Sustainable Investment Policy

Bci Asset Management

Index

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1.Introduction

Bci Asset Management Administradora General de Fondos S.A. (hereinafter "Bci Asset Management" or "Manager", indistinctly) provides third-party asset management and administration services (investments) for all types of clients, including individuals, companies, and institutional investors. Bci Asset Management defines itself as a manager that seeks to maximize the risk-adjusted return of its clients, consistently, in the long term and based on a fundamental investment philosophy.

In 2020, Bci Asset Management decided to adhere to the **Principles for Responsible Investment** ("PRI") which offer an adequate framework for the integration of environmental, social and corporate governance ("ESG") factors in line with the Manager's vision on value creation and fiduciary duty to its clients.

In accordance with the foregoing, Bci Asset Management declares its adherence to the incorporation of ESG factors into its investment management process. The incorporation of these factors is framed within the Manager's investment philosophy, which is based on the fundamental analysis of the assets in which it invests, seeking to generate a positive impact on the long-term risk-adjusted return of its clients.

PRI Principles for Responsible Investment

1 We will incorporate ESG issues into investment analysis and decision-making processes.

2 We will be active owners and incorporate ESG issues into our ownership policies and practices.

3 We will seek appropriate disclosure on ESG issues by the entities in which we invest.

4 We will promote acceptance and implementation of the Principles within the investment industry.

5 We will work together to enhance our effectiveness in implementing the Principles.

6 We will each report on our activities and progress towards implementing the Principles.

2.Motivation and Objective of the Sustainable Investment Policy

2.1 Motivation

Bci Asset Management aspires to be a regional benchmark in the delivery of global, sustainable, and innovative investment solutions that contribute to meeting the expectations of its clients and improving the well-being of society. In this sense, the Manager aligns its internal processes to better serve the growing interest of clients in incorporating sustainability criteria into investment decisions and objectives.

At Bci Asset Management, it is recognized that the risks and opportunities arising from ESG factors can have significant financial impacts on companies and the different types of assets in which they invest. Indeed, the integration of environmental, social, and governance risks and opportunities allows for a deeper understanding of the assets that make up the investment universe. Consequently, the Manager is convinced that integrating ESG factors into asset management processes, in conjunction with traditional financial analysis, allows for maximizing the risk-return ratio of investments, acting in the best interests of clients.

Additionally, through the exercise of active ownership (or Stewardship), the Manager seeks to promote good sustainability practices in the companies in which it invests (or potentially invests), generating long-term economic, environmental, and social value, and contributing to the sustainable development of the region.

Bci Asset Management implements ESG Integration and Stewardship strategies in fulfillment of its fiduciary duty.

2.2 Objective of the Sustainable Investment Policy

The Sustainable Investment Policy (or the "Policy") of Bci Asset Management aims to establish a general framework for the incorporation of ESG factors into the investment evaluation and decision-making processes of the funds and portfolios managed by the Manager. The guidelines detailed here are gradually, explicitly, and systematically integrated into existing investment practices and policies.

Bci Asset Management's Sustainable Investment Policy is based on the recommendations of the Principles for Responsible Investment (PRI), international guidelines and standards that promote the development of a more sustainable financial market, and best practices identified by the Manager.

This policy describes the foundations of Bci Asset Management's approach to integrating ESG factors into its investment processes. It also details the corporate governance and disclosure characteristics defined within the framework of its sustainability strategy. In addition, it establishes guidelines for the exercise of active ownership.

2.3 Approval and Revision

The Board of Directors of Bci Asset Management is the governing body that approves the Sustainable Investment Policy. Indeed, this policy was approved by the Board in its ordinary session No. 406 on November 22, 2023.

The ESG dedicated team, in coordination with the General Management of Bci Asset Management and the different internal departments, is responsible for preparing and updating the Sustainable Investment Policy.

The Manager will periodically review this policy in order to incorporate both internal and market progress on the methodologies for incorporating ESG factors into investment processes, in line with its investment philosophy and seeking maximum benefit for its clients and investors.

