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# Sustainable Investment Policy

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Grupo Catalana Occidente

## Description of the document

Title	Sustainable Investment Policy
Description of the document	<p>The purpose of this document is to describe the Sustainable Investment Policy of Grupo Catalana Occidente, S.A. and the Entities that comprise it (<b>hereinafter referred to as the “Group” or “GCO” indistinctly</b>).</p> <p>This policy is also intended to respond to an increasingly demanding European and national regulatory framework, which includes, among others, the United Nations 2030 Agenda, the Paris Agreement of the United Nations Framework Convention on Climate Change, the European Green Pact, the European Decarbonisation Strategy for 2050, Sustainable Finance Disclosure Regulation (SFDR) and Taxonomy Regulation.</p> <p>Finally, this Policy shall serve to strengthen the Group's commitment materialised in its Sustainability Master Plan and in its voluntary adherence to the main international initiatives such as the Principles of the United Nations Global Compact, the United Nations Principles for Responsible Investment (PRI), the Principles for Sustainable Insurance (PSI) and the Sustainable Development Goals (SDGs).</p> <p><b>This policy forms part of the set of policies that make up the Group's governance system.</b></p>
Officer	Financial Investments management
Frequency of revision	Annual, unless circumstances arise that advise such a revision be carried out in a shorter period.

## Version control

Version	Produced by	Validated by	Approved by
1.0	Investment management	Steering Committee	Board of Directors
	Date: December 2020	Date: December 2020	Date: January 2021
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### Disclaimer

This policy is a translation of its original version in Spanish. In case of discrepancy between both versions, the Spanish version will prevail.

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## Summary

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## 1. General provisions

The Financial Investments Management of Grupo Catalana Occidente, S.A. (hereinafter, indistinctly, the **"Group" or GCO**) is responsible for the GCO's Sustainable Investment Policy (hereinafter, the **"Policy"**) and its updating and revision. This policy has been approved by the Board of Directors of Grupo Catalana Occidente, S.A. and subsequently, the Group's Individual Entities have adhered to it, by means of the corresponding agreement by each of the corporate bodies.

The content of the policy must be revised annually, except when circumstances arise that make it advisable to carry out this review earlier. The aforementioned revision is carried out by the party responsible for the policy and includes the modifications that must be made. For the purposes of this revision, the party responsible for the policy draws up a report that is presented to the Board of Directors so that it can validate the suggested modifications to it, the modification of the policy being approved in the manner established by the Board of Directors. This report is presented to the Board of Directors so that it can validate the suggested modifications to it, approving the modification of the policy in the manner established by this body.

This Policy defines the Group's strategy, developed in the following sections, to advance in the implementation of sustainability criteria in investment decisions in line with the statement made in the document "Integration of sustainability risks into investment decision-making", published on the Group's website, in order to comply with the disclosure obligations set forth in article 3 of the SFDR.

### 1.1. Objectives

This Policy aims to establish Environmental, Social and Governance (ESG) principles and criteria to be taken into account by GCO in the management of its financial investments.

In this regard, we must emphasise that this Policy is complementary to the principles of investment management established within the Group, which are based on a principle of prudence in its actions and which are primarily aimed at securing the commitments made to clients over time, with adequate portfolio diversification.

In addition, this document starts from the GCO's Sustainability Policy that develops the Group's commitment to the creation of sustainable value for stakeholders and the management of social, environmental and good governance risks.

### 1.2. Scope of application

This Policy applies to GCO and the Entities that comprise it.

Notwithstanding the foregoing, those Group entities that, due to their speciality or for any other reason, need to adapt this policy to their specific circumstances may approve an individual policy with the same purpose as this one, respecting its general framework.

### 1.3. Policy governance

The Board of Directors of Grupo Catalana Occidente, S.A. will be responsible for this policy, thus assuming responsibility for the approval of any substantial change or revision. It shall also monitor the effectiveness of this Policy and the commitments contained herein.

