Socially Responsible Investment Policy

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Santander Asset Management

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1. Introduction

The Santander Asset Management Group (hereinafter "SAM"), through its activities, can have a relevant impact on society and the environment.

On the other hand, environmental, social and governance aspects (hereinafter ESG) can have an impact on investments.

In this sense, there is already a high degree of consensus in the asset management sector that considering ESG aspects in investment decisions helps to better manage risks and explore new value creation opportunities for clients and society.

As asset managers, each local unit of SAM has the fiduciary duty to always act in the long-term interest of its clients. In order to fulfil this duty, it is necessary to consider the financial aspects together with the extra-financial ones in order to have a more complete vision of the assets under management, which often results in better-informed investment decisions.

Consequently, SAM's purpose is to act in a responsible manner, assuming a series of commitments beyond legal obligations, through a better management of risks and opportunities (including those related to sustainability), seeking to meet the financial objectives of customers while contributing to a sustainable development of businesses and society.

SAM's purpose is to try to maximize its contribution to sustainable development, promoting the positive impact of its activities, while being aware that these can generate adverse impacts on sustainability factors, which must be managed properly, trying to minimize them whenever necessary, keeping in mind the objective of always acting in clients' best interest.

Sam's socially responsible investment approach is inspired by the United Nations Principles of Responsible Investment:

- Incorporate ESG issues into investment analysis and decision-making processes.
- Incorporate ESG issues into our ownership policies and practices.
- Seek appropriate disclosure on ESG issues by the entities in which SAM invests.
- Promote acceptance and implementation of the Principles within the investment industry.
- Work together to enhance SAM's effectiveness in implementing the Principles.
- Report on SAM's activities and progress towards implementing the Principles.

This policy defines SAM's approach to socially responsible investment (hereinafter SRI) and defines the criteria considered in the integration of ESG variables in the investment process. It also incorporates relevant aspects within the SRI and as part of its fiduciary duty, such as the exercise of voting rights and *engagement*, which which are described in detail in the corresponding policies defined in this regard.

2. Scope of application

This policy was drawn up by SAM and is made available to local units in each geography as a reference document, establishing the regime to be applied in the matters referred to in this policy.

Each local unit is responsible for drawing up and approving their own internal regulations to enable the local application of the provisions contained in this policy, with the adaptations that, where applicable, may be strictly essential to make them compatible and enable them to comply with legal and regulatory requirements or with the expectations of their supervisors.

The approval of this local internal regulation must be validated by SAM's Risk and Compliance global area, after reviewing it in cooperation with SAM global SRI team, so as to guarantee coherence with the internal regulatory and governance system operated by SAM.

This policy is intended to apply to all assets, sectors and countries in which SAM invests through its active management products, managed by any entity within SAM's Group. Those funds that are passively managed (such as guaranteed, structured or index funds) fall outside the scope of this policy.

