

## I. Legal basis

Pursuant to Art. 46d of the Act, the company managing a fund that invests its assets in shares of companies admitted to trading on a regulated market shall develop and publish an engagement policy that describes how the engagement of shareholders of such companies is taken into account in the fund's investment strategy.

This regulation is also intended to ensure compliance with the obligations arising from the Corporate Governance Principles for Supervised Institutions issued by the Polish Financial Supervision Authority (KNF).

## II. Definitions

1. **Policy** – this policy.
2. **Santander Group** – a group of companies controlled directly or indirectly by Banco Santander.
3. **TFI** – Santander Towarzystwo Funduszy Inwestycyjnych S.A.
4. **Fund** – an investment fund and a sub-fund managed by TFI.
5. **Portfolio** – a Fund or assets of a TFI's Client managed by TFI under the Management Agreement.
6. **Portfolio Company** – issuer of the financial instruments being the object of Portfolio investments.
7. **Client** – a Fund participant or a person who has concluded a Management Agreement with the Company.
8. **GSM** – general meeting of shareholders or another authority of the issuer of financial instruments, the possession of which gives the right to exercise voting rights at the meeting of such authority.
9. **Management Agreement** – an agreement on the management of an individual portfolio that includes one or more financial instruments.
10. **Act** – the Act on Investment Funds and Management of Alternative Investment Funds (Journal of Laws of 2022, item 1523).

## III. Purpose

The purpose of the policy is to define the rules of:

1. monitoring the Portfolio Companies, in particular in terms of strategy, performance and financial and non-financial risks, capital structure, social and environmental impact and corporate governance,
2. maintaining dialogue with the Portfolio Companies,
3. exercising voting rights and other rights related to shares of Portfolio Companies,
4. cooperating with other shareholders of the Portfolio Companies,
5. communicating with other shareholders and members of the corporate bodies of the Portfolio Companies,
6. managing actual and potential conflicts of interest with regard to engagement in Portfolio Companies,
7. taking into account the Group sustainability strategy.

## IV. Monitoring Portfolio Companies

TFI monitors on an ongoing basis the activity of Portfolio Companies, both with respect to their business operations and to corporate and organisational events or changes in the shareholding structure. TFI assesses the corporate social responsibility of Portfolio Companies as actions taken by them to protect and secure three elements of development: environment, society and governance.

Each investment decision made by the managers is preceded by a decision-making process based on a detailed and comprehensive analysis of companies that are potential investment targets. In addition to evaluating the financial condition of companies and the prospects for growth in their value, such analysis also includes an assessment of the investment risk in terms of the environmental and social impact of the companies and the corporate governance rules applied by these companies.

The analysis is carried out on a regular basis. As a result, transactions of purchase or sale of securities issued by Portfolio Companies are concluded. As part of such analyses, TFI holds discussions with Portfolio Companies, including with regard to corporate governance rules applied by them and key issues from the perspective of the company's long-term development.

When applying for admission of an instrument to the investment process, an assessment of the investment is made in terms of its environmental and social impact and corporate governance.

In case of bankruptcy or restructuring proceedings in a Portfolio Company, TFI monitors its course and decides to participate in such proceedings if it is in the interest of its Clients. If TFI identifies any impacted receivables the possible

actions to minimize the expected loss are analysed. In the scenario analysis, both the degree of the payout ratio and the probability of its realization are taken into account. TFI decides on the method of debt recovery taking into account the best interest of its Clients.

## V. Dialogue with Portfolio Companies

The dialogue with Portfolio Companies is one of the key parts of the investment process followed by TFI. It includes communication of expectations regarding the adoption of sustainable development standards, which these companies should implement in their business operations, internal processes and decision making.

Should situations arise where, in the opinion of the TFI, it will be difficult to reach agreement on the key standards of sustainability and responsible business conduct as understood by the Santander Group, TFI will consider the following measures to influence the activities of the Portfolio Companies:

1. arranging additional meetings with the management and/or supervisory board of the Portfolio Company to discuss in detail the issues of concern to TFI,
2. issuing a formal position paper to the management and/or supervisory board of the Portfolio Company addressing the issues of concern to TFI,
3. communicating the objections during a General Meeting of Shareholder of the Portfolio Company,
4. selling the financial instruments issued by the Portfolio Company.

Also, TFI applies additional principles re. the dialogue with portfolio companies that are included in the Group *Engagement Policy* (**Appendix 1**).

## VI. Rules of exercising voting rights at the General Meeting of Shareholders, cooperation and communication with other shareholders

1. When exercising the voting rights, TFI acts in the interest of the Clients, complying first of all with the applicable provisions of law, and then with the Code of Best Practice for Institutional Investors adopted by the Chamber of Fund and Asset Managers, and in accordance with the investment objectives and investment policy of individual Funds and the investment policy covering the assets managed under the Management Agreement.
2. TFI monitors significant changes in the Portfolio Companies in which the Funds and the Clients have voting rights by analysing current reports, information from the media and financial statements and holding meetings with representatives of the Portfolio Companies.
3. TFI acknowledges that due to the legitimate interests of Portfolio Companies and their shareholders, it has the right to exchange views and opinions with other shareholders regarding the company and the planned GMS on important matters, such as, but not limited to: changes to the Supervisory Board, the Management Board's incentive scheme, the issuance of shares, amendments to the Articles of Association, the issuer's spin-off proposals, dividend payments, share buy-backs or insolvency proceedings.
4. When making a decision concerning TFI's participation in a GMS on behalf of the Funds/Clients, TFI applies the following rules:
  - a. TFI participates in the GSM if the voting rights held by the Funds/Clients constitute at least 5% of the total number of votes in a given company.
  - b. If the voting rights vested in the Funds/Clients constitute less than 5% of the total number of votes in a given company, TFI undertakes to participate in a GSM if it is necessary to protect the rights and interests of minority shareholders.
  - c. Voting rights are exercised in accordance with the voting instruction prepared in advance, according to the procedure in force in this respect.
  - d. TFI may decide not to participate in a GSM if it considers that the costs of participation are disproportionate to the benefits that Fund participants/Clients would derive from TFI's participation in the GSM or if, in the opinion of TFI, adoption of the resolutions announced on the GSM agenda does not violate the interests of the company's shareholders.
  - e. TFI may exercise voting rights during a GSM only from the portion of shares to which the Funds/Clients are entitled.
  - f. TFI does not take any actions, including actions in cooperation with other entities, aimed at taking control over a listed issuer or a company not listed on a regulated market. In the event of such a development, TFI shall prepare appropriate notifications referred to in Articles 70zl or 70zm of the Act in the manner and scope consistent with the aforementioned Articles.
5. TFI supports all activities that enhance the independence of supervisory boards of Portfolio Companies. TFI may propose candidates to the abovementioned supervisory boards taking into account the following principles:
  - a. TFI shall notify the proposed candidates for the supervisory boards of the Portfolio Companies in which it may exercise voting rights at least 7 days prior to the day of the GSM
  - b. Candidates proposed by TFI will meet the criteria for independent members of supervisory boards set out in the Code of Best Practice for Institutional Investors.
6. When making a decision on the manner of voting on GSM resolutions concerning the introduction and amendment of incentive schemes in the Portfolio Companies, TFI takes into account the following principles, taking into consideration the specific situation of each Portfolio Company:
  - a. TFI considers it reasonable to tie the compensation of the management board members of Portfolio Companies to the performance of the companies.