3. Scope

The Policy serves as a baseline guide for the integration of ESG factors into investment analysis and decision-making processes, as well as for active ownership activities and the active selection of third-party managed investment funds. It is implemented across all asset classes managed by Bci Asset Management. In short, the Sustainable Investment Policy will be implemented in the following investment strategies:

DIRECT INVESTMENT STRATEGIES	These are funds and investment products where Bci Asset Management has direct discretion over the selection and risk management of the underlying assets. This type of strategy includes Chilean and Latin American fixed income and equity funds, as well as investments in alternative assets.
INDIRECT INVESTMENT STRATEGIES	These are strategies where Bci Asset Management invests in global actively or passively managed funds and investment products, and where the management of the underlying assets is external to Bci Asset Management. This type of strategy includes multi-asset funds and global alternative asset funds.

4. Governance and Internal Resources

4.1 Internal Governance

Bci Asset Management has implemented an **internal governance system** that allows for the **development, update, and implementation** of the Sustainable Investment Policy, as well as its supervision through recurring reporting to its senior management.

In order to strengthen and accelerate the incorporation of ESG factors into Bci Asset Management's various investment processes, the Manager has created a **dedicated ESG team**. This team is responsible for planning, executing, and reporting on all efforts to incorporate sustainability factors into Bci Asset Management's existing investment processes. To achieve this, the team **works transversally and in coordination with the different internal departments**, including the research teams, portfolio managers, tje manager selection team, the risk team, among others.

With the technical assistance of the ESG team, analysts and portfolio managers are responsible for adopting the methodologies and analysis tools related to ESG integration strategies and active ownership. The main conclusions of the ESG analysis are integrated into the traditional financial analysis and presented to the different internal investment committees. In this way, **the incorporation of ESG factors becomes the responsibility of all members of the investment teams.**

To ensure proper supervision and implementation of this strategy, different committees have been established:

ESG COMMITTEE OF HE BOARD OF DIRECTORS	Bci Asset Management has an ESG Committee on its board. This high-level committee is responsible for reviewing and overseeing the implementation of the strategy for incorporating sustainability factors into investment processes. This body meets quarterly and is responsible for reporting to the board on matters related to the incorporation of ESG criteria within Bci Asset Management.

SUSTAINABILITY ADVISORY COMMITTEE OF BCI GROUP AND BCI ASSET MANAGEMENT	This committee, which brings together the Corporate and Sustainability Affairs Management of the Bci Group and various management areas of Bci Asset Management (including the General Management, Fixed Income Management, Equity Management, Multi-asset Management), as well as the dedicated ESG team, establishes the strategic guidelines for the implementation of this strategy and seeks its alignment with the corporate sustainability strategy. This advisory committee meets monthly.
OPERATIONAL AND COORDINATION COMMITTEES	The dedicated ESG team meets weekly with the heads of fixed income and equity research, and personnel from the Sustainability Excellence and Innovation Center to coordinate and execute the plan for implementing ESG factors into the investment process. Additionally, the dedicated ESG team participates in other working groups, with the research teams, the multi-asset team, among others.

Finally, to achieve a proper **alignment** to the implementation of this strategy at the management and investment team level, a sustainability component is incorporated into the evaluation and compensation policies. This component depends, among other factors, on the fulfillment of annual goals and objectives related to the implementation of the corporate sustainability strategy and the strategy of incorporating ESG factors into Bci Asset Management's investment processes.

4.2 Capacity Building Efforts

Bci Asset Management is firmly convinced that building capacity and knowledge related to sustainability is key to the proper execution of the guidelines detailed in the Sustainable Investment Policy. In this sense, the Manager, with the support of the People Management, Training and BCI Group's Sustainability Excellence and Innovation Center, has developed a comprehensive sustainability training plan that covers all Bci Asset Management employees and includes the development of internal and external training resources.

This capacity building also allows sales teams and investment advisors to provide comprehensive investment guidance, adapting to the needs and objectives of Bci Asset Management's clients.

5. ESG Incorporation Approaches

5.1 Sustainable Investment Definition

Bci Asset Management understands responsible and sustainable investing as the consideration of environmental, social, and corporate governance (ESG) factors in investment decision-making and in the active exercise of ownership, with the aim of achieving better risk management and sustainable returns in the long term. Sustainable investing is incorporated into traditional financial analysis and portfolio construction techniques.

