

Engagement policy

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1. Introduction

Within the scope of its activities, Santander Asset Management (hereinafter "SAM"), has the fiduciary duty to act in the best interest of its investors. In line with market standards, to meet this objective, one of the aspects that SAM takes into consideration is the exercise of engagement activities or dialogue with the issuers in which SAM invests, as well as with other parties (governments, regulators, other asset managers, etc.).

The aim of this policy is to describe the principles followed by SAM in relation to environmental, social and governance (hereinafter "ESG") engagement activities with the companies in which it invests or has an interest in investing, as well as with other parties, either individually or through collaborative engagement initiatives.

Engaging in a constructive dialogue with issuers influences their activities and behaviour and can help improve their transparency and management on ESG issues, which may be relevant for the assessment the assets in which SAM invests and in for a proper management of risks. SAM believes that, on many occasions, conducting these engagement processes is a better way to promote change than opting for a divestment strategy. The principles and guidelines outlined in this policy are aligned with this approach and are critical for ensuring the long-term performance of assets managed by SAM and for contributing to value creation for customers and society as a whole.

SAM aims to continue to encourage and broaden its engagement activities in to promote greater transparency and improved company ESG performance, and to drive the development of sustainability through dialogue with other parties such as regulators and the investment community.

The guidelines set out below reflect SAM's general approach to engagement. However, each case is assessed individually, considering the applicable regulations, the issuer's circumstances and the fiduciary duty to act in the financial best interest of investors.

2. Scope of application

This policy applies to listed and unlisted companies present (or that will potentially be present) in SAM equity and fixed income instruments, as well as government entities present in sovereign exposures, in all sectors and countries in which SAM invests, selected according to the criteria defined in this policy.

For the case of investment in third-party funds, SAM performs an analysis of the engagement and voting capabilities of the fund manager.

For illiquid/alternative products, the engagement exercise with the issuers included in those portfolios should be subject to individual analysis for each fund. The Alternative Investment team will analyse for each of the vehicles the application of this policy, the governing bodies to follow and the operational circuit, in accordance with the principles described in this policy.

In addition, this policy includes involvement with other parties such as regulators and sectoral associations.

Each local unit is responsible for preparing and approving the internal regulations that allow the application in its scope of the provisions contained in this policy in its corresponding governing bodies, with the adaptations that, where appropriate, are strictly essential to make them compatible and to comply with regulations, regulatory or supervisory requirements.

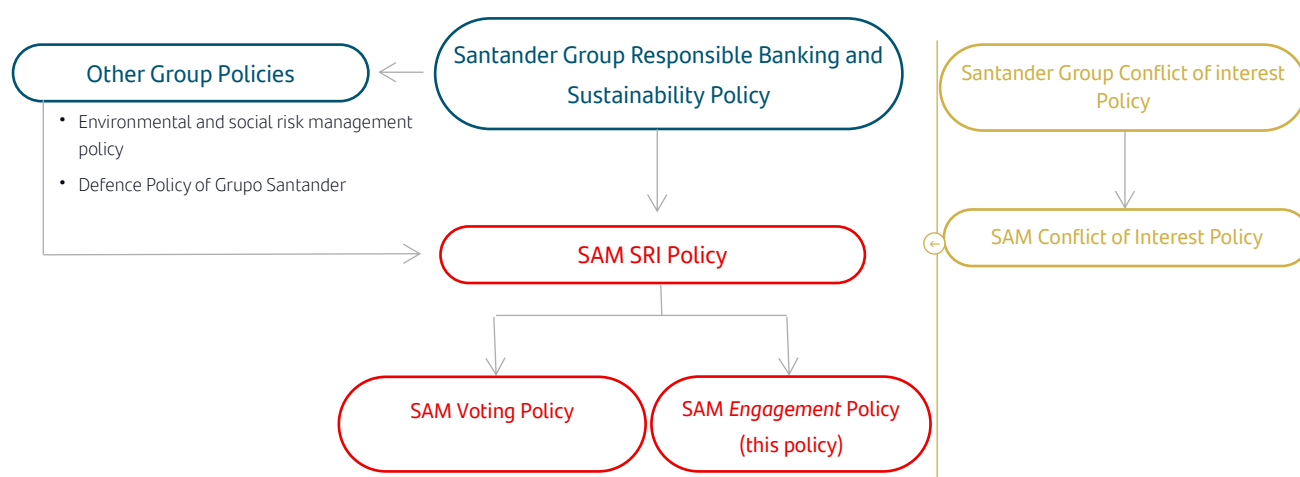
The approval of such local internal regulations shall be validated by the SAM *Risk & Compliance* Area at global level, after reviewing it in conjunction with the SAM Global SRI team; in order to ensure consistency with SAM's regulatory system and internal governance.