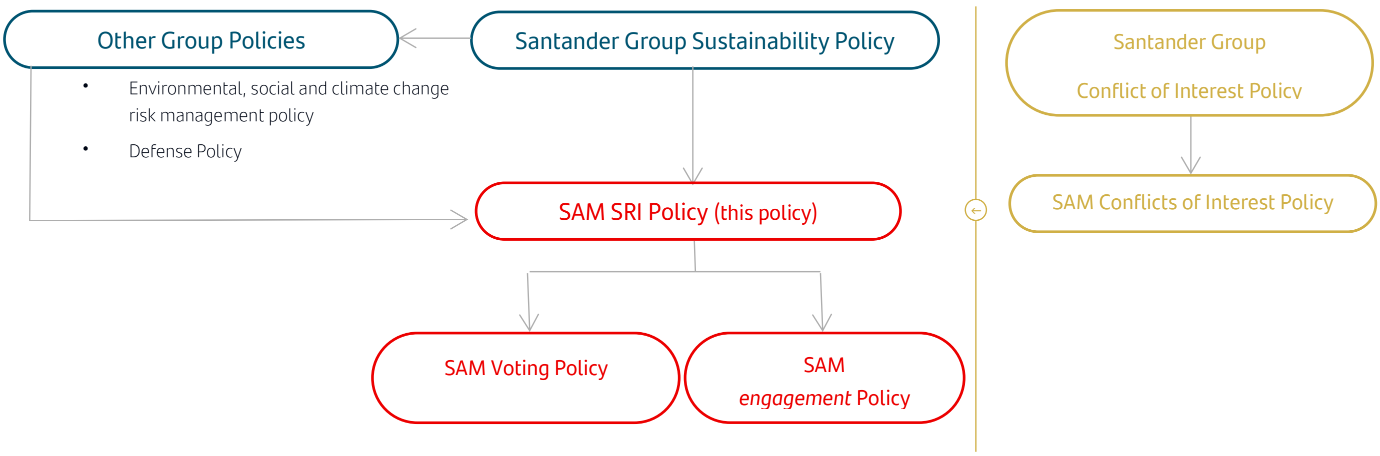
The investment process defined in point 4 of this policy includes direct investment in equities and fixed income, as well as indirect investment through funds managed by third parties. In the case of funds mandated to third-party managers, SAM performs an analysis of the manager's ESG capabilities, which is incorporated into the RFPs (*Request for Proposal*), being especially relevant for mandates with an SRI approach.

3. General principles and relationship with other policies

This policy, which defines the general guiding principles of SAM regarding socially responsible investment, is aligned with the general principles of Santander Group's Responsible Banking and Sustainability Policy and is based on the best practices included in international conventions and protocols, codes of conduct and internationally relevant guides on this particular subject, including:

- UN Principles for Responsible Investment
- UN Global Compact
- United Nation Sustainable Development Goals.
- United Nations: Universal Declaration of Human Rights.
- The United Nations Guiding Principles on Business and Human Rights.
- OECD guidelines for multinational companies.
- The International Labour Organization's (ILO) Fundamental Conventions.
- Agreements reached at the 2015 COP21 summit on climate change in Paris.
- Task Force on Climate Related Financial Disclosures Recommendations - Financial Stability Board
- United Nations Convention Against Corruption
- Conventions and treaties on non-proliferation of weapons included in Santander Group's General Policy on Defence Sector
- International Corporate Governance Network (ICGN) Global Stewardship Principles
- OECD Principles of Corporate Governance
- Local Corporate Governance Codes (e.g. Spanish National Securities Market Commission's (CNMV) Code of Good Governance, UK Stewardship Code, AMEC Stewardship Code in Brazil, etc.)
- Net Zero Asset Managers Initiative

This policy is complemented by other policies of SAM and Santander Group, according to the following chart:



4. ESG investment methodology, tools and processes

SAM carries out an ESG assessment of the different assets in which it invests, which allows a broader view of the sustainability risks and opportunities they present. This analysis seeks to identify those issuers that are better prepared to face future challenges and, therefore, have policies and management systems with greater potential for positive impact on society and the environment and that allow them to anticipate and avoid potential ESG risks.

The ESG assessment is a robust process that takes into account different components:

- A valuation analysis where the behaviour of issuers is assessed in relation to different environmental, social and governance factors. For this assessment, SAM uses the information provided by external data providers, incorporating it into its own valuation methodology. This methodology is designed by the SAM SRI team and based on market references and the main international frameworks and standards resulting in an ESG rating of each issuer.

- Exclusions based on the nature of the activities carried out by the issuers or on the identification of risks through the monitoring of possible controversial issues. The exclusions are based on the policies of Santander Group, which apply to different sensitive sectors. In addition, other exclusions are applied for non-compliance with regulations or are related to specific SRI products conditions.

The ESG evaluation of companies is based on the concept of double materiality and takes into account the impact of ESG criteria on investments, as well as the impact of investments on sustainability factors. This assessment is composed of general analysis criteria - common to all sectors - and specific criteria - depending on the sector and activity - covering all relevant ESG aspects related to the essential thematic areas for an environmental, social and good governance analysis.

