

## GENERAL BACKGROUND INFORMATION DOCUMENT

This document provides information that you should be aware of prior to joining. However, we advise you to consult all the legal documentation, in particular the Articles of Association and the Contributions and Benefits Regulations. This is not promotional material, but information required by regulations to help you understand the nature of the product and the associated risks.

<b>Insurance Entity</b>	Loreto Mutua, Social Welfare Mutual Society (Reg. no. DGSFP. P-2994) Spanish company tax ID V-28277002
<b>Contact details</b>	91 758 96 50; <a href="mailto:info@loretomutua.com">info@loretomutua.com</a> ; <a href="http://www.loretomutua.com">www.loretomutua.com</a>
<b>Registered office</b>	Paseo de la Castellana, 40 (28046 Madrid, Spain).

### PURPOSE

Long-term savings product that is complementary to the state pension received through Social Security. The Supervisory Authority overseeing the activity is the Spanish General Directorate of Insurance and Pension Funds (Dirección General de Seguros y Fondos de Pensiones).

Loreto Mutua offers a corporate social welfare instrument that works as insurance, integrating pension commitments from companies in the airline industry in accordance with Spanish Royal Decree 1588/1999 of 15 October on the implementation of companies' pension commitments in favour of their workers and the First Additional Provision of Royal Decree 1/2002 of 29 November 2002, approving the consolidated text of the Spanish Law on Pension Plans and Funds (*Ley de Planes y Fondos de Pensiones*). It is governed by the Contributions and Benefits Regulations. It is also governed by the provisions of Spanish Royal Decree 1430/2002, of 27 December, approving the Social Welfare Mutual Society Regulations and, as an insurance entity, it is also subject to Spanish Law 20/2015, of 14 July, on the regulation, supervision and solvency of insurance and reinsurance companies (*Ley de ordenación, supervisión y solvencia de las entidades aseguradoras y reaseguradoras*), and its implementing regulations (respectively, LOSSEAR and ROSSEAR); as well as Spanish Law 50/1980, of 8 October, on Insurance Contracts (*Ley de Contrato de Seguro*).

Loreto Mutua does not provide advice in relation to insurance products on the market, in the sense that it does not compare products and offer the most suitable product for the customer and that the remuneration received by its employees holds no relation to the insurance contract.

The legal documentation and the annual Solvency and Financial Condition Report (SFCR) for the last five financial years can be found at [www.loretomutua.com](http://www.loretomutua.com).

### HISTORICAL PERFORMANCE

Last financial year (2021): .....	6.31 %
Last 3 years: .....	3.21 %
Last 5 years: .....	3.06 %
Last 10 years: .....	3.15 %
Last 15 years: .....	3.94 %

The results depend on fluctuations in the financial markets, which are beyond Loreto Mutua's control. Historical performance is not an indicator of future performance.

### LIQUIDITY DISCLAIMER

The benefits can only be paid in the event of one of the contingencies or exceptional liquidity cases provided for in the Contributions and Benefits Regulations.

### MUTUAL SOCIETY OVERVIEW

Contribution scheme (contributions/premiums) <i>Financial year 2022</i>	No minimum limit. Limit for individual contributions: 1,500 euros for all systems. This contribution can be increased by a further 8,500 euros for corporate contributions. Within these additional 8,500 euros, the employee may add to the contributions made by the company but may not exceed them.
	Personal income tax (IRPF) base reduction limit: either 1,500 euros or 30% of the income from work/economic activities (whichever is less), which can be increased by 8,500 euros if these are company contributions (company/employee for the same or a lower amount).

