

INVOLVEMENT POLICY (GP-P2).

1st version

LORETO MUTUA, MPS

LORETO INVERSIONES, SGIIC, S.A.U.

Approved by the Board of Directors of Loreto Mutual, MPS on September 28, 2021

Approved by the Board of Directors of Loreto Inversiones, SGIIC, S.A.U. on 29 September 2021

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Dissemination:	<p>Members of the Board of Directors, Director General, Investment Department staff, UGR staff and RCU staff of LORETO MUTUA, MPS.</p> <p>Members of the Board of Directors, the Director-General, staff of the Department of Investment Management, UGR staff and RCU staff.</p>

TRACK CHANGES TABLE

Date	Version	Change made
02.08.2021	1	Approval by the general managers of Loreto Mutua, MPS and Loreto Inversiones, SGIIC, S.A.U.
September 2021	1	Ratification by the Board of Directors of Loreto Mutua, MPS on 28.09.2021 and by the Board of Directors of Loreto Inversiones, SGIIC, S.A.U. on 29.09.2021.

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1. INTRODUCTION

1.1 Policy Purpose

The purpose of this document is, in application of Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the promotion of long-term shareholder engagement and the regulations transposing it into Spanish law, to establish the general guidelines on engagement followed at LORETO MUTUA, MPS (hereinafter, "LORETO MUTUA" or "the MPS") and LORETO INVERSIONES, SGIIC, S.A.U. (hereinafter referred to as "LORETO INVERSIONES" or "the SGIIC") - such entities will be referred to as "ENTITIES" - as asset managers and institutional investors, in relation to investment in companies having their registered office in a Member State and whose shares are admitted to trading on a regulated market located or operating within the European Union, in order to contribute to the companies' long-term performance and value creation.

The Policy, available for the public on the ENTITIES' site, describes how listed European companies are monitored, the process of dialogue with companies, communication and cooperation with other shareholders, the exercise of rights associated with shares, as well as the management of actual and potential conflicts of interest arising from the various activities in which the ENTITIES are involved.

1.2 Responsibility for the development, approval and updating of the Policy

The body in charge of drawing up the Policy is the Regulatory Compliance Unit (hereinafter "the RCU") which, for this purpose, collaborates with the persons affected by it. Likewise, RCU is responsible for updating the Policy in accordance with the regulations in force.

The management bodies of LORETO MUTUA and LORETO INVERSIONES are responsible for approving the Policy, as well as its subsequent updates.

The Policy will be subject to periodic review by RCU on at least an annual basis and will be updated as follows:

- a) When regulatory changes affecting the Policy occur;
- b) When the management bodies approve new measures or modify those contained in the Policy;

c) On a proposal from the Supervisory Authority and internal audit.

The different versions of the Policy are listed in the Track Changes Table at the beginning of the document.

1.3 Responsible for the Policy's application

The investment departments of the ENTITIES are responsible for carrying out the investment activities described, for the benefit of the investment vehicles and portfolios managed, and in accordance with the provisions of the Investment Plan.

The Investment Committee will draw up the Investment Plan annually, assessing the progress of the goals set for the previous year, establishing the strategies for investment and prioritising the investment activities for the year.

The RCU is responsible for preparing the Annual Investment Report, based on the information provided by the investment departments, as well as for supervising compliance with this procedure.

The management bodies of the ENTITIES are ultimately responsible for ensuring the effectiveness of the guidelines contained in the Policy.

1.4 Policy Addressees

The procedure is addressed to the staff of the Investment Management Department (hereinafter, "IMD") of LORETO INVERSIONES, as responsible for carrying out the investment activities, provided for in the Policy, in the interest of the managed investment funds and discretionary management portfolios. To this end, the guidelines set by the Investment Committee, which will be led by the head of the IMD, will be followed. The IMD shall provide the RCU with information on the investment activities carried out during the year.