For the analysis of governments, SAM uses ESG criteria adapted to the characteristics of each country.

Examples of ESG criteria:

	Analysis of companies	Country analysis
Environmental	• Strategy and environmental management • Climate change • Natural resources • Pollution prevention and control • Natural habitats	• Energy • Climate change • Natural capital • Emissions and pollution
Social	• Human capital • Client and product • Community • Products and services with a social focus • Human rights	• Nutrition and health • Education and well-being • Work and equality
Governance	• Corporate Governance • Business ethics	• Civil rights • Corruption • Government effectiveness

Summary table of the application of the analysis*.

** Some SRI products may incorporate additional ESG criteria to those mentioned in this table, according to the investment policy applicable in each case.*

			All SAM products	SRI Products
Exclusive analysis	Exclusion by activity	Exclusions related to Santander Group policies on sensitive sectors [(1)]	✓	✓
		Exclusions for Sovereign Fixed Income [(2)]		✓
		Additional Exclusions Applicable to Specific SRI Products		✓
	Other Exclusions	Possible exclusions arising from the analysis of controversies		✓
Evaluation analysis	ASG Valuation	Analysis of the behaviour of issuers in relation to different environmental, social and corporate governance criteria. It results in an ESG rating for each issuer.	✓	✓
	Best in class analysis	Analysis that aims to identify those issuers with a better ESG performance. *Applicable to some SRI products according to investment policy.*		✓
	Thematic analysis	Analysis that seeks to identify those issuers that contribute prominently to the development of certain social and/or environmental issues. *Applicable to some SRI products according to investment policy.*		✓

(1) *- Exclusion list of defense companies linked to the manufacture of controversial weapons defined by Grupo Santander (detail in Annex II).*

- Exclusions defined in the Santander Group's environmental, social and climate change risk management policy, specifically:

- *Companies involved in exploration and production for whom the activities derived from the combination of fracking, tar sands and Arctic oil & gas account for more than 30% of their activity*
- *From 2030, any entities with more than 10% of revenues, on a consolidated basis, directly derived from coal fired power generation and entities that own thermal coal mines worldwide.*

  These exclusions apply progressively until 2030. For exceptional cases such as the energy sector in Poland, it can be considered a roadmap with a more relaxed timetable, in order to achieve the same objectives by 2030 taking into account the characteristics of the local market.
- *For other prohibited activities defined in the Santander Group's Environmental, Social and Climate Change Risk Management Policy (see Annex III) that may potentially be applicable to SAM's business, The Manager carries out a continuous review of the available data by external suppliers to determine its possible application.*

(2) *issuers with low performance in relation to political rights and social freedoms are excluded, based on either of the following two indicators:*

- *Democracy Index: Indicator that determines the rank of democracy of countries based on measures such as electoral process and pluralism, civil liberties, government functioning, political participation and political culture. On a scale of 1 to 10 points, countries below 6 points are excluded and correspond to hybrid and authoritarian regimes.*
- *Freedom in the World: Indicator that measures the degree of democracy and political freedom in all countries and in the most important disputed territories around the world on a scale of 3 levels ("not free", "partially free" and "free"), excluding those countries classified as "not free".*

In the case of third-party funds, and when possible due to information availability, SAM conducts an ESG analysis in order to assess their alignment with SAM's SRI approach.

This analysis is carried out by SAM's global SRI team, through its own ESG methodology and is made available to the investment teams in the different local units. Additionally, the SRI team maintains continuous contact with the investment teams to ensure the appropriate interpretation of this information.

The ESG assessment is applied to all issuers of fixed income and equities and is integrated in our investment platforms in a systematic way together with financial information in order to be able to take into account information related to assets' sustainability risks in investment decisions.