3. Relationship with other policies

SAM tracks the issuers it invests in to protect the interests of its clients, promote long-term value creation, manage risks and foster good governance. In this sense, SAM is aware that certain investment activities can cause impacts on sustainability factors, and seeks to minimise them, whenever possible, through the strategies of integration of environmental, social and governance factors contained in SAM policies, including the process of dialogue activities as defined in this policy.

This policy is based on the applicable regulations in each case and is inspired by recognised international conventions, protocols and codes of conduct, which serve as guidance to strengthen the quality and consistency of our approach¹.

In addition, this policy is complemented by other policies of SAM and the Santander Group², according to the following scheme:



¹ More information in the Annex

4. Types of engagement

Engagement consists of a constructive dialogue between SAM and third parties to improve the management of risks associated with ESG aspects and to take advantage of the opportunities associated with sustainability challenges.

There are different types of engagement, depending on the interlocutor, the approach, and the theme or objectives of the engagement.

Interlocutor	Approach	Theme/Objective
- Companies - Governments/supranational agencies - Regulators - Sectoral associations - Asset Managers - Others	- Individual engagement - Collaborative engagement	- Transparency and ESG performance - Thematic - Controversies - Shareholder meetings - Guidance on strategic sustainability plans - Principal adverse impacts - Others

Types of interlocutors

SAM conducts engagement activities with different interlocutors according to the needs identified at each time. The following table describes SAM activities with each of them.

Interlocutor	Main engagement activities
Companies	Engagement with issuers in which SAM invests to learn first-hand about its ESG performance and/or to promote best practices. This may include dialogue actions on the overall performance of issuers or engagement on specific topics (e.g. climate change, controversies, etc.)
Governments/agencies	
Regulators	Engagement through public consultations, working groups, letters, etc. with the aim of contributing to regulatory development, bringing the industry's perspective to the design and implementation of regulation, and promoting frameworks that enhance transparency as well as the management of risks and opportunities relevant to companies' sustainable performance.
Sectoral associations	Engagement through participation in associations' working groups to promote best practices, foster and share sustainability knowledge in the industry.

Asset Managers	Engagement with third-party asset managers to know their practices in responsible investment and share knowledge about the application of new regulation, development of sustainability best practices, etc.
Others	Engagement with any other actor with whom SAM may identify as a necessary dialogue in order to comply with its fiduciary duty.

Approach to the engagement process: Individual and collaborative

SAM mainly uses two approaches to these activities, individual engagement with each issuer and collaborative through initiatives that bring together different investors.

Individual engagement

In this case SAM communicates directly with the issuer through different means (email, telephone, in-person meetings, etc.). Prior to the contact with the issuer, an engagement plan is established in which the objectives to be achieved are set, with their corresponding key performance indicators (if applicable), as well as a proposed timetable.

For companies, in general, the contact is made through their area of investor relations. However, this is analysed on a case-by-case basis, being able to contact other areas or people of the organisation that are considered more appropriate to deal with the aspects in question. For third-party funds, communication is generally made directly between SAM and the fund manager.