Furthermore, the Policy is addressed to the staff of the Investment Department (hereinafter referred to as "INVD") of LORETO MUTUA, as they are responsible for the development of investment activities for the benefit of LORETO MUTUA. These activities include, where appropriate, the exercise of the voting rights of the shares that form part of the portfolios whose management is entrusted to LORETO INVERSIONES, in accordance with the provisions of the discretionary management contracts. Investment activities will follow the guidelines of the Investment Committee, of which INVD is a member. The INVD will provide information to the RCU regarding the investment activities developed.

The Policy also applies to the Director-General of LORETO INVERSIONES, as well as to the risk management units of LORETO MUTUA and LORETO INVERSIONES, who shall be part of the Investment Committee and who, to this end, will collaborate in establishing the general guidelines for investment and the prioritisation of investment activities.

Finally, the Policy is addressed to RCU staff, who will be part of the Investment Committee and who are responsible for the preparation of the Annual Investment Report, for dissemination on the LORETO MUTUA and LORETO INVERSIONES websites.

This document is available to all employees of LORETO MUTUA and LORETO INVERSIONES on the intranet and in the document manager, respectively. RCU is responsible for updating the published version, provided that the modification of the Policy has been approved by the management bodies of LORETO MUTUA and LORETO INVERSIONES and will be published on the ENTITIES sites.

RCU shall notify anyone subject to the Policy of any changes once approved by the management bodies.

2. SCOPE

The Policy applies to investments in shares of companies with registered offices in a Member State, listed on a regulated market located or operating in the European Union (hereinafter "LISTED COMPANIES"), made by LORETO INVERSIONES for the benefit of the investment funds managed, as well as within the framework of discretionary and individualised portfolio management. The portfolio management activity includes the delegated management of LORETO MUTUA's pension fund portfolios, as well as part of the MPS portfolio. Hereinafter, the FUNDS AND PORTFOLIOS MANAGED will be referred to as the FUNDS AND PORTFOLIOS MANAGED.

On the other hand, the Policy applies to investments in LISTED COMPANIES made by LORETO MUTUA in favour of its own investment portfolio ("THE MUTUAL SOCIETY'S PORTFOLIO")

This Policy has a Group vocation to maintain a transversal positioning of the ENTITIES with the LISTED COMPANIES, although any possible conflicts of interest that may arise in the development of any investment activity shall be taken into account, so that these are always carried out in the best interests of the FUNDS AND PORTFOLIOS MANAGED, as well as of the MUTUAL SOCIETY'S PORTFOLIO.

3. INVESTMENT ACTIVITIES

Investment activities comprise the following areas of action:

- Exercise of the rights associated with the shares of LISTED COMPANIES, in particular the exercise of voting rights;
- Monitoring of LISTED COMPANIES in which it is invested.
- Dialogue with LISTED COMPANIES;
- Communication and cooperation with other shareholders of LISTED COMPANIES;
- Management of potential conflicts of interest arising from investment activities.

Most of the investment activities, except for the exercise of the rights attached to the shares, shall be carried out by LORETO INVERSIONES in connection with the investments made in the LISTED COMPANIES for the benefit of the FUNDS AND PORTFOLIOS MANAGED. On its side, LORETO MUTUA will play a lesser role in the investment activities, insofar as LORETO MUTUA's investments in LISTED COMPANIES are made within the framework of the discretionary management mandate signed with LORETO INVERSIONES.

By virtue of the above mentioned, LORETO INVERSIONES IMD is primarily responsible for the implementation of the investment activities within this Policy, without prejudice to the responsibility of LORETO MUTUA regarding the exercise of the rights inherent to the shares belonging to the MANAGED PORTFOLIOS, in accordance with the provisions of the discretionary management contracts.

3.1 Exercise of voting rights

3.1.1 Investment funds

LORETO INVERSIONES is responsible for exercising the rights inherent to the securities included in the portfolios of the investment funds. The SGIIC has a Procedures Manual for the exercise of rights, distinguishing between economic and political rights.

Economic rights:

- (i) Scrip Dividends: the default decision will be to subscribe the new shares. Any other decision shall be approved by the IMD.