In addition, the GCO's Audit Committee is responsible for monitoring Group's performance in relation to Sustainability issues, including the GCO's Sustainability Master Plan of GCO and its corresponding and relevant updates. The GCO's Sustainability Committee will also act as coordinator and supervisor of the different aspects of the Policy, ensuring its consistency with the Group's general policies. For its part, the Group's Investment Committee will analyse and report on the periodic implementation of the defined criteria.

The Financial Investments Management of Grupo Catalana Occidente, S.A. is responsible for producing this policy and its updating and revision. To do this, Financial Investments Management will have the collaboration of the Legal-Corporate General Management and the Rating, Shareholders and Sustainability Unit within the Financial-Risks General Management.

The content of this Policy must be reviewed by the GCO's Sustainability Committee with an annual periodicity, when circumstances arise that make such a review advisable in a shorter period.

The Board of Directors of Grupo Catalana Occidente, S.A. will approve the reviews of this Policy at the proposal of the GCO's Sustainability Committee, and the rest of the Group's Entities described in the 1.2. "Scope of application" section must take account of them.

#### 1.4. Communication of this Policy

This Policy will be subject to internal and external communication. The following communication process is defined:

- Once the Board of Directors of Grupo Catalana Occidente, S.A. has approved the Policy or any of its subsequent modifications, the Rating, Shareholders and Sustainability Unit of GCO shall be in charge of circulating it together with the rest of the Group's Sustainability Policies.
- **The policy will be published on the Intranet Portals of the Group's entities so that the entire organisation is aware of it.**
- Externally, it will be published on GCO's corporate website, in the Sustainability section.

## 2. Action framework

The position of GCO in favour of a sustainable economy is aligned with the main national and international standards:

- Sustainable Development Goals (SDGs) and United Nations 2030 Agenda. Specifically, the activity carried out by GCO and the work developed from the Occident and Mémora Foundations are aimed at contributing to the following SDGs:
  - Goal 1: No poverty
  - Goal 3: Good Health and well-being
  - Goal 4: Quality education
  - Goal 5: Gender equality
  - Goal 8: Decent work and economic growth
  - Goal 10: Reduced inequalities
  - Goal 11: Sustainable cities and communities
  - Goal 13: Climate action
  - Goal 16: Peace, justice and strong institutions

- Goal 17: Partnerships for the Goals

- The Paris Agreement of the United Nations Framework Convention on Climate Change, which aims to keep the global average temperature increase well below 2°C, and to continue efforts to limit this temperature increase to 1.5°C above pre-industrial levels.
- Directive 2004/35/CE of the European Parliament and the Council, of 21 April 2004 on environmental liability with regard to the prevention and remedying of environmental damage.
- European Green Deal and European Decarbonisation Strategy for 2050.
- Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (the Taxonomy Regulation)
- Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability disclosures in the financial services sector (Sustainable Finance Disclosure Regulation or SFDR)
- Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) n° 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU as regards sustainability reporting by companies (CSRD) in accordance with its transposition regulations.
- Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on due diligence by companies in matters of sustainability and amending Directive (EU) 2019/1937 and the Regulation (EU) 2023/2859 (CS3D Directive), in accordance with its transposition regulations.
- Directive (EU) 2025/794 of the European Parliament and of the Council of 14 April 2025, amending Directives (EU) 2022/2464 and (EU) 2024/1760 as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements.
- Organisation for Economic Co-operation and Development (OECD) Sustainability Guidelines for multi-national companies.
- Law 7/2021, of 20 May, on climate change and energy transition.
- Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) to promote company transparency on climate change risks and opportunities.
- Good governance code for listed companies of the National Securities Market Commission (CNMV).

The Group is also associated with initiatives and reference organisations that seek solutions aimed at promoting sustainability:

- United Nations Global Compact Principles.
- United Nations Principles of Responsible Investment (PRI).
- Principles for Sustainable Insurance (PSI).