- b. TFI does not support the introduction of incentive programs, if they were to result in an excessive (unjustified) increase in the issue of shares or lack of clear direct justification based on the currently achieved performance results.
  - c. TFI considers it unjustified to introduce management option programs in which the option grant or share sale price is lower than the market value of the shares or which are characterized by a short duration.
  - d. TFI considers as unjustified introducing incentive programs covering a very small group of persons, and particularly only one person.
7. When deciding how to vote on resolutions of the General Meeting of Shareholders related to amending the Articles of Association, TFI shall act in accordance with the following principles, taking into account the specific situation of each Portfolio Company:
- a. TFI supports such amendments to the Articles of Association that will result in equality of all shares with respect for the rights of minority shareholders.
  - b. TFI is against legal actions taken by companies, the sole or primary purpose of which is to prevent taking control over the company. TFI will support all changes that facilitate the acquisition of control of the company as an element that motivates management to create shareholder value.
  - c. TFI opposes amendments to the Articles of Association of the Portfolio Company that would authorize the issuance of preferred stock with respect to voting rights.
  - d. TFI is against issuance of shares with exclusion of pre-emptive rights without a mechanism to determine a minimum issue price or issuance of a new series of shares of an unspecified number.
8. In exceptional, justified cases associated with the situation of a particular Portfolio Company, TFI may not apply one or more rules referred to in points 4 - 7 above.
9. If the Management Agreement also provides for exercising voting rights on behalf of the Client by TFI, then the above principles shall apply by analogy to the Funds. TFI shall exercise its voting rights at the General Meeting of Shareholders independently of other entities of the Santander Group.
10. Also, TFI applies additional principles re. voting that are included in the Group *Voting Policy* (**Appendix 2**).

## **VII. Managing conflicts of interest**

1. TFI prevents conflicts of interest between the Funds/Clients and their groups by adopting organizational solutions and a business model minimizing the possibility of intentional differentiation of investment performance results in relation to any of the Funds/Clients.
2. TFI acts in the best interest of the Clients and the Funds.
3. TFI will initiate within the Santander Group the circulation of information about existing or potential conflicts of interest.
4. Where reasonably necessary, TFI will make inquiries with business partners regarding existing or potential conflicts of interest.
5. TFI will ensure that the terms of the transactions comply with the principles of transparency and fair value of mutual benefits and the principles of fair dealing with the Funds and its Clients and their groups, integrity and professionalism, in accordance with the Code of Best Practice for Institutional Investors and the relevant internal regulations applicable to TFI. Transactions may not in any case violate the economic interest of any of the parties to such transactions.

## **VIII. Final provisions**

1. This Policy replaces in its entirety the existing Policy of Corporate Governance and Exercise of Voting Rights by Santander TFI S.A.
2. TFI shall publish the contents of the Policy on its website.
3. Every year, by the end of the first quarter of the following year, TFI shall develop and publish on its website a report on the implementation of the Policy. The report shall include, in particular:
  - a. a general description of the voting process;
  - b. a description of the most important votes;
  - c. a description of the use of assistance of the shareholder's voting advisor referred to in Article 4 § 1 item 16 of the Commercial Companies Code.

### Appendices:

- Group Engagement Policy
- Group Voting Policy



# Engagement policy

May 2024



# Index

1. Introduction .....	3
2. Scope of application .....	3
3. Relationship with other policies .....	3
4. Types of engagement .....	4
5. Process of engagement and escalation .....	7
6. Prioritisation of engagement activities .....	8
7. Conflicts of interest .....	9
8. Transparency .....	10
9. Organisational structure and monitoring of engagement activities .....	10
10. Policy owner and update.....	10
11. Policy updates .....	12
Annex: Glossary of Terms and Conditions.....	12

## 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 are essential in assessing the assets in which SAM invests. 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.