It may be the case that the issuer itself contacts SAM proactively with the aim of establishing a dialogue. In this case, SAM evaluates the desirability of this engagement based on the prioritisation criteria defined in this policy, as well as the availability of resources by SAM, in order to decide if it is possible to carry out the engagement activity within the Global Engagement Plan.

Collaborative engagement

In this type of engagement, SAM collaborates jointly with other investors through initiatives with different formats: open letters on a particular topic or sector, letters addressed to the board or *management* of certain companies, working groups, bilateral dialogue initiatives between investors and companies, interaction with regulators in the development of regulations for the promotion of socially responsible investment, etc.

Collaborative engagement is preferable when there is a consensus among several investors to act on a particular issue. With this, a greater impact is achieved and more efficiently, getting in touch with a greater number of companies and requiring less effort by them, as they do not have to satisfy separately the requirements of the different investors.

Engagement with governments, sovereign agencies, or regulators takes place through participation in consultations or working groups and by providing feedback on regulation on ESG issues, with the aim of bringing the industry's perspective on transparency and risk management, if it is deemed appropriate and in line with SAM's standards of integrity and transparency. In general, it is carried out through sectoral associations or through the Public Policy team of Grupo Santander.

On certain occasions, and for some specific engagements, SAM may use the services of external providers to carry out collaborative engagement exercises. These suppliers act collectively on behalf of all their customers.

Types of engagement by theme/objective

Engagement processes can have different objectives, depending on the needs of each case.

Engagement activities have a clear sectoral approach and are based on the concept of materiality, as SAM focuses on those aspects most relevant to each sector. In addition, engagement processes can cover several topics, in cases where several objectives converge at the same time.

According to the regulatory requirements and voluntary commitments acquired by SAM, the most frequent objectives for which SAM engages are the following:

Subject	Objectives
Transparency and ESG performance	- Promote greater transparency and availability of relevant information, including ESG factors, to enable a proper assessment of risks and opportunities. - Contribute to improve the ESG performance of issuers based on the own ESG scoring methodology developed by SAM.
Thematic	Establish engagement actions with issuers on sector-specific issues that may affect issuers' long-term performance, such as climate risk management, biodiversity, or certain social and governance matters.
Controversies	- Analyse how issuers potentially exposed to significant controversies or regulatory breaches manage risks. - Promote issuers' compliance with the legal requirements of each jurisdiction and with the requirements arising from SAM market standards and policies.
Shareholder meetings	- Collect additional information on the performance of companies prior to shareholders meetings and ensure that voting decisions are based on complete and relevant information aligned with SAM's voting policy. - Communicate transparently, where appropriate, the criteria guiding SAM SP's intended voting decisions, in line with the applicable policies.
Guidance on strategic sustainability plans	- Share our views on strategic plans, including ESG aspects that may be relevant to the creation of sustainable value. - Strengthen understanding of companies' ESG plans and promote that they reflect a proper risks and opportunities management and they are aligned with best practices.

Principal adverse impacts	Establish dialogue actions with companies, third-party managers, and sovereign/supranational entities to strengthen management of principal adverse impact indicators, including environmental, social and governance aspects.
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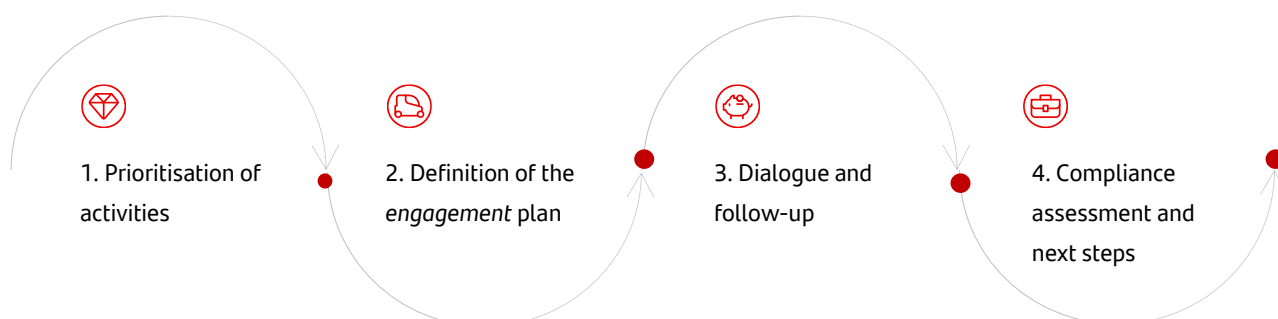
Engagement processes are highly demanding in resources, so not all engagement can have the same level of involvement from SAM teams. In this sense, SAM seeks to combine different approaches, always trying to use time and resources in the most efficient and useful way to achieve the commitments made. SAM differentiates its engagements by High, Medium and Low level of involvement.