5. ESG investment methodology, tools and processes for alternative vehicles

SAM performs an ESG assessment of the different assets where he invests, allowing a broader view of the risks and opportunities they present in terms of sustainability. This analysis seeks to identify those issuers that are best prepared to face the challenges of the future and that, therefore, they have policies and management systems with greater potential for positive impact on society and the environment and that allow them to anticipate and avoid potential risks associated with these fields.

The nature of illiquid/alternative vehicles requires a specific methodology that reflects the ESG factors and the risks associated with the activity carried out by these products. In this sense, SAM has developed a methodology aligned with the international standards described in section 3.

As in the evaluation methodology for the rest of the products, the analysis includes:

- Valuation analysis where the assets of the portfolio are studied under environmental, social and governance criteria aligned with the Sustainable Development Goals (SDGs). For this assessment, SAM analyzes the market indicators applicable to the activity of the assets in portfolio. This analysis results in an ESG rating for each asset. In addition, the Alternative Investments team will assess in each case how to consider the most relevant impacts for the activities defined as activities of special attention in the Santander Group's environmental, social and climate change risk management policy.

- Exclusive analysis, mainly applied to companies, depending on the nature of the business they conduct, or because SAM has identified risks through the monitoring of possible controversies of the companies analyzed. The exclusions are based on Santander Group policies, which apply to different sensitive sectors. In this regard, the exclusion list of companies from the defense sector linked to the manufacture of controversial weapons defined by the Santander Group (see detail in Annex II), as well as the exclusions defined in the Environmental Risk Management Policy, apply. Social and climate change of Grupo Santander (see detail in Annex III). Norms-based screening or other exclusions may also apply.

However, the application of these criteria on vehicles managed or sponsored by SAM shall be subject to specific analysis to assess their application to the management of each of them.

6. Voting and engagement

SAM monitors the companies in which it invests in order to protect the interests of his clients, promote long-term value creation, manage risks and promote good governance in companies. Therefore, it carries out voting and engagement activities that are based on specific policies for this purpose.

Voting

SAM's voting policy and, when necessary and applicable, the voting policies defined at local level establish the guidelines to be considered in the voting process at the annual general meetings (and extraordinary general meetings, if applicable) of the companies in which SAM invests in. The policy is aligned with the applicable legislation and voluntary codes promoting best practices, and it is consistent with the respective objectives of each portfolio. SAM aspires to exercise its right to vote whenever possible and when the costs associated with exercising the right to vote do not exceed the potential benefits. The information necessary to decide the vote comes from different sources that include internal analysis and can take as an input the recommendations of an external proxy advisor.

SAM is responsible for controlling any potential conflicts of interest that may arise from exercising their right to vote. In the event of a conflict of interest, the provisions of the Voting Policy, the SAM Global Conflict of Interest Policy (and, when applicable, the policies defined at local level) and the Santander Group Conflict of Interest Policy will apply.

In the case of alternative funds managed by SAM, according to their activity, the applicability of voting policies and the specific procedure to follow will be assessed for each of them.

Engagement

SAM seeks a double objective through dialogue and engagement activities with the companies in which it invests. On one hand, to understand in depth the issuers' business model, risks and opportunities. On the other hand, to promote change, so as to improve the strategy, management and reporting of environmental, social or governance aspects that are material for each issuer, with the aim of protecting the value of SAM's investments.

Likewise, SAM collaborates with other agents (other asset managers, investors networks, etc.) in order to promote socially responsible investment. Through its participation in initiatives such as the Principles of Responsible Investment of the United Nations and forums such as Spainsif in Spain and Sustainability Technical Group at ANBIMA (Brazilian Financial and Capital Markets Association) in Brazil, SAM encourages the consideration of environmental, social and governance criteria in the sector, promotes knowledge regarding socially responsible investment and participates in a dialogue with stakeholders to facilitate the development of SRI.

The engagement policy defines SAM's fundamentals regarding these engagement activities, which focus on those issues that are most relevant and have a greater impact on the value of the assets.