## 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.

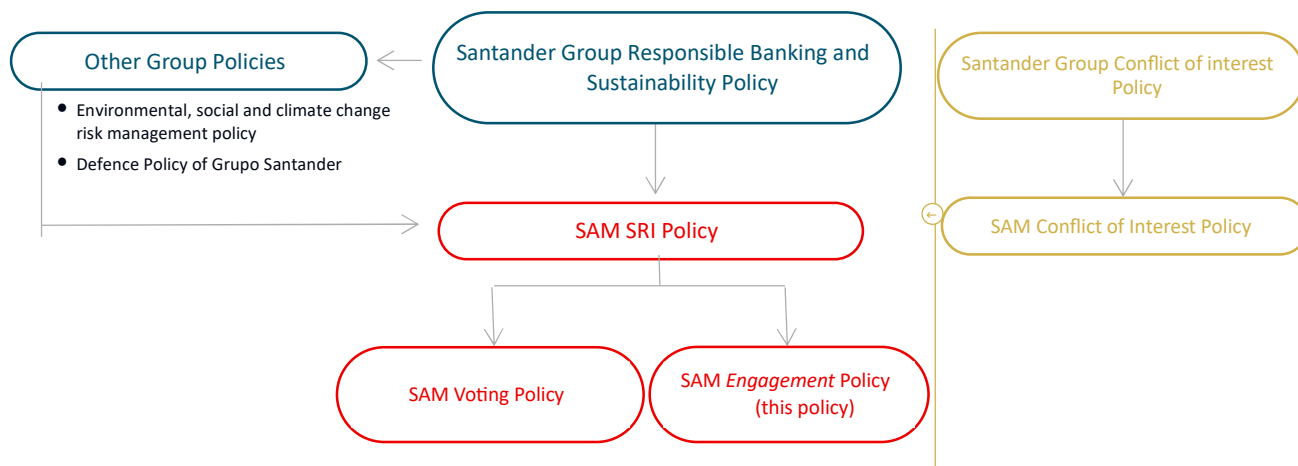
Each local unit is responsible for preparing and approving the internal regulations that allow the application in its scope of the provisions contained in this policy in its corresponding governing bodies, with the adaptations that, where appropriate, are strictly essential to make them compatible and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

Therefore, this policy is complemented by other policies of SAM and the Santander Group<sup>1</sup>, according to the following scheme:



This policy is inspired by best practices contained in international conventions and protocols, codes of conduct and guidelines applicable in this field, including:

- Principles of Responsible Investment of the United Nations
- UN Global Compact.
- United Nations Sustainable Development Goals.
- 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
- Agreements reached at COP21 Paris 2015 on climate change.
- Recommendations from the Financial Stability Board (FSB) *Task Force on Climate Related Financial Disclosures*
- Conventions and treaties on the non-proliferation of weapons included in the Santander Group's Defence Policy
- *International Corporate Governance Network (ICGN) Global Stewardship Principles*
- OECD Principles on Corporate Governance
- 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.)
- Net Zero Asset Managers Initiative

## 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.

<sup>1</sup> SAM takes into account the Anti Trust Policy of SAM and Grupo Santander in its relations with other sectoral or regulatory associations, as well as participation in collaborative engagements.



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

Interlocutor	Approach	Theme/Objective
<ul style="list-style-type: none"> <li>• <b>Companies</b></li> <li>• <b>Governments/supranational agencies</b></li> <li>• <b>Regulators</b></li> <li>• <b>Sectoral associations</b></li> <li>• <b>Asset Managers</b></li> <li>• <b>Others</b></li> </ul>	<ul style="list-style-type: none"> <li>• Individual engagement</li> <li>• Collaborative engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Transparency and ESG performance</li> <li>• Thematic</li> <li>• Controversies</li> <li>• Controversial sectors</li> <li>• Shareholder meetings</li> <li>• Guidance on strategic sustainability plans</li> <li>• Principal adverse impacts</li> <li>• Others</li> </ul>

### 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
<b>Companies</b>	<ul style="list-style-type: none"> <li>• 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.)</li> </ul>
<b>Governments/agencies</b>	
<b>Regulators</b>	<ul style="list-style-type: none"> <li>• Engagement through public consultations, working groups, letters, etc. with the aim of contributing to the development of regulations for the promotion of responsible investment, provide industry insight into its practical application and/or advocate for regulation and standards that promote transparency and guide issuers' improved ESG performance.</li> </ul>
<b>Sectoral associations</b>	<ul style="list-style-type: none"> <li>• Engagement through participation in associations' working groups to promote best practices, foster and share sustainability knowledge in the industry.</li> </ul>
<b>Asset Managers</b>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
<b>Others</b>	<ul style="list-style-type: none"> <li>• Engagement with any other actor with whom SAM may identify as a necessary dialogue in order to comply with its fiduciary duty.</li> </ul>

### 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, if it is deemed appropriate and transparent. 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
<b>Transparency and ESG performance</b>	<ul style="list-style-type: none"> <li>• Strengthen the availability of ESG data by issuers.</li> <li>• Strengthen the overall ESG performance of issuers based on the own ESG scoring methodology developed by SAM.</li> </ul>

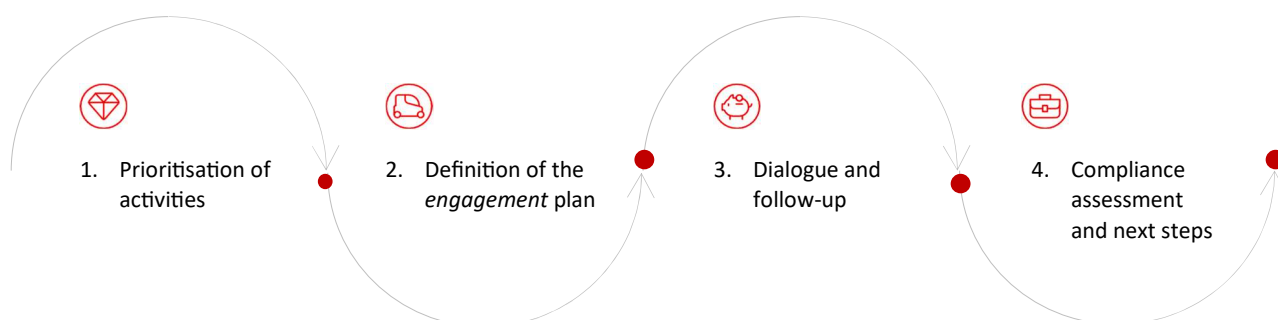
Subject	Objectives
<b>Thematic</b>	<ul style="list-style-type: none"> <li>Establish engagement actions with issuers on specific sustainability issues, such as climate change or other issues such as biodiversity, social issues, etc.</li> </ul>
<b>Controversies</b>	<ul style="list-style-type: none"> <li>Analyse the ESG performance of issuers potentially exposed to controversies or breaches of international standards.</li> <li>Ensure issuers comply with the legal requirements of each jurisdiction and with the requirements arising from SAM initiatives and policies.</li> </ul>
<b>Controversial sectors</b>	<ul style="list-style-type: none"> <li>Analyse the potential exposure of issuers to sectors excluded by different investment policies and strategies.</li> </ul>
<b>Shareholder meetings</b>	<ul style="list-style-type: none"> <li>Collect additional information on the performance of companies prior to shareholders meetings.</li> <li>Explain SAM's voting criteria and/or intention to vote at shareholders' meetings.</li> </ul>
<b>Guidance on strategic sustainability plans</b>	<ul style="list-style-type: none"> <li>Contribute to the definition of strategic sustainability plans of companies and their ESG materiality analysis.</li> <li>Strengthen knowledge of companies' ESG plans.</li> </ul>
<b>Principal adverse incidents</b>	<ul style="list-style-type: none"> <li>Establish dialogue actions with companies, third-party managers, and sovereign/supranational entities on their management of indicators of principal adverse incidents, including environmental, social and governance aspects.</li> </ul>