There are a **multitude of approaches** to incorporating responsible investing into traditional investment processes. The different approaches can complement each other and be used in parallel in the different investment products offered in the market. In line with what is proposed by Eurosif , there are various strategies to address responsible and sustainable investing, including:

BEST-IN-CLASS	An approach in which the main criterion for portfolio construction and asset selection is based on an ESG score or weighting. Thus, according to this approach, the companies that perform best and lead in this category are selected.
ACTIVE OWNERSHIP OR STEWARDSHIP	This approach considers engagement and voting on ESG matters. This is a long-term approach that seeks to promote investee companies' sustainability behavior or improve disclosure.
ESG INTEGRATION	This approach considers the systematic incorporation of financially material ESG factors into the search, analysis, and asset selection process within an investment portfolio with the aim of achieving sustainable long-term returns and better risk and opportunity management. This incorporation also applies to the engagement process with companies in order to promote behavior that aligns with best sustainable practices that generate long-term value.

[1] Eurosif is the leading pan-European association promoting Sustainable Finance in the European Union, the wider European Economic Area (EEA) and the United Kingdom. Eurosif is a membership organization comprised of Europe-based national Sustainable Investment Fora (SIFs). Many of the SIFs have a broad and diverse membership base including asset managers, institutional investors, and research and analytics providers. Source: https://www.eurosif.org/

EXCLUSIONS (OR NEGATIVE SCREENING)	This approach considers the exclusion of specific investments or investment classes from the investable universe, such as companies, sectors, or countries. Common exclusion criteria include the arms industry, pornography, tobacco, and animal testing, among others. Exclusions can be applied at the fund or mandate level, as well as across the entire financial product offering. This approach considers the implementation of exclusion criteria based on values or ethics.
IMPACT INVESTING	This investment approach seeks to generate social and/or environmental impact in addition to financial returns. These can be developed in both developed and emerging markets and may target a range of returns below market returns due to the inclusion of other non-financial objectives. This type of investment is often project-specific and differs from philanthropy in that it expects a financial return. It may include microfinance, community investment, venture capital funds, and solidarity funds.
NORMS-BASED SCREENING	Screening of instruments according to their compliance with international ESG norms and standards, such as those defined by the United Nations, OECD, ITO, among others.
SUSTAINABILITY THEMATIC	This approach considers the development and marketing of ESG thematic funds. These seek to contribute by addressing social and/or environmental challenges such as climate change, eco-efficiency, and health. These funds require ESG analysis or investment screening in order to be considered under this approach.

5.2 ESG Incorporation Approaches adopted by Bci Asset Management

Approaches adopted by Bci Asset Management for the incorporation of ESG factors into the investment process:

- **ESG Integration:** Applicable to all asset classes in which Bci Asset Management invests and manages. ESG integration will be carried out through the evaluation and integration of ESG factors into the financial analysis of assets and issuers, the incorporation of ESG factors into investment decision-making and the risk management of managed portfolios, and by including sustainability criteria in the selection of externally and actively managed funds.

- **Active Ownership or Stewardship:** Applicable to direct investment strategies, through engagement and voting activities.

In addition, the Manager may offer investment products with sustainability themes or impact investing, in order to improve its product and service offering. In this way, the Manager seeks to adapt to the needs and objectives of its clients, seeking above all the generation of long-term value.

The application of these approaches aligns with Bci Asset Management's investment philosophy.

Direct investment strategies consider a "bottom-up" research approach, based on a systematic and disciplined review of the companies and industries that make up the investable universe, using proprietary qualitative and quantitative selection tools to identify investment opportunities. This research includes the analysis of the risks and opportunities of ESG factors that may affect the companies in the investment universe, and their integration into the investment process. In addition, Bci Asset Management's investment teams leverage extensive regional expertise and maintain close relationships with companies in the investable universe. The ESG integration process and the close relationship maintained with companies within the investable universe are key pillars for an effective exercise of active ownership, which we detail in section 6.2.

In relation to indirect investment strategies, **Bci Asset Management has built a robust analysis process in which the "Asset Allocation" that will be applied to managed funds is determined through a "Top Down" analysis.** In turn, part of the process consists of evaluating the policies, practices, and long-term performance of external actively managed investment funds, in order to identify investment opportunities and manage risks. This process explicitly incorporates the ability of managers and funds to manage ESG risks and opportunities within their investment processes. We delve deeper into this process in section 6.3.