SAM combines the perspective of investment management teams with that of the SRI Team in order to reach a consensus for these engagement activities that can be carried out either bilaterally between SAM and the companies, or collectively to through participation in collaborative engagement initiatives.

Likewise, for the activity of alternative funds, SAM will carry out an evaluation of the applicability of the *engagement* actions under the provisions of the policy.

7. Transparency

SAM expects issuers to report on the ESG aspects that are relevant to their activity and that can substantially influence the analysis and decisions of investors and other stakeholders.

In addition, being responsible for the investment implies being transparent about how SAM incorporates ESG aspects into its investment decisions. Therefore, SAM makes its socially responsible investment policies available to its stakeholders, being accessible on the website.

Similarly, SAM strictly monitors and complies with reporting requirements legally required in each jurisdiction and with the requirements derived from adhering to voluntary initiatives or standards.

The periodic information that customers receive about SAM's SRI products includes information related to the ESG analysis whenever it is considered appropriate and complying, in any case, with applicable regulation. The information is communicated using different channels and formats (mails, reports, videos, etc.) As for its employees, SAM promotes information sharing on its activity in terms of socially responsible investment, which can be extended to its commercial network.

SAM is committed to transparency promotion so that all its stakeholders receive quality, accurate and timely information about their socially responsible investment management. To this end, it promotes the continuous improvement of the reporting systems to provide better information about the incorporation of ESG criteria in the investment processes, as well as information regarding the voting and engagement activities carried out by SAM.

8. Responsibilities and governing bodies

The SRI government in SAM consists mainly of 5 bodies:

- **Wealth Management & Insurance Division ESG Forum**
  The forum is comprised of, among others, SAM CEO, CIO, Global Head of ESG, the SRI team, representatives of Private Banking and Insurance, and is chaired by the Head of Wealth Management. It is responsible for approving and overseeing the compliance with SRI strategy at the division level. Occasionally and depending on the topics to be discussed, representatives from other areas may participate.
- **SRI Strategy and Supervision Forum**
  The forum is made up, among others, of SAM CEOs and CIOs (Latam and Europe), representatives of SAM's Product, Legal and Global Risk and Compliance areas, the SRI team and is chaired by SAM's Global CIO. He is responsible for overseeing and coordinating SAM's SRI strategy, as well as SRI policy compliance, and for monitoring and controlling all activities related to SRI implementation in SAM. Occasionally and depending on the topics to be discussed, representatives from other areas may participate.
- **Voting and *engagement* forums**
  The forums are made up of representatives from different areas of SAM involved in voting and *engagement* activities (investments, compliance, legal, SRI team, etc.). etc.). They oversee compliance with SAM's voting and *engagement* policies and monitor and control all activities related to these policies.

- **Investment and sustainability forums**

  SRI products have an investment and sustainability forum in which it monitors the compliance with the ESG requirements of the products. Likewise, possible identified disputes are presented and discussed in order to reach a consensus on how to proceed, and whether it is necessary to exclude from the funds those assets affected by relevant disputes. Similarly, these forums propose individual engagement activities with companies.

- **SRI team**

  SAM has a specialized team, responsible for the ESG analysis of all SAM assets, as well as the development and updating of methodologies and tools for this analysis. This team is also responsible for developing and updating SAM's SRI policies, and actively monitors and participates in voting and *engagement* activities.

In addition, there are other more specific working groups and forums, as well as reporting lines on SRI to the governing bodies (senior management) of SAM and Wealth Management at the global level, which are responsible for approving and supervising the implementation of the SRI strategy.

Each entity at the local level is responsible for establishing its own governing bodies or incorporating these functions into existing bodies, in order to implement and monitor the forecasts contained in this policy, and any local adaptations that, where appropriate, have been made.

The government of illiquid products will be established for each product within the scope of this policy, and additional forums may be defined to verify compliance with the ESG criteria applicable to each product.