During these 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, there are cases where the application of an escalation process may be necessary. In SAM, a lack of response and reaction from the issuer during engagement activity can trigger:

- 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 a Global 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, issuers with a high potential for positive or negative impact on ESG matters, or companies with a poor ESG score, among others.

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 engagement plan to meet the requirements of this initiative, which takes into account the volume of greenhouse gas emissions financed and the degree of alignment of companies with the Net Zero objective according to the maturity scale defined by the Institutional Investors Group on Climate Change, and the degree of alignment of companies with the Net Zero objective, among other aspects.

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 promotes socially responsible investment through participation in different associations and forums (presentations, working groups, etc.) and through the organisation of events for the dissemination of responsible and sustainable 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.

This policy was last revised in December 2023 and is published for your general knowledge on the intranet and on the web.

## 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

## Annex: 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:** It is the practice of monitoring the behaviour of issuers 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.





# Voting policy

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January 2025



## Index

1. Introduction .....	3
2. Scope of application .....	3
3. General principles and relationship with other policies.....	4
4. Voting orientation guide .....	5
5. Conflicts of interest .....	9
6. Transparency .....	9
7. Responsibilities and governing bodies .....	10
8. Policy ownership and updates.....	10
9. Policy updates .....	11
Appendix I: Glossary of terms.....	12
Appendix II: Reference standards.....	12

## 1. Introduction

Santander Asset Management Group (hereinafter "SAM") has the fiduciary duty to act in its clients' best interest. To meet this duty and according to market standards, SAM considers a key activity the effective and responsible exercise of voting rights.

The objective of this policy is to describe the principles followed by SAM when executing the voting rights of listed companies in which investment vehicles maintain positions. These principles comply with high-level standards in relation to the exercise of voting rights associated with the assets managed by SAM.

Responsibility on environmental, social and governance (hereinafter ESG) issues is essential when evaluating the assets in which SAM invests in. The principles and guidelines described in this policy are in line with this approach and are essential to promote a good long-term performance of the assets managed by SAM.

## 2. Scope of application

This policy applies to all vehicles managed by SAM under the structure of investment funds, pension funds, and other investment vehicles of a similar nature that exist within the jurisdictions that SAM operates in. Due to their portfolio holdings, these vehicles have political rights such as the right and/or obligation to participate in General Shareholders' Meetings through delegation, vote or attendance and be part of the decision-making of the aspects discussed in these meetings. The management of discretionary portfolios are outside the scope of this policy.

At the local level, each entity is responsible for elaborating and approving in their corresponding governing bodies their own internal regulations that allow the application of the provisions contained in this policy with the adaptations that, where appropriate, are strictly essential to make them compatible and compliant with the regulatory requirements or the expectations of its supervisors at the local level.

The approval of these local internal regulations must be validated by SAM's Risk & Compliance area at a global level, after reviewing it together with SAM's Global SRI team, to ensure consistency with SAM's regulatory system and internal governance.

### 2.1. Investment funds, pension funds and other vehicles of a similar nature that exist in the jurisdictions in which SAM operates

The general principle of SAM is to exercise its voting rights whenever possible and when the costs associated with exercising them do not exceed the potential benefits for fund participants. Other constraints that may have an impact on vehicles will also be considered, such as share blocking restrictions (limitations on the sale and transfer of shares during a specified period).

To determine the companies in which SAM will exercise the political rights inherent to the securities that make up the portfolios of its managed funds, SAM will comply at least with the quantitative and qualitative criteria established in the applicable regulations, without prejudice to the fact that in certain cases it may meet other criteria that determine the exercise of political rights in situations where it is considered appropriate.

#### Quantitative and qualitative criteria

According to the quantitative and qualitative relevance of the holdings of the managed funds in the issued capital of a company, SAM will exercise the right to attend and vote at the General Shareholders' Meetings, provided that the quantitative and qualitative criteria established in the regulations in place in each country are met. These criteria should be defined in the corresponding SAM local voting policies with the consensus of the global Risk & Compliance team and the SRI team.

#### Other criteria

In addition, SAM may apply other additional criteria to decide whether to participate in those General Shareholders' Meetings of companies in which managed funds hold open positions. These criteria may be based on either an interest for the participants (for example, attendance premiums), or when SAM considers its participation convenient even when the aforementioned quantitative and qualitative criteria are not met. Applying this exception, SAM may exercise the right to attend and vote at General Shareholders' Meetings if the matters that are to be dealt with on the agenda may have consequences that, depending on the result of the vote, could add or subtract economic value to the investment vehicle and consequently to the benefit of investors, or could have a significant impact on ESG matters.

Local units can adapt the quantitative and qualitative criteria defined in this policy in accordance with the regulations that apply to them or to the expectations of their stakeholders.