6. ESG Integration

6.1 ESG factor classification system

Bci Asset Management has designed an ESG factor classification system composed of a total of 26 factors. This system was built based on international sustainability reporting standards, as well as best practices identified by the Manager.

These ESG factors will be used as a **reference** for the execution of internal ESG incorporation processes, under a **financial materiality** perspective. Financially material ESG factors are defined as those sustainability factors that, with a significant probability, will have a material impact on the financial position or operational performance of companies, within a given industry sector.

Consequently, the 26 selected factors do not impact the industries that make up the investable universe in the same way or to the same extent, and some of them may not apply to an industry at all.

The organization of these factors allows us to **identify, compare, and select in an orderly manner the material ESG themes by industry** that will be used for the ESG evaluation of issuers, the integration of these factors into the investment process, and the stewardship activities. It is important to note that, given the dynamic nature of sustainability themes, the classification presented here may evolve over time, and Bci Asset Management will adapt accordingly.

ENVIROMENTAL	SOCIAL	CORPORATE GOVERNANCE
Climate Change	Human Rights and Community Engagement	Board Effectiveness
Energy Management	Human Capital Development	Internal Control Framework and Accountability Systems
Biodiversity and Ecological Impacts	Labor Practices	Aligment
Water and Wastewater Management	Occupational Health and Safety	Transparency
Waste and Hazardous Waste Management	Diversity, Equity and Inclusion	Sustainable Management
Air Emissions Management	Information Security and Customer Privacy	Anti Corruption and Business Ehics
Critica Risk Incident Management	Access and Affordability	Product Design and Lifecycle Management
	Product Quality and Safety	Supply Chain Management
	Customer Welfare	Material Sourcing and Efficiency
	Products Sales and Labeling Practices	

While a distinction is made between the different ESG factors in each of their dimensions, it is important to emphasize that these ESG themes may be interconnected. The interdependence of the three dimensions is recognized in the individual analysis of issuers. In fact, according to the empirical evidence explored by Bci Asset Management, good corporate governance is a necessary condition for the proper and credible management of the risks and opportunities that arise from environmental and social aspects.

6.2 ESG Integration in Direct Investment Strategies

The ESG integration strategy adopted by Bci Asset Management seeks to fully and gradually incorporate the following methodological steps into the investment process:

1. **Identification of material ESG factors** at the sector and industry level.
2. **Qualitative analysis of the management of risks and opportunities** related to ESG factors by issuers.
3. **Financial quantification of the factors with the greatest risk impact,** and application in financial estimates and valuation models.
4. **Incorporation of ESG factors into investment decision-making, portfolio construction, and risk management.**

In order to effectively cover the first three steps mentioned above, the Manager has chosen to separate the ESG evaluation process into two pillars:

1. **Corporate Governance:** At Bci Asset Management, corporate governance is evaluated based on a proprietary questionnaire. This evaluation is structured based on global principles and guides on Corporate Governance and idiosyncratic factors of the region. This questionnaire helps us to identify the main gaps and risks in relation to the corporate governance of the issuers.
2. **Environmental and Social ("E&S"):** For the analysis of environmental and social factors, the main tool is the sectoral materiality report. The construction of these reports is carried out gradually. In short, the objective of this process is to find and parameterize those factors that are financially material for each of the industries analyzed. The main result of this analysis is a materiality matrix by industry, and the identification of best sustainability practices for the ESG factors with the greatest risk impact. The materiality matrix is built on the basis of three axes: probability, magnitude, and time horizon of the financial impact due to the materialization of ESG risks. Both the materiality matrix and the identification of best practices are instrumental for the E&S evaluation of issuers, which is built under three criteria: (i) sustainability policies and objectives; (ii) disclosure; and (iii) performance.

The ESG evaluation process leads to the preparation of **internal ESG scores, alert systems for the detection of gaps, comprehensive analysis** of the management of risks and opportunities associated with the material factors that affect issuers, and **relevant indicators.**

BCI Asset Management will seek to integrate into the valuation and financial estimation models those ESG factors with a greater risk impact, determined by the internally constructed industry materiality matrices. This process will be carried out whenever the available information, both industry and issuer, is sufficient for the quantification of the risks and opportunities related to ESG factors.