9. Policy holder

The owner of this policy is The Board SAM Investment Holdings Limited, who is responsible for the approval and supervision of its implementation.

It will be the responsibility of SAM's SRI team to inform SAM's local units of any revision or modification of this policy for its correct adoption and, where appropriate, local adaptation.

10. Policy updates

Version	Responsible area	Description	Committee Adoption	Date of adoption
1	Global SRI Team	Approval of the Global *SRI* Policy	SAM Investment Holdings Ltd. Board	March 2020
2	Global SRI Team	Global SRI Policy Review	SAM Investment Holdings Ltd. Board	March 2021
3	Global SRI Team	Global SRI Policy Review	SAM Investment Holdings Ltd. Board	March 2022
4	Global SRI Team	Global SRI Policy Review	SAM Investment Holdings Ltd. Board	September 2023
5	Global SRI Team	Minor changes in "Relationship with other policies scheme"	SAM Investment Holdings Ltd. Executive Committee	May 2024

Annex I: Glossary of terms

- **Socially Responsible Investment (SRI)**: Type of investment that applies financial and extra-financial criteria in the analysis and investment processes.

- **Fiduciary duty**: legal obligation of one of the parties to act in the best interest of the other. The most important fiduciary duties are to act in the best interest of the client, avoid any conflict of interest (duty of loyalty) and act with due care, skill and diligence (duty of prudence).

- **ESG criteria**: Environmental, social and governance criteria.

- **Voting rights**: Shareholders' right to vote at general shareholders meetings on corporate policy matters, including decisions on the composition of the board of directors, the initiation of corporate actions, the making of substantial changes in the operations of the corporation, etc.

- **Engagement**: it is the practice of monitoring the behaviour of companies and establishing a dialogue with them, with the aim of improving information about them and promoting change in terms of strategy, risk management, ESG performance, etc.

Annex II – Prohibited activities of the Santander Group's Defence Policy

The Santander Group's Defence Policy establishes that, in accordance with its values and principles based on respect for human rights and in the interests of employees, customers, shareholders and society in general, Santander Group will not be involved in financing or support the manufacture, trade, distribution or maintenance services of the following materials defined as prohibited below:

• Anti-personnel mines

• Cluster Munitions [1]

• Chemical or biological weapons

• Nuclear weapons

• Ammunition containing depleted uranium.

Neither will it be involved in the financing to individuals, corporations or countries subject to the arms embargo and/or sanctions imposed by the European Union, the Organization for Security and Cooperation in Europe (OSCE), the United States, the Office of Foreign Assets Control (OFAC) or the United Nations.

In the case of SAM's investment activities, the policy is applied following the list of excluded companies defined by the Bank for all funds, applying pre-trade controls, and excluding any company with exposure to these activities in SRI products based on available data provided by external suppliers.

[1] Definition of cluster munitions under Convention on cluster munition. Dublin 2008.

Annex III – Prohibited activities defined in the Santander Group's Environmental, Social and Climate Change Risk Management Policy

List applicable to alternative vehicles as indicated in section 5.

- Any projects or activities for oil & gas extraction, power generation or transmission, mining, manufacturing, plantations or other major infrastructure projects which put areas classified as Ramsar Sites[2] , World Heritage Sites[3] or by the International Union for Conservation of Nature[4] (IUCN) as categories I, II, III or IV at risk.
- Projects that, in accordance with IFC Performance Standard 7 - Indigenous Peoples[5], require Free, Prior and Informed Consent (FPIC) and do not meet IFC Performance Standard 7 and there is not a credible action plan to achieve compliance

Oil and Gas:

- New oil upstream clients, except for transactions for the specific financing for new renewable energy facilities.
- Project-related financing to Oil upstream greenfield projects[6].
- Any projects, or expansion of existing facilities, north of the Arctic Circle.
- Projects involved in the exploration, development, construction or expansion of oil & gas extraction from tar sands, fracking or coal bed methane.
- Companies involved in exploration and production for whom the activities derived from the combination of fracking, tar sands, coalbed methane and Arctic oil & gas represent a significant part of their reserves, or account for more than 30% of their activity.