## MUTUAL SOCIETY OVERVIEW (Cont.)

Events giving rise to benefits (guarantees)	<p>Retirement, with the possibility of early retirement due to an Employment Regulation File for mass layoffs (<i>Expediente de Regulación de Empleo</i> or ERE, in Spanish) or from the age of 60 without access to Social Security pension.</p> <p>Permanent disability, regardless of its degree.</p> <p>Death.</p> <p>Exceptional cases of liquidity: unemployment due to involuntary causes, having exhausted public benefits or not being entitled to them.</p>
Transfers	There is no option to transfer plans or other pension products.
Contribution to the mutual fund	A one-off contribution of 42.07 euros is made to the mutual fund when joining. It is paid by deducting the first contribution made by the member.
Members in abeyance	If a member suspends or stops the payment of contributions to Loreto Mutua, they shall be considered a member in abeyance. They may, at any time, reinstate their status as an active member by resuming their contributions to Loreto Mutua. The financial rights of members in abeyance shall be the same as for active members.
Method of payment	<ul style="list-style-type: none"> <li>• Single lump-sum payment.</li> <li>• Guaranteed temporary financial annuity without reversion. It comes with death insurance.</li> <li>• Actuarial annuity (life annuity). With or without reversion.</li> <li>• Mixed benefit scheme: lump sum and regular payments.</li> </ul> <p><i>There is no redemption right or right to reduced paid-up insurance in life insurance.</i></p>
Benefit calculation method	<p>In the individual capitalisation system, benefits are not fixed but may be lower or higher depending on the negative or positive results obtained in each financial year. The benefit, when collected, is made up of the economic right accumulated at the end of the previous year plus the contributions of the current year, capitalised at the technical interest rate of 1% in proportion to the days of membership in the year of collection.</p> <p>Economic rights: Contributions +/- target interest rate +/- profit share.</p> <p><i>* Expenses already deducted from profit share.</i></p>
Profit-sharing	Net income accumulated as an excess or shortfall over the mathematical provisions, adjusting the members' contribution base by increasing or reducing it as of 31 December of each year.
Administration costs	Not a fixed amount, these vary annually. In 2021: 1,178,509.13 euros on assets (1,284,816,260.77 euros) as stated in the annual accounts approved by the General Meeting on 29 June 2022.
Duration	Indefinite, subject to occurrence of the covered contingencies. The date of joining/purchase shall be the date on which the first contribution is made. Members shall retain their rights until the full amount of the accumulated fund is received.
Termination	<ul style="list-style-type: none"> <li>• Death.</li> <li>• Acquiring the status of beneficiary of Loreto Mutua due to recognition of the benefits set out in the Contributions and Benefits Regulations, unless the contributions are maintained in the legal or statutory cases provided for.</li> </ul>

## TAX REGIME \*

The company's contributions in favour of the employee are part of the general personal income tax base as professional income, but are not subject to withholding tax. Company and employee contributions reduce the tax base up to 10,000 euros. All benefits are taxed as professional income for the purposes of personal income tax, also in the event of death.

\*Please refer to the legislation in force for certain cases giving rise to lump-sum payment, as well as provincial regulations for residents of territories with special tax regimes.

## INVESTMENT POLICY

### Investment strategy

The assets of the Mutual Society are invested in accordance with the Statement of Investment Principles, as approved by the Board of Directors in accordance with the applicable regulations. Management of part of the Mutual Society's portfolio has been delegated to Loreto Inversiones SGIIC, SAU.

### **INVESTMENT POLICY (Cont.)**

All information relating to the long-term investment strategy statement, as well as information relating to the asset manager agreement, is published in the SFCR available at [www.loretomutua.com](http://www.loretomutua.com).

Loreto Mutua's portfolio is classified as a mixed fixed-income portfolio, which means that the investment percentage in equities will not exceed 35% of the assets under management. This investment will preferably be made in large cap stocks traded on OECD markets and may include cash or derivative positions.

The entity has implemented an Engagement Policy, available at [www.loretomutua.com](http://www.loretomutua.com). It also adheres to the UN principles for socially responsible investment (UNPRI).

#### **Investment risks**

Investments in equities and debt securities mean that the Mutual Society's performance is affected by volatility (changes in asset prices) in the markets in which it invests.

Investments in debt securities are subject to changes in interest rates and the credit quality of the securities in the portfolio which, under certain conditions, can lead to negative variations in the Mutual Society's assets. Sensitivity to rate changes will be determined by the portfolio's duration and credit quality.

Investments in assets denominated in currencies other than the euro entail a risk arising from exchange rate fluctuations. Derivative instruments may also pose additional risks compared with cash investments.

Therefore, the planning, approval and execution of the Mutual Society's investments are geared towards achieving the target return in a risk-controlled environment. In addition to internal controls and monitoring by Risk Management and the Internal Audit, the security, quality and liquidity of Loreto Mutua's portfolio is reviewed monthly by the Investment and Risk Committee.

The entity has a Sustainability Risk Integration Policy, available at [www.loretomutua.com](http://www.loretomutua.com). The investment process takes into account sustainability risks based on own and third-party analysis. For this purpose, the entity uses its own methodology based on ESG ratings provided by external providers. For investments in other investment vehicles, qualitative information on ESG aspects provided by the manager of the vehicle is taken into account. Management does not take adverse impacts on sustainability factors into account, as there are currently no due diligence policies in place in relation to these. For more information, please go to [www.loretomutua.com](http://www.loretomutua.com). The investments underlying this product do not take the EU taxonomy for environmentally sustainable economic activities into account.