrated into voting decisions.

March AM considers fair, complete and transparent financial information to be crucial to exercise proxy voting. Poor information quality may lead to abstentions or votes against.

March AM will vote for the allocation of profits when the company's long-term financial situation has been positive.

As for the composition of Boards of Directors, March AM supports a greater number of independent directors as well as requirements in terms of skills, experience and dedication. It is also in favour of diversity in board composition. Additionally, it supports the separation of the positions of Chair and CEO and, in the case of family-owned companies, the separation between the family (ownership) and the non-family component in the board of directors by means of a CEO who is not a member of the family (management).

Regarding auditors, March AM is in favour of leading auditors with ample experience in fulfilling their obligations.

March AM views transparency in the remuneration policy and its implementation as necessary. For this reason, it demands an adequate fixed/variable ratio with a link between the remuneration targets and performance.

## Operational Procedure

### Receiving the information

Notice to attend the General Shareholders' Meeting will be received whenever the stake in the company amounts to the percentage specified on announcing the meeting.

This invitation may be sent:

1. Online, via the platform of our depositary.
2. Printed notice.
3. Online, via the platform of our Proxy Advisor. When to

complete

The right to vote shall be exercised (provided that this is technically, operationally and financially viable) in all the variable income positions of the investment products regardless of the market in which they are admitted to trading or the size of the position in the portfolio.

In any case, these rights may be exercised, even if the requirements above are not met, whenever this is advisable for the interests of shareholders or unitholders in investment products. Furthermore, these voting rights shall not be exercised when there are sufficient reasons therefor.

### Exceptions

Since they have their own legal personality, SICAVs can delegate their vote providing this is approved by the board.

These cases are listed in Annex II.



## ANNEX I – Regulatory references

Royal Decree 1082/2012, of 13 July

Article 113: Representation through securities:

- 1. Shares represented through securities may be nominative or to the bearer. However, they will always be nominative providing that their value has not been fully redeemed, when their transmission is subject to restrictions, when they are associated with ancillary benefits or when this is provided for in special provisions.*
- 2. When the shares must be represented through securities, shareholders will be entitled to receive the corresponding securities, free of charge.*

Article 115. Provisional certificates:

- 1. Provisional certificates of shares must necessarily be nominative.*
- 2. The provisions of articles 114, 116 and 122 must be observed, when applicable, for provisional certificates.*

## ANNEX II – Special cases

These CIS have delegated their vote (as approved by the board):

VALORES BILBAINOS, SICAV, S.A. with tax ID no. A-48061790 and LEI code: 549300FAHXH6FUNN5G59

## Long-Term Engagement Policy.

Risk and Regulatory Compliance Control Unit –  
MARCH ASSET MANAGEMENT, SGIC, S.A.U.  
<July 2021>

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## Introduction

This document sets out the long-term engagement policy of MARCH ASSET MANAGEMENT SGIC, S.A.U. (hereinafter, the "Manager").

The purpose of this Policy is to set out the general action guidelines in relation to promoting the long-term engagement of the Manager in companies in which the products invests through MARCH ASSET MANAGEMENT, S.G.I.I.C., S.A.U.

Specifically, the Policy which sets out the general principles to be followed by the Manager with regard to engagement on its investment products, in relation to:

- i. the enforcement of voting rights for all issuers of portfolio instruments for each of the investment products and,
- ii. the enforcement of other engagement measures, such as active dialogue.

The Engagement Policy is in line with the applicable legislation and codes of good practices and will be consistent with the specific goals of each portfolio.

In relation to voting rights, the Manager wishes to exercise its right to vote whenever possible and when the associated costs are not higher than any potential benefits.

In relation to active dialogue, the Manager shall perform this type of engagement activities whenever it considers that they would have a genuine impact on the management of a given company or contribute to improving sustainability.

The Manager's engagement policy is in line with its vision of socially responsible investments, with a particular focus on social, sustainable development and governance issues.

The Manager regards the company beyond purely financial aspects, and integrates risks and opportunities under ESG criteria into its analysis. Through engagement activities (active dialogue and voting), the Manager wishes to influence corporate policies with the aim of improving ESG efficiencies and protecting the best general interest of unitholders of the managed products.

The quality of the information on the company's governance, its changes, its position with regard to market good practices and its relations with stakeholders is essential and, consequently, integrated into engagement activities and in particular voting decisions.

## Scope of Application

This Policy and the rules that, as applicable, develop it, are binding on all directors, executives and employees of the Manager, which shall be aware of it and enforce it within the scope of their functions.

## Main action guidelines as part of long-term engagement

### **1. Monitoring of companies invested in and active dialogue**

The companies in which products managed by the Manager invest shall be subject to constant monitoring. Firstly, via a financial and extra-financial analysis pursuant to the investment management procedures and sustainability risk integration policy. Non-financial aspects include ESG criteria (environmental, social and good governance).