## 2.2. Illiquid/alternative vehicles

The exercise of the political rights of the securities that make up the portfolios of the illiquid assets should be the subject of individual analysis for each fund. The alternative investments team will analyse for each of the vehicles the implementation of this policy, the governing bodies to be followed, the direction of the vote and the operating circuit, in accordance with the principles described in this policy.

## 2.3. Discretionary management portfolios

The exercise of the political rights of the securities that make up the managed portfolio is held by the bearer of the management contract, so SAM will refrain from acting in these cases. Unless something different is agreed with the owner, in which the conditions agreed in the specific contract must be adhered to.

## 2.4. Mandates

In the case of internal mandates between different SAM entities, the provisions of the mandate contract will apply. These will define whether the policy of the local entity that grants the mandate, or that of the local unit that receives it, applies.

The management mandates granted to or received by third party managers will not be subject to the criteria defined in this policy by default, but the responsibility for exercising the political rights of the securities that make up the managed portfolios will be defined in the contract for each mandate in these cases, and the criteria to be followed in the vote execution. The criteria could be that portrayed in this policy, the external manager's voting policy, or others defined ad-hoc.

Finally, within the process of analysis of external managers for investment mandates delegation, an evaluation of the policies and voting capabilities of the third manager is carried out.

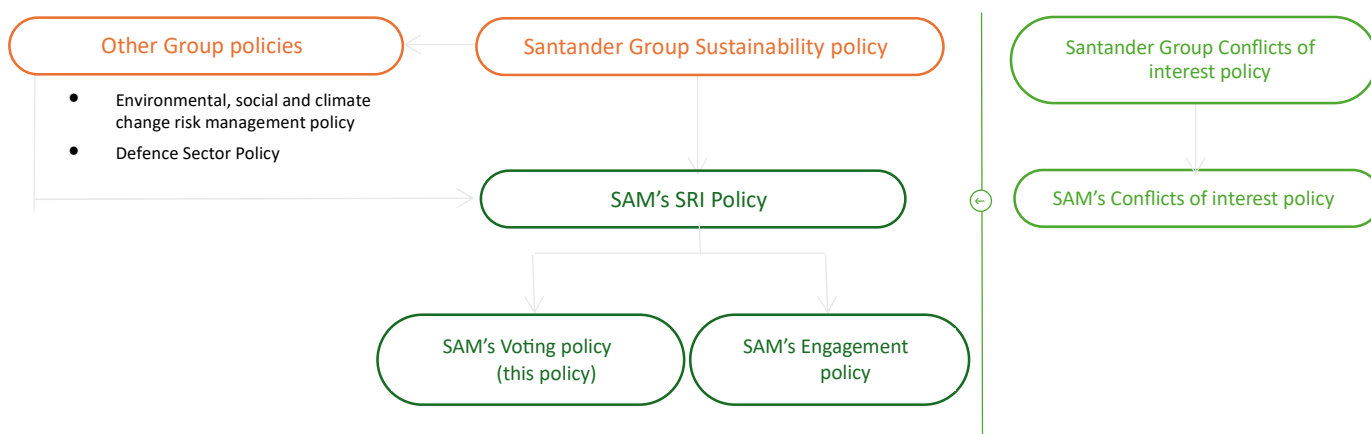
## 3. General principles and relationship with other policies

In accordance with SAM's principles, the exercise of voting rights is one of the parts that SAM takes into consideration within the general structure of investment decision-making and the investment process. The management criteria of investment vehicles are based not only on the valuation and analysis of the economic and financial information of the companies or on the evaluation of other investment analysis parameters, but also on knowledge of the management and strategy of companies through communication and information obtained from the companies' executive management.

In this sense, it is assessed whether the directors are involved in ensuring the long-term success of the companies they manage and whether they act in the collective interest of the shareholders, considering not only financial aspects, but also environmental, social, and good governance aspects in their management.

This policy is based on the applicable regulations in each case, as well as on the best practices contained in international conventions and protocols, codes of conduct and guides applicable in this area<sup>1</sup>.

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



<sup>1</sup> More information in the Appendix.

## 4. Voting orientation guide

SAM has its own voting criteria aligned with regulation and codes of good practices, incorporating local and sectoral particularities as well as international best practices. In addition, SAM has the information of proxy advisors, which includes, among others, the analysis of ESG information. In any event, the final decision on how to vote rests with SAM and is made in accordance with the voting criteria defined in this policy.

The most relevant aspects that SAM considers when defining its voting position (for, against or abstain) at the General Shareholders' Meetings are detailed below. Any issue not covered in this document will be voted based on the principles reflected in the regulation and codes of good practice applicable in each case.

SAM tends to support proposals that increase the value of investment vehicles and their long-term investors. SAM shall abstain from voting or vote against in cases where it has reservations about the governance of the company, the resolution discussed contravenes the interests of the shareholders, the resolution is unclear, there is insufficient information available, or it contravenes any of SAM's ESG criteria defined in its SRI policies and commitments.

SAM expects companies to address, take appropriate measures and follow up on proposals submitted to General Shareholder Meetings that have received a significant percentage of votes against. When voting on agenda items that have faced significant opposition in previous meetings, factors such as the level of opposition received, the actions taken by the issuer, and/or the outcomes of any engagements conducted will be taken into account, especially in proposals related to remuneration.

In addition, SAM values engagement activities with companies in order to receive more information on the issues to be voted on at General Meetings and/or to convey their voting expectations. The results of these dialogues can influence the direction of the vote.

With regard to resolutions proposed by shareholders, SAM will follow the principles reflected in this policy.

Wherever possible, voting shall be done by electronic means. If this is not an available option, voting will be carried out by physical means.

### 4.1. Operational items

#### Approval of financial and non-financial results and audit reports

SAM will support the approval of financial and non-financial results and reports, and audit reports unless, among others, there are concerns about the data reflected in the reports submitted for approval, the audit procedures used, or absence of information.

