

**SHAREHOLDER ENGAGEMENT POLICY**

**BESTINVER GESTIÓN, S.A., SGIIC**  
**BESTINVER PENSIONES, EGFP, S.A.**  
**BESTINVER INDIVIDUAL, EPSV**

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## 1 INTRODUCTION

Bestinver Gestión, S.A., SGIIC<sup>1</sup> (hereinafter “Bestinver Gestión” or the “Management Company”), Bestinver Pensiones, EGFP, S.A. (hereinafter, “Bestinver Pensiones”) and Bestinver Individual, EPSV<sup>2</sup> (hereinafter, “Bestinver EPSV”) and all of the foregoing referred to, jointly, as the “Bestinver Group”, have established this engagement policy that sets out the principles and general guidelines that determine the way in which the investment funds, SICAVs, venture capital companies and firms, pension funds and the portfolios of the EPSVs managed by Bestinver Gestión (whether directly or under delegated authority) relate with, supervise and act in the companies in which they invest, as shareholders thereof, as well as the way in which the rights inherent to the shares thereof are exercised. Furthermore, this engagement policy also aims to describe the principles applied in relation to the dialogue activities in relation to environmental, social and governance issues (hereinafter, “ESG”).

This policy governs, mainly, the following principles:

- **Protection of the rights of the stake holders/shareholders**, such that the actions must be carried out for the sole and exclusive benefit thereof, in application of the fiduciary duties of the management companies.
- **Commitment to an enhanced long-term engagement as shareholders**, such that, at all times in light of the interests and benefit of the stake holders/shareholders, the voting decisions and the exercise of the rights inherent to the shares, shall not be based exclusively upon profitability parameters, but also other types of non-financial factors.

Bestinver Pensiones has delegated upon Bestinver Gestión the differentiated and individualised management of the totality of the portfolio of financial assets of the pension funds and Bestinver EPSV has also delegated upon Bestinver Gestión the differentiated and individualised management of the portfolio of financial assets of the EPSV, however strictly subject to the investments policy established in the declaration of investment principles of the corresponding mutual social security schemes included in Bestinver Individual EPSV.

In relation to discretionary portfolio management, the exercise of the voting rights shall be carried out in accordance with the terms and provisions of the management contract, and the client may delegate the exercise thereof upon Bestinver Gestión, or alternatively reserve said voting rights.

## 2 PURPOSE AND SCOPE

Section 46(1)(d) of the Collective Investment Schemes Act 35/2003 provides that *“in relation to the managed funds, applicable regulations shall establish the situations in which, in light of the quantitative relevance and the stability of the shareholding of the fund in the share capital of a company, the management company must exercise all of the rights inherent to the securities that comprise the fund, for the exclusive benefit of the stake holders, and in particular the right to attend and vote at the General Shareholders’ Meetings”*.

Furthermore, Act 5/2021, of 12 April, that modified, among other legal precepts, the Collective Investment Schemes Act 35/2003, so as to incorporate within the provisions thereof the rules transposed in Spain pursuant to Directive (EU) 2017/828 of the European Parliament and of the Council, known as “SRD II”, included a new Section 47 *ter* regarding engagement policies, that expressly provides that:

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<sup>1</sup> Collective Investment Scheme Management Company.

<sup>2</sup> Basque Mutual Social Security Scheme.

*1. Management companies shall develop and publicly disclose an engagement policy that describes how they integrate shareholder engagement in their investment strategy. Said policy shall describe*

*how they monitor investee companies listed for trading on a regulated market situated or that operates in a Member State, on relevant matters, including strategy, financial and non-financial performance and risk, capital structure, social and environmental impact and corporate governance. Said policy shall also describe the mechanisms for implementing dialogue with investee companies listed for trading on a regulated market situated or that operates in a Member State, exercising voting rights and other rights inherent to the shares, cooperating with other shareholders, communicating with relevant groups of interest or stakeholders of the investee companies and managing actual and potential conflicts of interests in relation to their engagement.*

*2. Management companies shall, on an annual basis, publicly disclose how their engagement policy has been implemented, including a general description of voting behaviour, an explanation of the most significant votes and, as the case may be, the use of the services of proxy advisors.*

*3. Management companies shall publicly disclose how they have cast votes at the General Shareholders' Meetings of companies in which the CIS<sup>3</sup> hold shares. Such disclosure may exclude votes that are insignificant due to the subject matter of the vote or the size of the holding in the company.*