At Bci Asset Management, **the aim is to implement the ESG evaluation of issuers in all internal investment decision-making processes.** In this sense, it is expected that the integration of ESG factors will impact on: (i) the screening or detection of buying and selling opportunities; (ii) investment theses; (iii) financial estimates and valuations, with an impact on the calculation of the intrinsic value of the assets; and (iv) the evaluation of risks at the portfolio level.

It is important to emphasize that the application of ESG integration processes may vary in the different types of assets managed by Bci Asset Management (fixed income, equity, or alternative assets), responding to the unique characteristics of each of them.

6.3 ESG Integration in Indirect Investment Strategies

Bci Asset Management has developed a qualitative process for the selection and monitoring of externally and actively managed investment funds. The objective of this process is to enable the fund selection and ESG team to identify those good practices that, beyond the financial performance of the funds, allow for the elimination or minimization of any future risk or the generation of some type of competitive advantage that can be translated into better performance.

This **qualitative process is based on three pillars** that are considered key for a fund to have good long-term performance: **team, philosophy, and process.** The ESG analysis of the funds and their managers is incorporated into the Philosophy pillar.

An **ESG questionnaire** has been constructed, in line with the PRI recommendations, which seeks to evaluate the following aspects of the ESG incorporation processes of external managers and their funds: (i) policy and governance; (ii) processes; (iii) active ownership; (iv) reporting and verification. The questionnaire results in an internal score, which measures the progress of external managers in relation to their ESG management. The monitoring of this information will be done annually, with the update of the questionnaire and the score of the funds that are part of the investment portfolios, identifying how the external managers have been closing the identified gaps or have regressed in certain aspects analyzed.

6.4 Integration of Systemic Sustainability Issues

Certain sustainability-related risks are becoming increasingly important due to their potential systemic impact on society, the environment, the economy, and financial markets. Globally, three main risks are recognized: climate change, human rights, and negative impacts on nature (particularly biodiversity loss). These risks can also have significant financial impacts on the assets that make up Bci Asset Management's investment universe. In this sense, the Manager seeks to develop evaluation methodologies that allow it to manage these sustainability issues (or, in turn, to detect investment opportunities). In particular, climate change will be prioritized. The other two factors mentioned above will be integrated into the investment process through the study of sectoral materialities, and their implementation will be deepened as Bci Asset Management advances its ESG incorporation capabilities.

6.4.1 Climate Change

Bci Asset Management recognizes climate change as a systemic sustainability risk for its investments. In this sense, through the materialization of transition and physical risks, climate change can significantly impact multiple companies and assets in which it invests in the medium and long term.

Therefore, the Manager proposes to implement the following series of actions and commitments in order to incorporate this factor holistically into the investment

1. **In the context of the design of Grupo Bci's decarbonization strategy, establish a process for the gradual measurement of greenhouse gas emissions financed** by direct investment portfolios, considering the methodology proposed by PCAF or other relevant methodologies.

2. **Enhance the understanding of the materialization of physical and transition risks of climate change in companies or assets that are part of the investable universe,** using qualitative and quantitative assessment tools, for better management of these risks in investment portfolio management.

3. **Prioritize engagement initiatives** (both individual and collaborative) **related to climate change,** which promote climate disclosure and/or the establishment of climate mitigation targets (including decarbonization strategies), aligned with science, and climate adaptation measures, in order to counteract the impacts of this sustainability factor.

It is important to emphasize that the Manager's understanding of the impact of climate change risks and opportunities on the companies that are part of the investable universe will be expanded as sectoral materiality reports are developed internally and the environmental and social evaluation is expanded to the companies that are part of the investment universe.

[2] The Partnership for Carbon Accounting Financials (or PCAF) is an association of financial institutions that aims to facilitate transparency and accountability in the financial industry in relation to the Paris Agreement. PCAF develops a harmonized accounting approach to assess and disclose greenhouse gas emissions associated with loans and investments.

With respect to indirect investment strategies, the practices of external fund managers in managing climate risks and opportunities are evaluated and monitored.

6.5 ESG Information and Data Providers

To carry out ESG integration and Stewardship strategies, Bci Asset Management uses multiple sources of information, either generated internally or externally through information providers. Therefore, the Manager constantly evaluates the hiring of external ESG data and analysis services.