- (ii) Takeover bids, swaps, voluntary redemptions and others: as a general rule, the economic benefit for the investment funds will be maximised in the short term, unless it is considered that the price offered in the corresponding transaction is substantially lower than the current market valuation or that which could reasonably be expected in the medium term. In this second case, the decision shall be taken by the IMD.

Political rights:

In the event that (i) the issuer is a Spanish company, (ii) the holding is held with a vocation of stability, it being understood that in any case this vocation is met when the holding has been held for a minimum period of more than one year, unless the intention is to sell or there is an obligation to transfer it in the short term, and (iii) the aggregate holding of all the investment funds managed is greater than 1% of the capital or voting rights, the guidelines indicated in the following paragraph shall be followed.

Generally, the right to attend and vote at shareholders' meetings shall be delegated to the Chairman of the Board of Directors of the company in which the investment is held, without indicating the direction of the vote. However, when the IMD deems necessary for the best defence of the interests of the unitholders, it shall attend the General Meetings and exercise the vote for the exclusive benefit of the unitholders, or, alternatively, it shall be delegated to the Board of Directors of the company, with express indication of the direction of the vote. In this case, if it is decided to attend the General Meetings, the direction of the vote shall be approved by the IMD. In those cases in which the payment of a premium for attendance at the General Meeting is foreseen, the right to attend and vote shall be exercised.

The guidelines indicated in the two preceding paragraphs for the exercise of voting rights in Spanish companies, set out in the SGIIC's Manual of Procedures for the Exercise of Rights, shall also be followed for the exercise of voting rights in companies registered in a Member State, listed on a regulated market located or operating in the European Union.

3.1.2 Managed portfolios

In the case of MANAGED PORTFOLIOS, the SGIIC shall comply with the provisions of the contract signed, following, in the event of delegation of the exercise of rights, the terms and conditions regulating this delegation.

3.1.3 Own portfolio

For the exercise of the rights inherent to the shares of the LISTED COMPANIES of the PORTFOLIO OF THE MUTUALITY, the MPS will follow the guidelines indicated in section 3.1.1, understanding that the functions attributed to the IMD correspond to the INVD of LORETO MUTUA.

3.2 Companies' follow-up

Monitoring in LISTED COMPANIES includes, among others, the following aspects:

- Financial performance;
- Non-financial performance;
- Risks;
- Capital structure;
- Social and environmental impact;
- Corporate governance.

The IMD makes investment decisions, considering the investment strategy and the long-term positioning set by the Investment Committee, taking into account the issuer's cash generation potential, its indebtedness, the expected return on investment and the risk-return trade-off. Managers shall monitor the investments on an ongoing basis, both prior to investment and during the period in which they are held in the portfolio.

For the development of its functions, the IMD relies on the information provider Bloomberg, as well as on an external financial analysis service, provided by different suppliers, which cover the macro and microeconomic scope of the markets, real-time news and the fundamental and technical analysis of LISTED COMPANIES.

In terms of non-financial aspects, the IMD is committed to the most relevant environmental, social and corporate governance (ESG) issues, although these aspects are not decisive for investment decisions. In this regard, the IMD does not currently integrate sustainability risks into investment decisions, as it does not have a policy for integrating these risks into the investment decision-making process of investment decisions.

The IMD also fails to take into account the adverse impacts on sustainability factors, as a result of not currently having a procedure for the analysis of reliable and available information that allows for rigorous quantification of the foreseeable and real impact of investment decisions on environmental and social issues, respect for human rights and the fight against corruption and bribery. Nevertheless, it is the intention of LORETO INVERSIONES to consider the adverse effects of investment decisions, once the processes, procedures and metrics affecting investment management in this regard have been clarified.

3.3 Dialogue with companies

When it is considered to be of interest to the FUNDS AND PORTFOLIOS MANAGED, we will collaborate with the LISTED COMPANIES in which we invest, with a focus on the long-term in sustainable management, although without ruling out the contribution to financial performance, contacting the companies directly when aspects of improvement in their management are detected.