Power generation:

- From 2030, any entities with more than 10% of revenues, on a consolidated basis, directly derived from coal fired power generation.
- New clients with coal-fired power plants, except for transactions for the specific financing for new renewable energy facilities. In these exceptions, the client must have a robust, credible plan, with verifiable targets, which show the client will reduce its revenues coming from coal power generation to 10% or below by 2030.
- Project-related financing for new coal-fired power plants projects worldwide, or for the upgrade and/or expansion of existing coal-fired plants.
- Project-related financing for the construction or development of infrastructure projects whose expected revenues from coal power generation-related activities will be more than 30% of the project's revenues in the first five years.
- Nuclear power plants, if:
  - The host country[7] is not a member of the International Atomic Energy Agency (IAEA).
  - The host country has not ratified the Convention on Nuclear Safety, the Convention on the Physical Protection of Nuclear Materials or the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management (or has not taken the appropriate measures to be aligned with the requirements included in these conventions).

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[2] The Convention on Wetlands, known as the Ramsar Convention, is the intergovernmental treaty that provides the framework for the conservation and strict use of wetlands and their resources.

[3] World Heritage: http://whc.unesco.org/en/list

[4] The International Union for Conservation of Nature (IUCN) (https://www.iucn.org) classifies protected areas according to their environmental management objectives: Category I: Nature Reserve and Wilderness Areas, Category II: National Park, Category III: Natural Monument or Feature, Category IV: Habitat/Species Management Area

[5] https://www.ifc.org/wps/wcm/connect/3274df05-7597-4cd3-83d9-2aca293e69ab/PS7_English_2012.pdf?MOD=AJPERES&CVID=jiVQI.D

[6] Defining Greenfield as those fields whose approval for development is after May 2021.

[7] The Host Country is the country/ies where the facility/reactor/nuclear activities are located and where the client company (and its parent if different) is incorporated.

- The host country has not ratified the Non-Proliferation Treaty (NPT) and the International Convention for the Suppression of Acts of Nuclear Terrorism.
- The host country lacks a National Safety Agency (NSA) for nuclear activities:
  - Is established, independent and capable (in terms of creating a regulatory environment that requires good environmental and social performance throughout the life cycle of the facility).
  - Is authorised to conduct inspections and impose sanctions if required.
  - Has rules in line with the recommendations of the IAEA.

Mining and Metals:

- From 2030 clients that own thermal coal mines worldwide.
- New clients that own thermal coal mining operations and projects worldwide, except for transactions for the specific financing for renewable energy. In these exceptions, the client must have a robust, credible plan, with verifiable targets, which show the client will have no thermal coal by 2030.
- Project-related financing for new, or the expansion of thermal coal mines.
- Project-related financing for the construction or development of infrastructure projects whose expected revenues from coal mining-related activities will be more than 30% of the project's revenues in the first five years.
- Extraction, processing or wholesale distribution of asbestos.
- Extraction or wholesale distribution of rough diamonds not certified by the Kimberley process[8].
- Mining activities relating to the so-called "conflict minerals" extracted from conflict areas and not included in the corresponding certification processes[9]
- Mining activities without specific treatment to avoid tailings disposal in riverine or shallow sea environments (such as tailings storage facilities or dry stack).

Soft commodities:

- Extraction of native tropical wood species not certified to FSC.
- Palm oil processors who are not certified to RSPO;
- Developments in forested peatlands in high risk geographies.

[8] The Kimberley Process Certification Scheme (KPCS) is the process established in 2003 by the United Nations General Assembly to prevent "conflicting diamonds" that can be used to finance war or human rights abuses from entering the general diamond market.
[9] HTTPS://ec.europa.eu/trade/policy/in-focus/conflict-minerals-regulation/regulation¬explained/