*4. The information referred to in paragraphs 1, 2 and 3 shall be available publicly and free of charge on the management company's website.*

*5. The measures that must be adopted by management companies to detect, prevent, manage and control the conflicts of interest that may arise during the management of the CIS, as provided for under Section 46(5)(b), shall also be applicable to the activities carried out for the implementation of the engagement policy provided for in paragraph 1.*

*6. In the event that management companies decide not to comply with one or more of the requirements provided for in the foregoing paragraphs, a clear and reasoned explanation must be published thereby in relation to the reasons why they have decided not to.*

Furthermore, Section 47 *quater* of the aforementioned Act also sets out the information disclosure obligations of management companies when they provide asset management services to insurance companies or employment pension plans or funds:

*“Management companies that invest in shares listed for trading on a regulated market situated or that operates in a Member State on behalf of insurance companies or employment pension plans or funds, may disclose, on an annual basis, to the insurance companies or employment pension plans or funds with which asset management agreements have been formalised, how their investment strategy and implementation thereof complies with that agreement and contributes to the medium to long-term performance of the assets of said insurance companies or pension plans or funds. The foregoing shall not be necessary when said information is already publicly available or has been included in the annual report that must be drafted by the*

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<sup>3</sup> Collective Investment Scheme

management companies. In said situations, management companies must state where said information is available.

Management companies shall include information regarding the key material medium to long-term risks associated with the investments, portfolio composition, turnover and turnover costs, and, if applicable, the use of proxy advisors for the purpose of engagement activities and their policy on securities lending and how it is applied to fulfil its engagement activities, particularly at the time of the General Shareholders' Meeting of the investee companies.

Said reporting shall also include information on whether and, if so, how, they make investment decisions based on evaluation of medium to long-term performance of the investee company, including non-financial performance, and on whether and, if so, which conflicts of interests have arisen in connection with engagements activities and how they have been managed and resolved”.

Furthermore, Article 115(i) of the Collective Investment Scheme (CIS) Regulations provides that:

“In relation to the obligation established in Section 46(1)(d) of Act 35/2003, of 4 November, the SGIIC must exercise, particularly in relation to the right to attend and vote at the General Shareholders' Meetings, all of the voting rights inherent to the securities that comprise the funds and investee companies managed thereby, except if, in the management agreements in the case of investee companies, the companies reserve the exercise of the voting rights. The foregoing obligation shall be applicable whenever the issuer is a Spanish company and the total shareholding or investment of the funds or companies managed by the SGIIC in the investee company is retained for more than twelve months and provided that said shareholding or investment represents at least 1 per cent of the share capital of the investee company. The foregoing shall be applicable unless reasons exist that justify why said rights should not be exercised and said situation is reported in the corresponding annual report.

The management companies and the investment firms of which the management is not commissioned to a management company, shall implement a policy in relation to the exercise of the voting rights, that must include adequate and suitable strategies to determine, in the exclusive benefit of the CIS, the moment in time and the way in which the voting rights inherent to the instruments included in the managed portfolios are to be exercised.

Said strategies shall establish the measures and procedures necessary for:

- 1º. Monitoring the relevant and pertinent corporate events and situations.
- 2º Ensuring that the exercise of the voting rights conforms and complies with the objectives and the investment policy of the respective CIS.
- 3º Preventing and, as the case may be, managing any conflict of interest related to the exercise of the voting rights.

Management companies and, as the case may be, investment firms must include in the corresponding annual report a summary of their policy in relation to the exercise of the voting rights inherent to all of the securities included within all of the CIS managed thereby. Furthermore, they shall also report on the favourable vote or not in relation to the exercise of the voting rights or alternatively if the voting rights have not been exercised.”

The foregoing is also established pursuant to Act 22/2014, of 12 November, that governs venture capital companies and firms, other closed-ended collective investment schemes and the closed-ended collective investment scheme management companies, and which modified the Collective Investment Schemes Act 35/2003, of 4 November, which provides, at Section 67 *bis* thereof, in relation to engagement policies, that the management companies “*shall develop and publicly disclose an engagement policy that describes how they integrate shareholder engagement in their investment strategy in the case of investments on behalf of the venture capital companies and firms and closed-ended collective investment schemes managed thereby in shares listed for trading on a regulated market situated or that operates in a Member State. Said policy shall describe how they monitor investee companies, on relevant matters, including strategy, financial and non-financial performance and risk, capital structure, social and environmental impact and corporate governance. Said policy shall also describe how dialogue is conducted with investee companies, how the voting rights and other rights inherent to the shares are exercised, how they cooperate with other shareholders, how they communicate with relevant groups of interest or stakeholders of the investee companies and how they manage actual and potential conflicts of interests in relation to their engagement*”.