#### Appointment of auditors

SAM will generally support proposals for the re-election of external auditors and/or proposals authorizing the board to set the auditors' fees, unless the name of the auditor and its fees have not been disclosed; the duration of the contract or the auditor's fees exceed the limits set out in the applicable regulation; or there are reasons to believe that the auditor has issued an inaccurate opinion of the financial situation of the company, among others.

#### Allocation of income

SAM will generally support the proposals for the allocation of income unless the dividend payout ratio has been systematically low without adequate explanation, or the payout is excessive given the company's financial position. With regard to stock (scrip) dividend proposals, a case-by-case analysis will be carried out considering, among others, whether the proposal allows for a cash option, or if the proposal is in line with market standards.

#### Amendments to articles of association

Amendments to the articles of association will be assessed on a case-by-case basis. Among others, SAM will not support proposals that have a negative impact on the rights and interests of shareholders.

#### Virtual meetings

SAM will generally support proposals to convene General Shareholders' Meetings in hybrid format, and proposals to hold General Meetings in virtual format will be assessed on a case-by-case basis, always considering the provisions reflected in the regulation and the codes of good practice applicable in each case.

## 4.2. Board of directors' composition and structure

Board decision-making should be guided by a culture that promotes sustainable and long-term value creation. SAM appreciates that company boards are open to dialogue and hold meetings with investors. The quality of information provided on corporate governance is essential for shareholders. SAM also expects companies to align with the good governance codes applicable in their jurisdiction.

### Board structure and election of directors

Boards of directors should be formed by an appropriate number of directors. Proposals to change the structure of the board will be assessed on a case-by-case basis, in accordance with applicable law and/or codes of good practice in each case.

SAM expects that the proposals for the election of directors will be presented as separate items in the notice of General Meetings. SAM takes into consideration the publication of detailed information on the profile, experience, and category of the members of the board of directors, and notes that there are no indications of lack of suitability or situations of conflicts of interest, breach of duties or criminal actions, among others.

Furthermore, companies should set limits on the length of directors' terms. In this respect, SAM generally expects that the term of office of board members will not exceed four years.

### Board independence

Boards of directors should be composed of an appropriate proportion of independent directors. In large cap companies SAM generally expects at least half of the directors to be independent. In non-large cap companies and/or controlled companies, at least one third of the directors should be independent. In addition, SAM will consider the regulations and reference standards applicable in each geography.

### Board diversity

Companies should promote diversity in the composition of boards of directors. SAM expects the least represented gender on the board to represent an adequate percentage of the total number of directors. In this sense, SAM will consider applicable local regulations and codes of good practice.

### Board leadership

SAM considers a good practice to separate the roles of CEO and chairman. If the position of chairman and CEO is held by the same person, SAM values positively the appointment of a lead independent director.

### Dedication of directors

Board members should devote the necessary time to the performance of their duties as directors. In general, SAM expects directors to hold no more than five positions of director in listed companies. For the purposes of calculating this limit, a non-executive director role counts as one position, a non-executive chairman function counts as two positions, and an executive director (or comparable) function counts as three positions.

### Board committees

SAM considers a good practice to have specialised committees reporting to the board. SAM expects companies to set up an audit committee as well as a nomination and remuneration committee. For small and medium-sized companies, other structures more appropriate to the type of company could be considered, always in accordance with the applicable regulations.

The audit, nomination and remuneration committees should be composed of non-executive directors and at least half of their members should be independent directors. Likewise, their chairs should be independent directors and their members should have the relevant technical expertise to perform their duties.

In addition, local regulations and standards applicable in each case shall be considered regarding board committees and their composition.

### Discharge of the board

SAM will generally support the discharge of directors unless there is reliable information about significant and compelling controversies that indicate the board is not fulfilling its fiduciary duties.



## 4.3. Compensation

### Compensation of executive directors

Companies should provide shareholders with clear and complete information on directors' remuneration systems. Among other issues, SAM expects companies to disclose the amounts paid to directors and their different elements, the alignment between the company's results and the executive directors' remuneration, the objectives linked to variable incentives and their level of achievement.

The remuneration policy should reflect an appropriate balance between short-term and long-term variable remuneration and should avoid focusing particularly on short-term variable elements. It should also establish a clear link between the company's financial and non-financial results and the remuneration of executive directors and drive the creation of long-term shareholder value.

The remuneration policy should avoid guaranteed or discretionary remuneration and set limits for the different elements of remuneration. SAM also values the inclusion of clawback and malus clauses as a protection measure against actions by directors that may be detrimental to the company. Regarding the long-term incentive structure, it should be appropriate and include dilution, vesting periods and performance conditions among others.

The level of remuneration of executive directors should not be excessive in relation to the company's performance and market practices. Significant increases in remuneration should also be explained.

Termination payments shall be assessed on the basis of total remuneration; in any event, they should not exceed those amounts derived from local regulatory requirements and/or best market practice. Pension or share award arrangements with executive directors after the term of office should not adversely affect the interests of shareholders or be contrary to good market practice.

### Compensation of non-executive directors

Companies should provide shareholders with clear and comprehensive information on non-executive directors' remuneration, its elements, and the different amounts.

SAM expects that the remuneration of non-executive directors will not include variable elements linked to the company's performance, or other elements that may affect their independence. Furthermore, their remuneration should not be excessive in comparison with market practice, and their elements and amounts will be assessed in accordance with applicable regulation and codes of good practice.

### Equity-based compensation

SAM will generally support equity compensation plans as long as they are aligned with shareholders' interests and promote long-term value creation. Equity compensation plans should be focused on the long term, and the amount of compensation to be transferred should not be excessive relative to the market. In addition, performance conditions should be disclosed where applicable.

## 4.4. Capital structure and corporate transactions

### Share issuance requests

Requests for the issuance of shares will be assessed on a case-by-case basis considering the requirements reflected in the regulations and standards applicable in each geography. Among other issues, the limits established in issuances with pre-emptive rights and/or with the exclusion of pre-emptive rights, issuance periods and/or issuance conditions will be analysed.