During engagements, some ESG areas to which SAM can pay attention are:

 Environmental factors	 Social factors	 Governance factors
They can refer to greenhouse gas (GHG) emissions, carbon footprint, GHG intensity, exposure to companies in the fossil fuels sector, production and consumption of non-renewable energy, activities with impact in sensitive areas of biodiversity, emissions to water, and other environmental factors. or hazardous waste, among others.	They may cover issues related to the workplace, labour standards, talent management, or the wage gap, as well as issues related to relationships with local communities or respect for human rights, among others.	They may include issues related to ethical culture and integrity systems, the composition of the board of directors (independence, diversity, leadership), remuneration policy, shareholder rights, or violations of international standards such as the United Nations Global Compact or the OECD Guidelines, among others.

5. Process of engagement and escalation

This process begins when SAM identifies the need for engagement, which can occur at any time of the year.



Each of the phases involves the following activities:

1. Prioritisation of activities: In accordance with the criteria defined in this policy.
2. Definition of the engagement plan: By which SAM defines the objectives, tasks, and schedule.

3. Dialogue and follow-up: Once the plan is defined, the dialogue activities themselves and the monitoring of the tasks defined and the achievement of the objectives take place.
4. Compliance assessment and next steps: In the final phase, an analysis of the achievement of the objectives is carried out. The following cases may occur:
 - The objectives have been met. In this case the engagement is closed.
 - The objectives have not been met, but they are achievable within a longer time frame. In this case, SAM may choose to continue with engagement.
 - The objectives have not been met and are not expected to be met. In these cases, an escalation process is chosen to try to achieve the objectives.

The SRI Team monitors the different interactions, evaluates the degree of achievement of the objectives set in the engagements and records them in the internal management tools. Then, the results of engagement processes are shared with analysts and portfolio managers, allowing them to incorporate this information into their investment decisions.

Escalation process

SAM believes that a constructive dialogue with issuers is more effective than excluding them from our investment universe. However, in cases where the issuer fails to provide a satisfactory response, SAM may consider applying an escalation process, in a proportionate manner and always within the framework of its fiduciary duty. In SAM, a lack of response and reaction from the issuer during engagement activity may lead to additional measures such as:

- Escalating the engagement objectives to the management or board of directors of the issuer in cases where the objectives are not achieved through previous interactions with the company teams.
- SAM's commitment to collaborative engagement initiatives to combine support among investors.
- Voting against certain agenda items at shareholder meetings, for example: Election of board members, approval of reports, or assessing shareholder support/submission of resolutions where possible and deemed appropriate.
- The reduction of the position in the issuer and, eventually, divestment

6. Prioritisation of engagement activities

SAM has defined an engagement plan and a prioritisation framework that are periodically reviewed with the aim of undertaking engagement activities in accordance with SAM commitments in the most efficient way possible and always following international standards and best practice guidelines on environmental, social and governance issues.

The prioritisation framework for engagement activities aims to select those that have greater relevance and generate greater impact. In general, engagement with issuers that are in the portfolio of SRI products will be prioritised, in which companies' ESG performance is decisive for investment decision making. However, engagement with companies in which SAM invests through other non-SRI products is also considered. In addition, collaborative engagement activities with a focus on a specific ESG aspect may apply to companies in which SAM invests through both SRI and non-SRI products.