On the other hand, and in relation to pension plans and funds, Section 16(9) of the Pension Plans and Funds Act provides that:

*“The control committee of the pension fund, with the participation of the management company, shall draft, in writing, a long-term Investment Strategy policy. Said policy must be sufficiently and publicly available.*

*The minimum content shall be determined pursuant to implementing regulations, and shall include information related to how the main aspects of the investment strategy thereof in companies the shares of which are listed for trading on a regulated market situated or that operates in a Member State, are coherent and consistent with the profile and the duration of the liabilities thereof, particularly the long-term liabilities thereof, and the way in which they contribute to the medium and long-term performance of the assets thereof.”*

The Pension Plans and Funds Regulations (Royal Decree 304/2004, modified by Royal Decree 681/2014) provides, at Article 69(7) and (8) thereof, that:

*“7. The control committee of the pension fund must exercise, in the exclusive benefit of the stake holders and beneficiaries, all of the rights inherent to the securities that comprise the fund.*

*Said rights shall be exercised by the control committee of the fund, directly, or through a management company, that shall follow the instructions and indications of said control committee or the provisions of the rules applicable to the fund. If the management of the assets of the fund is contracted with an assets manager, then said assets manager may be delegated the function of exercising the rights inherent to the securities, including the voting rights, in the terms provided for in the agreement and taking into account the provisions of the Articles of Association of the issuer companies.*

*The right to attend and vote at the General Shareholders’ Meetings and other general assemblies and meetings must also be exercised when the securities that comprise the fund have a quantitative importance for the fund and when they constitute stable investments, unless reasons exist that justify why said rights should not be exercised and said situation is reported in the corresponding annual report of the pension fund.*

*The annual management report of the pension fund must set out the applicable policies in relation to the exercise of the rights to attend and vote at the General Shareholders’ Meetings*

*and other general assemblies and meetings inherent to the securities that comprise the pension fund.*

*8. In relation to employment pension funds, without prejudice to the provisions of the preceding paragraph, the control committees of the funds or, as the case may be, the management companies thereof, must develop and publicly disclose an engagement policy that describes how the pension fund integrates shareholder engagement in their investment strategy in relation to shares listed for trading on a regulated market situated or that operates in a Member State of the European Union.*

*The aforementioned policy shall describe how they monitor investee companies, at least in relation to the strategy, financial and non-financial performance and risk, capital structure, social and environmental impact and corporate governance. Said policy shall also describe how dialogue is conducted with investee companies, how, as the case may be, voting rights and other rights inherent to the shares are exercised, how they cooperate with other shareholders, how they communicate with relevant groups of interest or stakeholders and how they manage actual and potential conflicts of interests in relation to their engagement.*

*In the event that the control committee of the fund directly exercises the voting rights at the General Shareholders' Meetings, then the control committee shall be responsible for the compliance of the obligations established in this section, without prejudice to the possibility for said obligations to be commissioned to the management company, pursuant to a prior agreement that sets out the terms and conditions thereof. When the engagement policy of the fund, including the exercise of the voting rights, is implemented through an assets manager, the assets manager shall be responsible for complying with the obligations provided for in this section in accordance with the terms and conditions set out in the pertinent agreement.*

*Annually, the control committees of the pension funds or, as the case may be, the management companies thereof, shall publish information in relation to how the engagement policy has been applied, as referred to in the foregoing paragraphs, including a general description of voting behaviour, an explanation of the most significant votes and, as the case may be, the use of the services of proxy advisors.*

*Furthermore, the control committees shall also disclose, annually, how they have cast votes at the General Shareholders' Meetings of companies in which the pension fund holds the aforementioned shares, if said voting rights have been exercised. Such disclosure may exclude votes that are insignificant due to the subject matter of the vote or the size of the holding in the company.*

*The engagement policy and the information referred to in the preceding paragraphs shall be available publicly and free of charge on the website of the management company or of the group thereof, or via other channels that are easily accessible online. When the engagement policy of the fund, including the exercise of voting rights, is implemented through an assets manager, the place where the assets manager has published the information in relation to the exercise of the voting rights must be stated.*