### Capital increases

Proposals to increase authorized capital will be assessed on a case-by-case basis considering the requirements reflected in the regulations and standards applicable in each geography. In the case of capital increases that include authorization for the issue of shares or other convertible securities, the limits established in issuances with pre-emptive rights and/or with the exclusion of pre-emptive rights, issuance periods and/or the conditions of the authorization will be assessed.

### Reduction of capital

SAM will support proposals to reduce capital for routine accounting purposes unless the terms are unfavorable to shareholders. Proposals to reduce capital in connection with corporate restructuring will be analysed on a case-by-case basis.



## Capital structures

SAM will support proposals that seek to maintain or convert the capital structure to a "one share-one vote" system. Proposals for the creation or continuation of capital structures with loyalty shares or shares with dual and/or similar rights will be assessed in accordance with the applicable regulations and standards in each geography.

## Preferred stock

SAM will generally support proposals to create new class of preferred stock taking into account their proportion of the issued capital and provided that they do not adversely affect the rights of existing shareholders. In addition, applicable regulations and codes of good practice will be considered in each case.

## Debt issuance requests

Requests for the issuance of debt will be assessed on a case-by-case basis considering the requirements reflected in the regulations and standards applicable in each geography. Among other issues, the limits established in issuances with pre-emptive rights and/or with the exclusion of pre-emptive rights, issuance periods and/or issuance conditions will be analysed.

## Share repurchase plans

With regard to share repurchase programs, SAM will assess the limits set and their duration. Furthermore, SAM, in accordance with the applicable regulation in each case, will not support those proposals where the repurchase can be used for takeover defences; there is clear evidence of abuse of similar authorities; there is no safeguard against selective buybacks; and/or pricing provisions and safeguards are deemed to be unreasonable considering market practice.

## Corporate transactions

Corporate transaction proposals will be analysed on a case-by-case basis. Among other issues, the public information available on such transactions, and will assess the advantages and disadvantages of the proposed transactions such as valuation, market reaction, justification of the transaction, conflicts of interest, or impact on interest groups.

SAM will not support those proposals where sufficient information is not provided to enable shareholders to make an informed decision on the transaction.

## Related-party transactions

Related-party transactions will be assessed on a case-by-case basis considering factors such as the parties involved, the nature of the asset to be transferred or the service to be provided, the pricing of the transaction, the views of independent directors and/or independent financial advisers, the rationale for the transaction or the potential conflicts, among others.

## Anti-takeover measures

SAM will not support anti-takeover measures proposals unless they are structured in such a way that they give shareholders the ultimate decision on any proposal or offer.

## 4.5. Environmental and social issues

SAM's voting guidelines encourage companies to consider non-financial aspects by incorporating ESG criteria into the voting policy, with the aim of driving best practices, acting in accordance with SAM's socially responsible investment policies, and protecting clients' interests.

### Environmental and social aspects

SAM will support social and environmental proposals that drive good practices while promoting value creation for shareholders and other stakeholders. The following factors will be considered when determining the vote on the different proposals: whether the proposal is reasonable; the potential impact on the value of company's shares; its alignment with applicable regulation, reference standards and industry practices; the existence of ESG controversies; or the resources needed to implement these proposals by the companies.

SAM will tend to support shareholder proposals that seek greater disclosure on topics such as human and labour rights, occupational safety and health, environmental and biodiversity practices, and climate change risk management, among others.

In addition, SAM may consider voting against certain agenda items in cases where evidence of poor supervision and management of environmental and social risks by the board are identified.

## Climate-related issues

Proposals linked to climate transition plans will be analysed on a case-by-case basis. Among others, the following factors will be assessed:

- The extent to which the company's climate related disclosures are in line with TCFD (Task Force on Climate Related Financial Disclosures) recommendations and other market standards.
- Disclosure of greenhouse gas emissions (scopes 1, 2 and 3).
- The completeness and rigor of company's short-, medium-, and long-term targets for reducing greenhouse gas emissions (scopes 1, 2, and 3 if relevant).
- Whether the company has sought and received third-party approval that its targets are science-based.
- Whether the company has made a commitment to be Net Zero by 2050 (scopes 1, 2, and 3).
- Whether the company discloses a commitment to report on the implementation of its plan.
- Whether the company's climate data has received third-party assurance.
- Disclosure of how the company's lobbying activities and its capital expenditures align with company strategy.
- The challenges of the company's sector and the alignment of the plan with the practices of its peers.

In addition, for companies that are significant emitters of greenhouse gases<sup>2</sup>, SAM may consider voting against certain agenda items in cases where it is identified that the company is not taking the minimum necessary steps to align with Net Zero by 2050.

## 5. Conflicts of interest

Exercising the right to vote can sometimes lead to potential conflicts of interest for SAM and its clients. SAM has policies and procedures in place to manage potential conflicts in a way that protects the interests of all its clients. If a potential conflict of interest arises, SAM will implement measures to avoid it or, where appropriate, manage it through the competent internal body. In addition, the investor shall be adequately informed whenever the potential conflict of interest cannot be avoided.

In the event of a potential conflict of interest, the provisions of this Policy, SAM's Global Conflict of Interest Policy and the corresponding local policies, if any, will apply.

Furthermore, SAM does not exercise its voting rights at the General Meetings of Banco Santander SA or other Group societies through positions in investment funds, pension funds or other vehicles to which this policy applies. In addition, SAM will not exercise the right to vote (or will abstain, when applicable) on agenda items related to the appointment or re-election of proprietary directors representing Banco Santander SA.

In addition, SAM follows the following premises to avoid or manage potential conflicts of interest:

- SAM has this Voting Policy aligned with best practices and monitors and updates it periodically.
- Voting rights are exercised in the best interest of clients to protect and enhance the long-term value of their holdings.
- SAM has an adequate organizational structure that guarantees that its employees act independently and neutrally in their missions and responsibilities.
- Training is provided to employees and members of the board of directors that allow them to identify, escalate and manage conflicts of interest.
- There are voting forums where solutions to possible conflicts of interest are discussed and agreed upon.
- The information for voting decisions comes, inter alia, from the analysis carried out by external and independent proxy advisors (except in the case of local SAM managers who do not use it for justified reasons).