In addition, for the prioritisation, SAM takes into account different aspects such as the interest in the investment by managers, the exposure of the issuer in the portfolios of SAM, the specific sectors or markets particularly exposed to ESG risks and opportunities, as well as companies whose performance in these areas may significantly influence their risk profile or the creation of sustainable value, among other factors.

In this regard, our focus on climate change is noteworthy. In line with our Net Zero commitment, as members of the Net Zero Asset Management Initiative, SAM has a specific climate engagement plan that takes into account the degree of alignment of companies with the Net Zero target and the degree of alignment of companies with the Net Zero objective in order to assess the robustness of their transition strategies and their alignment with recognised market practices.

On the other hand, and with a focus on assets managed in Europe, the management of the principal adverse impacts of products subject to Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019, on the disclosure of information related to sustainability in the financial services sector (hereinafter 'SFDR') is particularly relevant, as detailed in the Principal Adverse Impacts Statements published annually on the web pages of each asset manager at local level. In terms of engagement, SAM covers all mandatory indicators of Principal Adverse Impacts that consider environmental (such as climate change and biodiversity), social (such as violation of international standards) and governance (such as diversity in the council) aspects.

For collaborative engagement activities, SAM sets its priorities based on different aspects, such as:

- If the initiative focuses on an aspect or sector relevant for SAM.
- If the initiative applies to a geography where SAM operates.
- Whether SAM meets the initiative's resource requirements.
- If the initiative is aligned with the Santander Group's global sustainability strategy.

7. Conflicts of interest

Engagement activities can sometimes lead to SAM's conflicts of interest with its clients.

The Santander Group has established policies and procedures to manage potential conflicts in a way that protects the interests of all clients. When potential conflicts are identified, SAM is committed to ensuring that they are managed fairly and effectively to prevent these conflicts harm the interests of our clients.

In the event of a conflict of interest, the provisions of this Policy shall apply, as well as the SAM Voting Policy, the SAM Global Conflict of Interest Policy, and the Santander Group's Code of Conduct and Conflicts of Interest Policy.

Likewise, this activity is subject and must comply with the provisions on the management of privileged information defined in the internal regulations of SAM and in accordance with the regulations in force in each geography.

In addition, SAM follows the following premises to avoid or resolve possible conflicts of interest:

- To have this Engagement Policy aligned with best practices and to submit it to regular monitoring and updating.
- Engagement activities are in the best interests of clients to protect and enhance the long-term value of their investments.
- SAM has an adequate organisational structure that ensures that SAM employees act independently and neutrally in their missions and responsibilities. There is a functional, hierarchical, and physical separation of the Asset Manager from other entities of the Santander Group, with information barriers that prevent or control the exchange of information; as well as separate areas to prevent the flow of privileged or non-public information between the entities of the Santander Group.
- There is an internal governance structure, with forums where solutions to possible conflicts of interest are discussed and agreed upon.
- Conflicts of interest that could not be prevented or resolved are escalated to senior management.

8. Transparency

SAM expects companies to report on ESG aspects that are relevant to their business model and that can substantially influence the analysis and decisions of investors and other stakeholders. It also expects companies to be open to dialogue and collaboration.

SAM communicates clearly, directly, and transparently with the companies with which it engages, as well as with partners in collaborative engagement initiatives. The bases that define SAM's engagement activities are accessible to any interested party through this policy which is publicly available on the web.

Likewise, SAM complies with the requirements legally required in each jurisdiction regarding the reporting of the engagement activities carried out, as well as the results thereof.

In addition, SAM participates in different associations and forums, as well as in events (presentations, working groups, etc.) with the aim of sharing knowledge and contributing to improved transparency and responsible investment practices.