*The control committees of the employment pension funds and, as the case may be, the management companies thereof and the assets managers, that do not comply with the requirements established in the preceding paragraphs, must publish a clear and reasoned explanation must be published thereby in relation to the reasons why they have decided not to. Said explanation must be publicly available, free of charge, on the website of the management company or of the group thereof or via other channels that are easily accessible online.*

*The control committees of the employment pension funds and, as the case may be, the management companies of employment pension funds and the assets managers, must adopt reasonable measures to detect, prevent, manage and control the conflicts of interest that may arise within the scope of the engagement activities referred to in this section, and, if insufficient, must publish clear information regarding the general nature or the reason for the conflicts of interest prior to acting on behalf of the pension fund and must implement adequate policies and procedures in respect thereof.”*

Finally, the main purpose of Directive (EU) 2017/828 of the European Parliament and of the Council, amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement, is to structure the relationships between shareholders and companies listed on markets situated within the European Union, the issuers of which have their registered office within a Member State, and accordingly to make said relationships more fluid, transparent and effective. Among other aspects, the aforementioned Directive:

- Requires assets managers to **develop and publicly disclose an engagement policy** that they must adhere to during the exercise of the voting rights. In particular, the requirement is established to annually publish how the aforementioned engagement policy has been applied, and also to state how the votes have been cast at General Shareholders’ Meetings, except in relation to votes that are insignificant due to the subject matter of the vote or the size of the shareholding.
- Enhances the control over the services of **proxy advisors**, that must be subject to a code of conduct and subjected to transparency requirements. The use of the services of proxy advisors, as the case may be, must be publicly disclosed.
- Strengthens the control of the shareholders over the **remuneration policy** of the directors.

Taking into account the aforementioned regulatory precepts, the Bestinver Group contemplates the exercise of the voting rights inherent to the securities that comprise the managed portfolios, as an activity implicit to the implementation of the investment policies that is necessary to exercise in order to maximise the benefits to the stake holder. Moreover, both the quantitative relevance as well as the stable nature of the shareholding in the share capital of the investee company condition the actions of the management company in relation to the exercise of the rights inherent to all of the securities that comprise the managed portfolios.

On the other hand, the Bestinver Group has decided to progress with the implementation of the environmental, social and governance principles in the process of the investment of assets, by means of the creation of the “ESG Board” the functions of which include, among others, the promotion, establishment and approval of the ESG principles, policies and criteria and the integration model thereof in the investment processes; the identification and prioritisation of the main aspects in terms of sustainability and the initiatives for the implementation thereof; the validation of the responsible investment principles and the approval of the proposals for the principles of exclusion; the monitoring of the ESG performance in the periodic report; the promotion, proposal and validation of the launch of specific responsible investment products; and the adaption of the sustainability policies in the products catalogue. In summary, the definition and establishment of the sustainability strategy and implement the concept of sustainability of Bestinver Gestión.

Furthermore, the Bestinver Group has an “ESG Executive Team” that includes members of the management department, the regulatory compliance and risks department and the development and strategic projects department, the main functions of which comprise: to lead and coordinate the implementation of the ESG policy, including both the integration of said factors in the



investment process, as well as in the shareholder engagement activities and voting initiatives at the General Shareholders' Meetings; to promote the engagement and participation of all of the staff of Bestinver Gestión in the implementation and promotion of the responsible investment policies, by promoting and raising awareness and providing resources, tools and sufficient training in said respect; to propose to the ESG Board the modifications of the ESG policies or of the integration model; to identify, assess and propose information providers and management tools for the integration of the ESG criteria; to supervise the reporting of the ESG Board in relation to the progress of the initiatives and the degree of compliance and implementation thereof.

The definition and establishment of the foregoing functions represents significant progress within the Bestinver Group in relation to the legal obligations regarding the processes for the attendance and voting at General Shareholders' Meetings.

Bestinver Gestión formalised its adhesion to the United Nations Principles for Responsible Investment (UNPRI) on 27 January 2021. As a signatory to the PRI, Bestinver Gestión assumes, mainly, the commitment to incorporate environmental, social and corporate governance aspects ("ESG") within the investment analysis and decision-making processes, and formally ratifies that environmental, social and corporate governance aspects affect the profitability of investment portfolios, and also acknowledges that the application of these Principles may help to better align investors with the general objectives of the company.