Potential conflicts of interest arising from voting activity shall be managed in accordance with the Conflict of Interest Policy.

## 6. Transparency

SAM promotes transparency and adequate and timely disclosure of information by portfolio companies to enable informed decision making. SAM will exercise the right to information that the managed institutions hold against listed companies, using the available tools, especially the websites of listed companies providing information to shareholders: the annual corporate governance report, the annual sustainability report, the internal codes of conduct, the shareholders' agreements, and any other relevant information.

Likewise, SAM encourages transparency in its voting activities. This policy is publicly available on SAM'S website in the "Sustainability" section.

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<sup>2</sup> Companies targeted by Climate Action 100+ Initiative or other relevant initiatives.

SAM reports on the implementation of this policy and the way in which it has exercised its voting rights in accordance with regulatory transparency requirements.

Additionally, on certain occasions and at the request of institutional clients, SAM may provide greater detail on its voting activity at the General Shareholders' Meetings in which it participates.

## 7. Responsibilities and governing bodies

The voting process is coordinated globally through the SRI team. This team is responsible for monitoring General Shareholders' Meetings, analysing the proxy advisor voting recommendations, and reviewing their alignment with SAM's voting criteria. It is also responsible for recording information and decisions taken and for regular communication to voting forum and other forums where SAM's SRI strategy is monitored. It is also responsible for preparing the content of the annual report on voting activities.

This team monitors companies' ESG performance and leads engagement activities and therefore provides the necessary information to define a voting position. This team works closely with other areas for the implementation and development of the voting policy.

### 7.1. Voting and engagement forums

The voting and engagement forums (hereinafter "voting forums") are bodies where voting activity is guided and supervised, promoting coordination between the relevant global and local bodies, and always in accordance with the voting policy and the collective interest of the funds' participants.

The SRI team coordinates the information to be provided to the committees. Communication will be via e-mail and/or through face-to-face or telematic meetings, as required.

The forums are composed of the heads of the following areas:

- SRI Team
- CIOs
- Risk and Compliance Team
- Legal Team
- Equity portfolio managers (depending on the funds to discuss)

The voting forums should:

- Follow up on relevant business events.
- Guarantee that the exercise of voting rights is carried out in accordance to the provisions of this policy.
- Prevent and, where appropriate, manage any potential conflicts of interest derived from the exercise of voting rights.

In addition, the forums will consider SAM's engagement activities with the companies to be voted on and ensure that the voting policy is applied in a consistent manner.

SAM's senior management is also regularly informed of the voting activities undertaken through the various forums where ESG issues are addressed (SRI Strategy and Supervision Forum, SAM Board, etc.).

For alternative products, a specific governance will be defined on the voting processes of each vehicle that falls under the scope of this policy.

## 8. Policy ownership and updates

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

This policy will be subject to review and adoption by the voting forum and the SAM Investment Holdings Limited Executive Committee. Any substantial revision and/or modification must be approved by both forums.

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

The content of this policy constitutes a process of continuous improvement that will be reflected in the periodic reviews of this document. This policy was last revised in January 2025 and is published on SAM's website.

## 9. Policy updates

Version	Responsible Area	Description	Approval Committee	Approval date
1	SAM Global SRI Team	Voting policy approval	Board SAM Investment Holdings Ltd.	10.12.2020
2	SAM Global SRI Team	Review of Global voting policy	Board SAM Investment Holdings Ltd.	18.03.2022
3	SAM Global SRI Team	Review of Global voting policy Review and update of SAM's voting criteria to further strengthen alignment with applicable legislation and codes of good practice. Involvement of an external advisor in the policy update.	Board SAM Investment Holdings Ltd.	22.03.2023
4	SAM Global SRI Team	Review of Global voting policy Minor adjustments in the wording of SAM's voting guidelines to adapt them to the specific circumstances of the different geographies of the companies in which votes are cast	Board SAM Investment Holdings Ltd.	20.03.2024
5	Global SRI Team	Minor changes in "Relationship with other policies scheme"	SAM Investment Holdings Ltd. Executive Committee	21.05. 2024
6	Global SRI Team	Minor changes in the information regarding the monitoring of the level of opposition received by issuers in previous meetings	SAM Investment Holdings Ltd. Executive Committee	08.01. 2025

## Appendix 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.

**General Shareholders' Meeting:** Administrative and oversight body where key decisions are made on the operation of the company. In the text of this policy, this concept refers to both Ordinary General Meetings and Extraordinary General Meetings.

**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:** Practice of monitoring the behaviour of companies and establishing a dialogue with them, with the aim of improving availability of information and promoting change in terms of strategy, risk management, ESG performance, etc.

## Appendix II: Reference standards

This policy is based, inter alia, on the following standards:

- United Nations Principles for Responsible Investment (UN PRI)
- Local Stewardship Codes (e.g.: CNMV Investor Code of Good Practice and CNMV Unified Good Governance Code of Listed Companies in Spain, UK Stewardship Code, AMEC Stewardship Code in Brazil, etc.)
- International Corporate Governance Network (ICGN) Global Stewardship Principles
- OECD Principles of Corporate Governance
- Priorities and principles of the Net Zero Asset Managers Initiative
- Priorities and principles of the Climate Action 100+ Initiative
- United Nations Global Compact
- United Nations Sustainable Development Goals
- United Nations Universal Declaration of Human Rights
- United Nations Guiding Principles on Business and Human Rights
- OECD guidelines for multinational enterprises
- The International Labour Organisation's (ILO) Fundamental Conventions
- United Nations Convention against Corruption
- Agreements reached at the 2015 COP21 summit on climate change in Paris.
- Financial Stability Board (FSB) Task Force on Climate Related Financial Disclosures Recommendations