9. Organisational structure and monitoring of engagement activities

Engagement activities are carried out through the collaboration of different bodies within SAM, being led by the SRI Team.

SRI Team

This team tracks the ESG performance of issuers and therefore provides the necessary information on their ESG practices. This information is one of the inputs to be considered in the prioritisation of engagement activities explained in point 5 of this policy. This team works closely with managers and analysts (who are also involved in the process) and leads the ESG engagement activities, defining the objectives and timetable *and* monitoring them.

Investment and Sustainability Forums

SRI products have an Investment and Sustainability Forum in which, with different frequency, compliance with the management strategy and the ESG requirements of the products is monitored. In these forums, engagement priorities are agreed, and progress made in these activities is monitored.

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 Advice, SRI Team, etc.). They are responsible for overseeing compliance with SAM's voting and engagement policies and monitoring and controlling all activities related to these policies.

In addition, there is a periodic report to the senior management of SAM, through the various forums in which ESG aspects are discussed (SRI Strategy and Supervision Forum, SAM Council, etc.), on the voting and engagement activities carried out.

10. Policy owner and update

The owner of this policy is the Board of Directors of SAM Investment Holdings Limited, which is responsible for approving and supervising its implementation.

It will be the responsibility of the SAM SRI Team to inform the local SAM entities in each jurisdiction of any revision or modification of this policy for proper adoption and, where appropriate, local adaptation.

The content of this policy constitutes a process of continuous improvement that will be reflected in the periodic revisions of this document.

11. Policy updates

Version	Responsible area	Description	Committee Adoption	Date of adoption
1	Global SRI Team	Approval of the Global <i>Engagement</i> Policy	SAM Investment Holdings Ltd. Board	18.03.2020
2	Global SRI Team	Global Engagement Policy Review	SAM Investment Holdings Ltd. Board	14.12.2023
3	Global SRI Team	Minor changes in "Relationship with other policies scheme"	SAM Investment Holdings Ltd. Executive Committee	21.05. 2024
4	Global SRI Team	Minor changes in table "Types of engagement by theme/objective"	SAM Investment Holdings Ltd. Executive Committee	05.05.2025
5	Global SRI Team	Minor changes in policy's wording.	SAM Investment Holdings Ltd. Executive Committee	01.12.2025

Annex I: Glossary of terms

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

ESG criteria: Environmental, social and governance criteria.

Voting rights: The right of shareholders to vote at general meetings of shareholders 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: This refers to the process through which the investor conducts a constructive dialogue with investee companies, with the aim of gaining a deeper understanding of their performance, practices and policies – including those related to environmental, social and governance (ESG) factors – and encouraging transparency and the appropriate management of material risks. Engagement may also refer to the dialogue with other relevant stakeholders.

Annex II: Reference standards

This policy is inspired by widely recognized international standards on responsible investment, corporate governance and sustainability. The standards and reference frameworks listed below are indicative and not exhaustive, and their application is adapted to the circumstances of each market and to the regulations in force in each jurisdiction.

- Principles of Responsible Investment of the United Nations
- UN Global Compact.
- United Nations Universal Declaration of Human Rights.
- United Nations Guiding Principles on Business and Human Rights.
- OECD Guidelines for Multinational Enterprises.
- Fundamental conventions of the International Labour Organisation (ILO).
- United Nations Convention against Corruption
- Code of Good Governance at Local Level (e.g., Code of Good Governance and Code of Good Practice for Investors of the Spanish CNMV, *UK Stewardship Code*, *AMEC Stewardship Code in Brazil*, etc.)
- *International Corporate Governance Network (ICGN) Global Stewardship Principles*
- OECD Principles on Corporate Governance
- United Nations Sustainable Development Goals.
- Agreements reached at COP21 Paris 2015 on climate change.
- Net Zero Asset Managers Initiative
- CA100+
- IIGCC Net Zero Engagement Initiative
- Recommendations from the Financial Stability Board (FSB) Task Force on Climate Related Financial Disclosures