On the other hand, the exercise of the rights inherent to the securities is limited, mainly, to the portfolios of the investment funds managed by Bestinver Gestión. However, Bestinver Gestión may also exercise the rights inherent to the securities of the following portfolios in the situations set out hereinbelow:

- The portfolios of pension funds and pension plans the management of which has been delegated upon Bestinver Gestión, and said portfolios are subject to said policy.
- The managed SICAV, when the governing bodies thereof so establish, which shall accordingly be subject to this policy and the internal procedures of the company. Alternatively, the investment firms shall assume the regulatory functions in relation to the attendance and voting at the General Shareholders' Meetings and the communication of significant shareholdings, as well as the long-term engagement of investments and all communications in respect thereof.
- Discretionary portfolio management. When the client as so agreed with Bestinver Gestión and provided that said terms are set out in the agreement.

Generally speaking, the actions of Bestinver Gestión in relation to the exercise of the voting rights as shareholders and in benefit of the stake holders/shareholders, shall refer to the securities that simultaneously satisfy and fulfil the following conditions:

- **Geographical scope.** Shares of companies that are listed for trading in a regulated market within the European Union.
- **Stability of the securities.** Investments for over twelve months in the portfolios of the managed CIS.
- **Quantitative relevance.** The securities that comply with the preceding requirement shall represent, at least, 1% of the share capital of the investee company.

Notwithstanding the foregoing, although the foregoing requirements are not satisfied, Bestinver Gestión shall always act in defence of the interests of the stake holders/shareholders and shall exercise the corresponding rights, whenever Bestinver Gestión considers beneficial for the stake holders/shareholders thereof. Likewise, the management company may decide not to exercise

said rights when, in light of the issues included in the agenda, it considers that the issues are not specifically relevant for the performance and results of the investment in question, as well as when any other circumstance takes place that is considered not to have a direct impact in the performance of the investment, or when the shareholding is insignificant.

### 3 GENERALLY APPLICABLE PRINCIPLES

The Bestinver Group forms part of the Acciona Group, whose commitment to sustainability is understood to represent a commitment to social progress, environmental balance and economic growth, and is reflected in the contribution to the fulfilment of the Sustainable Development Goals (SDGs).

In this regard, ACCIONA has a General Sustainability Plan (PDS2025), since the year 2018, in respect of which the Sustainability Committee of the Board of Directors of ACCIONA approved the new Policies Book, that includes the review of the existing policies as well as new policies of ACCIONA, which are integrated within a single document.

The Policies Book of ACCIONA sets out the commitments and the action principles applicable to the companies thereof in relation to economic, social, environmental and good governance aspects.

The Policies Book includes the following sections:

- **Sustainability and Innovation:** which emphasises the policy of Sustainability which acts as the global policy that establishes the framework principles for the rest of the policies of ACCIONA, the policy regarding Relationships with Groups of Interest and the policy regarding Innovation.
- **Economic Ambit and Good Governance:** includes the Anti-corruption policies, the Crime Prevention and Anti-bribery policy, the Anti-trust policy, the Risk Control and Management policy and the Quality policy.
- **Social Ambit:** includes the Human Rights, Human Resources and Prevention of Occupational Hazards and Social Action policies.
- **Environmental Ambit:** includes the Environmental, Biodiversity and the Fight against Climate Change policies.

In addition to being committed to the principles of sustainability of the ACCIONA Group, this engagement policy is implemented within the framework of the Responsible Investment Principles and Policies (hereinafter, the “Responsible Investment Policy”), approved by the Board of Directors of Bestinver Gestión on 5 March 2021.

The Responsible Investment Policy of Bestinver Gestión constitutes a global and transversal reference framework for the Company in terms of Sustainability, and accordingly constitutes the pillar of the Sustainability strategy thereof.

Said Policy is aimed at both the creation of long-term value, the management of social and environmental risks (including the risk of climate change), as well as the preservation of the social and governance rights.

The management company assumes, moreover, the main national and international commitments regarding sustainability in terms of environmental and social aspects, that serve as an inspiration for the implementation of this Policy, promote the sustainable management of the company and serve as a lever to promote and enhance transversal projects and processes that benefit the relationships with groups of interest (clients, shareholders, staff, suppliers or any other sector of the company that may be considered relevant) and drive the sustainability and the resilience of the activities thereof.