The possible actions to be taken would be to get in touch with the companies by written communication to express concerns, request clarification on the matters included on the agenda of the general shareholders' meetings or submit proposals at the meetings, without ruling out other means considered appropriate in each case.

3.4 Communication with other shareholders

In certain circumstances, while always preserving independence, it is considered that working in collaboration with other investors can be a very effective means of participation to maximise the impact of the LORETO MUTUA Group's initiatives to promote changes in the performance of the companies. To this regard, the Group participates in various formal and informal investor organisations, both nationally and internationally, which provides access to other investors.

3.5 Managing conflicts of interest

LORETO INVERSIONES and LORETO MUTUA have procedures in place to manage possible conflicts of interest and to avoid any possible prejudice to clients. These procedures are fully applicable to the actions carried out in the investment area.

Where investment activities may give rise to situations of conflict of interest, because they involve entities of the same group, any conflicts shall be analysed in order to check that the investment activities are not prejudicial to the interests of the INVESTMENT FUNDS AND PORTFOLIOS MANAGED.

In any case, as regards the exercise of voting rights, LORETO INVERSIONES is independent of its parent company and exercises the rights associated with the securities of the INVESTMENT FUNDS and, where applicable, of the MANAGED PORTFOLIOS, in accordance with the provisions of the discretionary management contracts, through the IMD, which will not accept direct or indirect instructions from LORETO MUTUA regarding the direction of the vote.

LORETO MUTUA will abstain from participating in voting or investment activities where there is a conflict of interest.

4. ORGANISATIONAL STRUCTURE AND DELIMITATION OF INVESTMENT ACTIVITIES

4.1 Delimitation of investment activities

To optimise the investment activities to be carried out by the ENTITIES, those that have the greatest relevance and generate the greatest impact on the LISTED COMPANIES will be selected, contributing to the creation of value for the FUNDS AND PORTFOLIOS MANAGED. To this end, the volume of investments held in LISTED COMPANIES may be considered, so that engagement initiatives are concentrated on activities where the impact is considered likely to be real.

4.2 Investments Committee

For limiting the investment activities, there will be an Investment Committee, made up of a multidisciplinary team, personnel from the IMD and General Management of LORETO INVERSIONES, from the INVD of LORETO MUTUA and from the risk management and regulatory compliance units. The Investment Committee will be chaired by the head of the IMD of LORETO INVERSIONES.

The Investment Committee shall establish, on an annual basis, a plan ("Investment Plan") in which the investment strategies shall be identified, selecting the most relevant investment activities that will generate the greatest real impact on the performance of the LISTED COMPANIES. The Plan will review the degree of progress of the objectives set in the previous year and will prioritise the activities to be carried out in the year.

4.3 Execution of investment activities

The IMD of LORETO INVERSIONES is responsible for developing the investment activities for the benefit of the INVESTMENT FUNDS AND MANAGED PORTFOLIOS. LORETO MUTUA's INVD shall be responsible for carrying out the investment activities in the best interests of the MUTUAL SOCIETY'S PORTFOLIO, as well as, where appropriate, to exercise the rights associated with the securities of the MANAGED PORTFOLIOS, in accordance with the provisions of the discretionary portfolio management contracts.

The development of the investment activities will be carried out in accordance with the guidelines established in the Investment Plan.

5. TRANSPARENCY

LORETO INVERSIONES and LORETO MUTUA will publish on their websites, on an annual basis, a report ("Annual Investment Report") disclosing, for the general knowledge of clients, investors, markets and any interested party, how the Investment Policy has been applied, including, in particular, the following information:

- (i) A general description of the exercise of voting rights;
- (ii) An explanation of the most important votes;
- (iii) Where appropriate, the appeal to the services of proxy advisors;
- (iv) The sense of the vote in the general meetings of the LISTED COMPANIES, although insignificant votes may be excluded due to the purpose of the vote or the reduced shareholding held in the company.