Having invested in a given company, the information published that may vary from the initial ESG risk rating is monitored. To this end, all the information published by the company will be used, including key facts, periodic information or documentation published, invitations to attend shareholder meetings, as well as any other information to which it has access (press, financial analysts and information providers).

Furthermore, it shall consider the internal knowledge that the Banca March Group has about the companies and that may be achieved through active dialogue. This constructive dialogue shall be encouraged whenever it is considered that it may genuinely affect sustainability factors and the company's governance. This active dialogue may take the form of specific meetings with the management team or the company's manager, telephone calls or emails, or any other means deemed appropriate for the corresponding purpose.

Monitoring of the companies invested in shall include strategy, financial and non-financial performance, risks, capital structure, social and environmental impact and corporate governance.

## **2. Exercise of voting rights**

### **2.1. Principles and criteria for the exercise of attendance and voting rights**

Attendance and proxy voting rights are exercised diligently to the sole benefit and interest of the unitholders and shareholders, after considering the nature of the motions presented to the General Shareholders' Meeting on the basis of public information or information provided to shareholders.

It should be noted that the decision on how to vote will be made with full independence and objectivity vis-à-vis Banca March Group. Voting rights in relation to products managed shall be exercised autonomously from Banca March, without any kind of direct or indirect influence to determine, interfere or condition this decision.

Furthermore, the decision on how to vote may rely on the assistance of proxy advisors selected with due diligence.

The Manager considers fair, complete and transparent financial information to be crucial to exercise proxy voting. Poor information quality may lead to abstentions or votes against.

The Manager shall vote for (amongst others):

- the allocation of profits when the company's long-term financial situation has been positive.
- greater number of independent directors as well as requirements in terms of skills, experience and dedication
- diversity in board composition.
- the separation of the positions of Chair and CEO and, in the case of family-owned companies, the separation between the family (ownership) and the non-family component in the board of directors by means of a CEO who is not a member of the family (management).
- leading auditors with ample experience in fulfilling their obligations.

The Manager views transparency in the remuneration policy and its implementation as necessary. For this reason, it demands an adequate fixed/variable ratio with a link between the remuneration targets and performance.

### **2.2. Conditions for the exercise of the voting rights**

The right to vote shall be exercised (provided that this is technically, operationally and financially viable) in all the variable income positions of the investment products regardless of the market in which they are admitted to trading or the size of the position in the portfolio.

In any case, these rights may be exercised, even if the requirements above are not met, whenever this

is advisable for the interests of shareholders or unitholders in investment products. Furthermore, these voting rights shall not be exercised when there are sufficient reasons therefor.

### Managing conflicts on interest in relation to engagement activities

The Manager has a conflict of interest policy, which is known to and binding on all directors, executives and employees in the performance of their activities. This Policy is particularly relevant in the management of conflicts of interest that may arise in the exercise of voting rights of the companies invested in.

### Justification in case of non-compliance

If the Manager decides not to comply with one or more of the requirements set out in the sections above, it shall publish a clear, reasoned explanation for its decision not to do so. This information shall be available publicly, free of charge, on the Manager or its group's website.

Furthermore, it shall be explained in the annual information that the Manager is required to publish in relation to how this Policy has been enforced.

### Publication of the policy and annual information about its enforcement

This document shall be accessible to the public on the March Asset Management SGIC, S.A.U. website: <https://www.march-am.com/quienes-somos/inversion-sostenible-y-responsable/>

Each year, the Manager shall publish how this Policy has been enforced on its website. This information shall include, at least, the following sections:

- (i) general description of its conduct in relation to voting rights,
- (ii) (ii) explanation of the most important votes,
- (iii) (iii) direction of the vote when exercised, excluding votes that are considered insignificant given the object of the vote or the size of the participation in the company,
- (iv) (iv) use of advisory voting services.

### Approval and review of the Policy

This Policy shall be approved by the Manager's Board of Directors.

This Policy shall be reviewed at least once per year by the Regulatory Compliance Unit and whenever deemed necessary.

If, at any time, there is a substantial change to this Policy, the Board of Directors shall be informed for it to be approved. Regardless of whether or not there has been a substantial change, updates to this Policy shall be subject to ratification by the Board of Directors or body to which this function has been delegated.

The right to vote shall be exercised (provided that this is technically, operationally and financially viable) in all the variable income positions of the investment products regardless of the market in which they are admitted to trading or the size of the position in the portfolio. In any case, these rights may be exercised, even if the requirements above are not met, whenever this is advisable for the interests of shareholders or unitholders in investment products. Furthermore, these voting rights shall not be exercised when there are sufficient reasons therefor.

## ANNEX I – Regulatory references

Directive 2007/36/EC in relation to the promotion of long-term engagement plans for shareholders in listed companies.

Law 5/2021, of 12 April, amending the consolidated text of the Capital Companies Act, approved by Royal Decree 1/2010, of 2 July, and other financial rules, in relation to the promotion of the long-term engagement of shareholders in listed companies.

Law 35/2003 of 4 November on collective investment schemes