Hereinbelow, some of the most relevant commitments shall be set out:

- United Nations Universal Declaration of Human Rights.
  - United Nations Sustainable Development Goals.
  - United Nations Guiding Principles on Business and Human Rights.
  - The United Nations Global Compact.
  - Fundamental conventions of the International Labour Organisation (ILO).
  - National Action Plan for Business and Human Rights.
  - United Nations Environment Programme Finance Initiative (UNEP FI).
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- Principles for Responsible Banking.
  - Equator Principles.
  - Agreements of the COP21 of Paris 2015 on climate change.
  - Good governance code for listed companies of the Spanish Securities and Exchange Commission (“CNMV”).

Taking into account the commitments of the Acciona Group and the main national and international commitments, Bestinver Gestión has established as the main action principles and commitments thereof:

- **Value creation.** In particular, it shall be taken into account “how” value is created.
- **Transparency and good governance.**
- **Ethics and integrity.** Implies coherent and consistent actions and responsible leadership.
- **Respect for Human Rights.**
- **Active listening and dialogue.**
- **Clarity, simplicity and understanding.** It is important to transmit our principles to clients.
- **Acknowledgement and respect.**
- **Responsible contracting.**
- **Climate change.** Climate change has become an urgent fact and a global demand.
- **Social commitment.**

In addition to the foregoing commitment, applicable regulations require listed companies, financial institutions, management companies of CIS and of pension funds and plans, etc. to define a corporate governance system that ensures a prudent management of the entity that includes, among other aspects, the prevention of conflicts of interest. The Bestinver Group has a conflicts of interest management policy that is applicable both to Bestinver Gestión as well as to the rest of the companies of the Group.

The areas that are most directly focused on said ambit are those related to:

- Conflicts of interest management policy for the provision of investment services.
- Conflicts of interest between Bestinver Gestión and/or the companies of the ACCIONA Group and, in particular, between the Bestinver Group and its clients.

In the foregoing context, Bestinver Gestión has defined an Engagement Policy and a Proxy Voting Policy.

#### **4 ENGAGEMENT POLICY**

Bestinver Gestión understands by “engagement” the dialogue or communication with the investee companies thereof in order to understand how they manage, mainly, the ESG risks and how they take advantage of business opportunities associated with the challenges of sustainability, without losing sight of the rest of the factors that concern the management of a company, such as the financial or legal aspects thereof. This process of active dialogue begins at the time at which the engagement needs are identified. Accordingly, Bestinver Gestión pursues a dialogue with the companies for the specific purposes of implementing improvements, and the purpose of the engagement varies on a case by case basis, as set out hereinbelow. The engagement seeks to influence a change of behaviour within the companies in relation to certain essential aspects through dialogue and persistence in aspects that Bestinver considers relevant.

The objectives of the engagement activities may be aimed at improving medium-term strategies of the companies, the management of the ESG risks or any other aspect whatsoever related to the management of the company that Bestinver considers needs to be improved. The engagement process can be set out by the following steps:

- 1.- Identification and prioritisation of activities.
- 2.- Definition of the engagement plan with the companies from time to time.
- 3.- Dialogue and monitoring.
- 4.- Assessment of the compliance of objectives.

The management team of Bestinver shall prioritise in relation to said dialogue the companies that satisfy the legal criteria for engagement, as well as the companies in which long-term interests exist.

For said purposes, Bestinver has implemented an Engagement Plan in accordance with the Responsible Investment Principles that provides the framework to, during the contacts with the management team of the investee company, explain the benefits that may be obtained through said strategy, both for society as well as for the different groups of interest, as well as for the company itself.

Finally, the investment team shall carry out an analysis of the compliance of the objectives proposed in order to determine whether or not to continue with the investment in the company that shall be reported to the ESG Executive Team of Bestinver.

In this regard, Bestinver may apply two different types of approach for said activities, on the one hand, the individual engagement with each company and, on the other hand, the collaborative engagement through agreements with other investors that share our interests so as to obtain additional influence in the adoption of decisions in favour of ESG.

#### **Individual Engagement**

The individual engagement is carried out by the management team through the direct dialogue or communication with the company by the communication channels considered adequate on a case by case basis (mail, telephone, face-to-face and remote meetings, etc.). In the event that the company agrees to the dialogue, the meeting shall be prepared taking into account both the financial aspects (strategic plans, optimum capital structure, etc.) as well as the ESG criteria or variables in which Bestinver is interested in analysing in depth. The dialogue shall be carried out with the departments that the companies designate for said purposes, that may be the Investor Relations Department, the Sustainability Manager, the Finance Director, etc. Bestinver may request, when it considered necessary, meetings with other departments, and even with the Managing Director.