### 3. General principles

As a signatory of the UN Principles of Responsible Investment (PRI), the Group is committed to:

- Incorporating ESG issues into the investment analysis and decision-making processes.
- Being a leader in incorporating ESG into property practices and policies.
- Seeking transparent disclosure of ESG issues by the Entities invested in.
- Promoting acceptance and application of principles in the investment sector.
- Working together to improve the effectiveness in applying the principles.
- Reporting the Group's activity and progress in the application of the principles.

To this end, the Group has established the following main lines of action:

- Incorporate ESG issues into its Investment Policy.
- Promote the capacity of internal managers and investment team professionals in incorporating ESG issues.
- Assess the capacity of external managers in incorporating ESG issues.
- Participate in collaborative engagement initiatives.
- Prepare an annual Plan for the implementation of this Policy.
- Integrate sustainability risks into the Group's general risk management framework, including those analyses that, due to their materiality or the gradual ESG transition, it is appropriate to incorporate into future risk projections and assessments (ORSA).
- Advance in the development of ESG products and in the transparency and information to be given to the clients in accordance with the requirements of the regulation.

### 4. Implementation strategy

Based on the strategic principles contained in the Sustainability Master Plan, the Group has established the following lines of action to advance the incorporation of ESG issues into the analysis and decision-making processes in terms of investment management.

#### 4.1. Exclusion principles

Non-financial criteria will be applied in order to exclude from the Group's investment universe the companies present in certain economic sectors, which are involved in controversial situations or with worse performance in their ESG risks management, in response to the Group's intention to minimize the negative impact of its investments on the environment and society, as set forth in the document " General information on principal adverse impacts", published on the Group's website, in order to comply with the disclosure obligations set forth in article 4 of the SFDR.

This line of action includes the following criteria:

##### a. Negative screening by sector/ activity

Investment in those companies in which part of their activity is carried out in certain excluded economic sectors shall be excluded.



b. Norms-based screening

Investment in companies whose performance is considered controversial, especially those that may adversely affect its operations, the environment or society in general shall be excluded.

c. Positive screening

Investment in companies with poorer ESG risk management as measured by a risk rating given to companies by the provider of non-financial risk analysis services shall be excluded. In the case of Public Debt investment, this criterion shall be applied by analysing the ESG risk rating of the corresponding issuer

This risk rating measures the magnitude of a company's unmanaged ESG risks. In this sense, this rating analyses a company's overall exposure to environmental, social and governance risks and the mitigation measures implemented by the company. In the case of Public Debt, it measures the exposure and management of ESG risks that could impact its economic prospects.

## 4.2. Integration principles

Non-financial criteria will be applied with the aim of include in the Group investment universe projects aimed at the development of certain social and/or environmental issues. This line of action includes the following criteria:

a. Thematic investing

**Investment in projects aimed at the transition towards a “low-carbon” economy, that is more resource-efficient and more sustainable, will be progressively increased.**

b. Impact investing

Investment in projects aimed at achieving the social and environmental benefits will be progressively increased, all in line with the priorities set out in the **Group's Sustainability Master Plan**.

## 5. Development and control

The investment criteria set out in point 4 above shall be incorporated during the decision-making process.

On an annual basis, the investment objectives to be achieved during the year will be established, and reflected in an annual Sustainable Investment Plan, which will take into account the detailed performance criteria.

In order to analyse and implement investment decisions, a Sustainable Investment (SI) **Committee is available, reliant on the Group's Investment Committee. Its main objective is to monitor the implications of this Policy and the annual implementation Plan.**

The agreements reached by the SI Committee, approved by the **Group's Investment Committee, will be reported to the Group's Management Committee for their knowledge, and subsequently informing the GCO's Sustainability Committee of those issues considered to be relevant.**

For the development of its implementation, the Group has tools from external suppliers that allow it to establish different criteria for the selection of investments, as well as to track the evolution of the companies in relation to the integration of the ESG criteria in the performance of their activity.

The Rating, Shareholders and Sustainability Unit, as the unit responsible for publishing on the Group's website and its Entities the documents mentioned in sections 3 and 4 of the present document **that comply with the SFDR's disclosure requirements. The Group's** Financial Investments Management must be notified when changes are made, in order to supervise their alignment with the content of this Policy.