If voting rights have not been exercised at the general shareholders' meetings of the LISTED COMPANIES, because the threshold of participation in the companies established in this Policy has not been reached, this will be reported in the publication.

In addition to the above information, a description of other investment activities that are considered relevant may be included.

The Annual Investment Report will be prepared by RCU, based on the information provided by the investment departments of LORETO INVERSIONES and LORETO MUTUA, in relation to the investment activities carried out during the financial year.

The first Annual Investment Report will be published in 2023 and shall cover all investment activities in 2022.

6. OBLIGATIONS FOR COMPLIANCE WITH THE POLICY

6.1 Duties of the Directors-General

The Director-General of LORETO MUTUA has the following duties:

- a) Approve, together with the Director-General of LORETO INVERSIONES, the initial Investment Policy of the LORETO MUTUA Group;
- b) Ensure compliance with the provisions of the LORETO MUTUA Investment Policy.

The Director-General of LORETO INVERSIONES has the following duties:

- a) Approve, together with the Director-General of LORETO MUTUA, the initial Investment Policy of the LORETO MUTUA Group;
- b) Ensure compliance with the provisions of the LORETO INVERSIONES Investment Policy.
- c) Participate in the Investment Committee.

6.2 Duties of the Investment Committee

The Investment Committee has the following duties:

- a) Set annual strategies for investment, selecting the most relevant activities and those that generate the greatest impact;
- b) Review the progress of the investment objectives set in the previous year;
- c) Drawing up the annual Investment Plan.

6.3 Duties of the Investment Management Department

The IMD of LORETO INVERSIONES has the following duties:

- a) Carry out the investment activities, as set out in this Policy and in accordance with the guidelines set out in the Investment Plan, for the benefit of the INVESTMENT FUNDS AND MANAGED PORTFOLIOS;
- b) Manage the Investment Committee;
- c) Provide the RCU with information on the investment activities carried out during the year.

6.4 Duties of the Investment Department

The INVD of LORETO MUTUA has the following duties:

- a) Carry out the investment activities, as set out in this Policy and in accordance with the guidelines set out in the Investment Plan, for the benefit of the MUTUAL SOCIETY'S PORTFOLIO;
- b) Exercise, where applicable, the voting rights associated with the MANAGED PORTFOLIOS, in accordance with the provisions of the discretionary portfolio management contracts;

- c) Participate in the Investment Committee;
- d) Provide the RCU with information on the investment activities carried out during the year.

6.5 Duties of the risk management units

The risk management units of LORETO MUTUA and LORETO INVERSIONES have the following obligation:

- a) Participate in the Investment Committee.

6.6 Duties of the governing bodies

The management bodies of LORETO MUTUA and LORETO INVERSIONES have the following obligation:

- a) Ratify the Investment Policy approved by the General Directors and approve its successive updates.

6.7 RCU's Obligations

RCU must perform the following tasks:

- a) Submit the Policy for approval by the management bodies of LORETO MUTUA and LORETO INVERSIONES;
- b) Update the Policy on the occasion of regulatory changes, when new measures are necessary and at the proposal of the Supervisory Authorities and Internal Audit, and submit it to the management bodies for approval;
- c) Notify the Policy to the persons affected by the procedure, as well as of its modifications, once they are approved by the governing bodies;
- d) Keep the Policy updated on the LORETO MUTUA intranet and in the LORETO INVERSIONES document manager;
- e) Ensure the publication of the Investment Policy on the LORETO MUTUA and LORETO INVERSIONES websites and its subsequent updates;
- f) Prepare the Annual Investment Report, based on the information provided by the investment departments of LORETO INVERSIONES and LORETO MUTUA;
- g) Ensure the publication of the Annual Investment Report on the websites of LORETO MUTUA and LORETO INVERSIONES;
- h) Bring to the attention of the management bodies any non-compliance detected in relation to the Policy and, where appropriate, propose measures to be taken.