In the event that the company is a Spanish company and is accordingly accessible, the dialogue shall be carried out directly by Bestinver Gestión, whereas if the access thereto is limited, Bestinver may resort to external advisory services of specialised companies that shall apply the objectives established in our Engagement Plan.

In this latter situation, the functions that must be carried out by the external advisor shall comprise:

- Establish the **strategy and tactics** of the active dialogue.
- Identify the **valid liaison persons** in each situation.
- Carry out the formalities required for the **management of the agenda** of the meetings.
- Manage the **medium/long-term expectations and strategies**, establishing the tone and intensity of the dialogue with the companies.
- The possibility to offer **engagement analysis services** with ESG criteria, and to provide support for the decision-making activities of the managers.
- Support for the **registration and monitoring of the ESG risks**, as well as the actions carried out to mitigate said risks.

## Collaborative Engagement

For this type of engagement, whenever possible, the interests of Bestinver Gestión shall be joined together with other investors through different formats: open remote letters, work groups, interactions with regulators, bilateral dialogues between investors and companies, etc. in order to achieve the best possible results in terms of ESG.

## 5 PROXY VOTING POLICY

The exercise of voting and other rights shall be carried out by Bestinver Gestión with absolute independence from the parent company thereof, and independently to any other company that belongs to the group. Accordingly, no interference whatsoever shall be permitted in relation to the casting of votes and the rights shall be exercised in the exclusive interest and benefit of the stake holders/shareholders.

Bestinver Gestión may and, furthermore, must exercise the information disclosure rights in the investee company whenever it considers necessary in the interests of the stake holders/shareholders, and shall request all necessary information and clarifications in relation to the issues set out in the Agenda to the General Shareholders' Meeting, in accordance with Articles 197 and 520 of Royal Decree-Act 1/2010, of 2 July, that approved the recast text of the Corporate Enterprises Act.

The delegation of voting rights must be specific and particular to each issue included in the agenda to the General Shareholders' Meeting, and the vote may be cast as follows: in favour of the motion, against the motion, or abstention. Accordingly, it shall not be possible to vote in blank.

The action policy of Bestinver Gestión in relation to the exercise of the voting rights associated with the investments that form part of the portfolios of the managed CIS shall pay special attention to the existence of:

- **Codes or internal rules of good governance**, as well as codes of ethics and code of conduct. The existence, among other aspects, of ESG aspects that significantly contribute to the formation of a global vision of the company, that includes in the analysis thereof aspects in addition to the purely financial aspects. The aim is to generate a positive influence in said aspects and to promote improvements in respect thereof.
- **Internal policies and procedures in terms of sustainability**. Existence and commitment of the company in terms of sustainability.
- **Composition of the Boards of Directors**. Composition of the Board, in light of the skills, experience and dedication of the directors, as well as the independence, gender diversity and age thereof, among other aspects.
- **Remuneration policy**. Transparency and coherence and consistency in relation to market standards.
- **Capital structure**. Existence of agreements that provide for enhanced liquidity or that increase the volume of liquidity.
- **Regulations of the General Shareholders' Meeting**. Transparency and access to meeting announcements, agenda, supporting documentation, voting procedures, etc.
- Type of **relationship with investors and groups of interest**.
- **Channels for access to information** of the investee company.
- **Reports and audited annual accounts**, periodic ESG reports, etc.

This information must be complete, relevant, up to date, free of charge and easily accessible via the corporate websites, such that the management company may:

- **Monitor** the relevant corporate events, as applicable.
- Determine that **no conflict of interest** exists with the investment policies of the CIS.
- Incorporate **suitable and effective strategies** so as to agree to how the voting rights are to be exercised.

Bestinver Gestión may request the services of proxy advisors, that shall carry out an analysis of each company, of the agendas and proposed decisions to be voted upon at the General Shareholders' Meetings and shall carry out a recommendation in favour, against or to abstain from each one of the proposed decisions, and shall also forward to the Depositary of the CIS the final voting instructions, which shall be decided upon by the management company with the support of said analysis and recommendations.

The services provided by the proxy advisor shall mainly comprise:

- The receipt of information regarding the different General Shareholders' Meetings.
- System of monitoring alerts of the General Shareholders' Meetings.
- Platform via which the analysis of the companies may be accessed and through which it shall be possible to confirm or, as the case may be, to modify the recommended vote.
- Registration, reporting and traceability of the casting of the votes as instructed by the management company.
- Remote casting of the votes and forwarding of instructions to the Depositary.

The proxy advisor, with the information of the positions provided periodically by the Depositary, shall identify the General Shareholders' Meetings in which the criteria for attendance thereat is satisfied and shall generate the corresponding opinion regarding the exercise of the voting rights. Bestinver Gestión may accept or modify the vote proposed by the proxy advisor, which shall periodically forward the voting instructions determined by the management company to the Depositary, that shall be who finally exercises the vote in representation of Bestinver Gestión.

In the event that the management team does not adhere to the vote proposed by the proxy advisor, the management team must provide a reasoned argument for said situation. The ESG Board shall receive, prior to the holding of the corresponding General Shareholders' Meeting, the vote to be cast and the reason for the deviation from the vote proposed by the proxy advisor.

Furthermore, the proxy advisor service shall enable the management company to complete the information requirements, provided for under applicable regulations, in relation to the exercise of voting rights at General Shareholders' Meetings of the investee companies.

Bestinver Gestión shall publish, annually, for each managed CIS, information regarding how the engagement policy has been applied, including a general description of the exercise of the voting rights, an explanation of the most significant votes thereof and the use of proxy advisor services. Furthermore, Bestinver Gestión shall also report on the favourable vote or not in relation to the exercise of the voting rights or alternatively if the voting rights have not been exercised.

On 10 January 2021, Bestinver Gestión formalised the proxy voting services agreement with Institutional Shareholder Services Europe, S.A., a service provider that complies with all of the requirements provided for under applicable regulations.

## 6 CONFLICTS OF INTEREST

The engagement and proxy voting activities may, occasionally, result in conflicts of interest for the stake holders/shareholders of Bestinver Gestión. In said situations, Bestinver Gestión assumes the commitment to effectively manage said situations of conflict of interest so that they do not prejudice the interests of the stake holders. In particular:

- Based upon the terms of this Engagement Policy, Bestinver Gestión is committed to the **ESG best practices**. Both in relation to proxy voting as well as engagement, said situations shall be monitored and periodically reviewed in order to fulfil said objectives. In any event, the decision in relation to the casting of votes shall be adopted with absolute independence and objectivity and without any direct or indirect interference.
- Bestinver Gestión has an adequate **organisational structure** that ensures that staff act independently and with neutrality in their missions and functions. Functional and physical separation exists in relation to the companies of the Bestinver Group and also of the ACCIONA Group, and barriers exist that prevent the exchange of information.
- The long-term sustainable investment strategy shall always pursue the **interests of the stake holders/shareholders**.

## **7 APPROVAL, PUBLICATION AND TERM OF VALIDITY.**

The Board of Directors of Bestinver Gestión shall be responsible for the approval of this Policy, at the proposal of the ESG Board. Any subsequent modifications thereto must be approved by the ESG Board, at the proposal of the “Executive Team” and shall be ratified by the Board of Directors. The “Executive Team” shall review, at least annually, this Policy and shall propose, as the case may be, any changes to the ESG Board.

The engagement policy of Bestinver Gestión shall be public and shall be available on the corporate website of Bestinver Gestión SGIIC.

The engagement policy of Bestinver Gestión shall remain valid indefinitely, without prejudice to the modifications and updates that may be carried out to said policy and that may be ratified by the governing bodies of Bestinver Gestión SGIIC.

## **8 APPLICABLE REGULATIONS**

The engagement policy of Bestinver Group has been drafted in accordance with applicable regulations, of which we make particular mention of:

- Collective Investment Schemes Act 35/2003, of 4 November, modified by Act 5/2021.
- Royal Decree 1082/2012, of 13 July, that approved the implementing regulations pursuant to the Collective Investment Schemes Act 35/2003, of 4 November 2003.
- Act 22/2014, of 12 November, that governs venture capital companies and firms, other closed-ended collective investment schemes and the closed-ended collective investment scheme management companies, and which modified the Collective Investment Schemes Act 35/2003, of 4 November.
- Recast Text of Royal Decree-Act 1/2002, of 29 November, that approved the recast text of the Pension Plans and Funds Regulations.
- Royal Decree 304/2004, of 20 February, that approved the Pension Plans and Funds Regulations.
- Directive (UE) 2017/828 of the European Parliament and of the Council, of 17 May 2017, amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement.
- Royal Decree-Act 1/2010, of 2 July, that approved the recast text of the Corporate Enterprises Act.