7. Active Ownership or Stewardship

7.1 Objectives of the Active Ownership of Stewardship

In order to fulfill its fiduciary duty, **Bci Asset Management has adopted an Active Ownership or Stewardship approach, through the execution of Engagement and voting activities.** In this way, the Manager seeks to protect and generate long-term value in its investments by promoting good practices regarding the management of environmental, social, and corporate governance risks, as well as in the disclosure of information (financial and sustainability-related) in the issuers in which it invests and/or seeks to invest. At the same time, the Manager is convinced that the exercise of Active Ownership can have a positive impact on society and the environment, and contribute to the sustainability of the financial markets in which it participates.

The Manager has considered different **international codes of good practices for the exercise of its Stewardship strategy** as a guide for the construction of its Active Ownership approach. Following these guidelines, Bci Asset Management structures its Stewardship activities as an integral part of the investment process and the ESG integration process.

The Manager will promote active ownership initiatives over divestment strategies, and will apply different criteria that adapt to the specific considerations of the different asset classes it manages.

This Active Ownership strategy will only apply to Direct Investment Strategies.

7.2 Engagement

7.2.1 Engagement Structure

Bci Asset Management frames its engagement activities into the ESG integration and the investment decision-making processes for the managed portfolios. In this sense, the ESG integration approach contributes to the identification of material sustainability risks (through internally developed industry materiality matrices), the ESG evaluation of issuers (both qualitative and quantitative), and the active monitoring of such risks. The results of engagement activities seek to inform the investment decision-making process, whether or not the initiative is considered successful.

Bci Asset Management carries out its engagement activities by **promoting constructive dialogue with companies**, while also driving ambitious and long-term goals for the benefit of its clients. Thanks to its experience in the active management of investment portfolios, Bci Asset Management leverages its close contact with the companies in which it invests. In this sense, the Manager will use different communication mechanisms (for example, one-on-one dialogues, formal letters, workshops, seminars, among others) to promote engagement activities with the companies' teams (such as the investor relations department, general management, finance management, corporate sustainability department, and, in some cases, its directors).

The Manager carries out **engagement activities under an orderly structure.** For effective implementation, Bci Asset Management has implemented the following steps in the development of engagement activities:

1. Identification and assessment	This involves the process of prioritizing ESG themes, sectors or industries, or issuers based on pre-established criteria. It also includes the ESG evaluation and identification of the main gaps compared to industry best practices.
2. Planning and objective setting	(i) The objective of the engagement initiative is defined; (ii) the action plan is structured, setting deadlines for its implementation; (iii) the communication mechanisms are determined; and (iv) the escalation mechanisms are defined in advance.
3. Execution of the engagement initiative	Execution of the action plan, according to the deadlines and objectives established in point 2; and providing feedback to the planning process to improve its efficiency.
4. Escalation	Escalation strategies would be applied if necessary and prioritized.
5. Internal and external communication	Communication of the progress of the initiative with internal teams, and the company or entities involved.

These stages involve the ESG team, the research analysts with coverage of the issuer or industry where the initiative is taking place, as well as the portfolio managers. Additionally, these initiatives are registered in proprietary centralized information systems, which seek to provide internal visibility and generate a process for monitoring engagement activities.

In some cases, engagement strategies may not have the expected results. In these situations, insofar it is a priority for the Manager, escalation strategies will be promoted. These may include: resending formal letters and additional meetings with senior management; meetings with members of the board of directors; development of collaborative engagement initiatives; among others.

7.2.2 Prioritization of Engagement Activities

Bci Asset Management considers **three criteria for the prioritization** of engagement activities: (i) based on factors; (ii) based on industries and issuers; and (iii) based on the current or potential relative exposure to certain industries or issuers in our portfolios.

The **first criterion** is related to the **ESG themes identified as priorities** for the Manager, both due to the potential systemic impact that these factors could have on their investments and the capabilities developed internally. Consequently, Bci Asset Management considers corporate governance and climate change to be priority factors. The Manager will incorporate other factors into this list as it progresses in its ESG integration process, including, but not limited to: human rights; biodiversity and natural capital; labor practices.

The **second prioritization criterion** takes into account three components: (i) how material ESG factors affect the fundamental analysis of issuers; (ii) controversies regarding different sustainability factors; and (iii) relative positions in investment portfolios. The development of proprietary materiality reports and matrices contributes to the deepening of the material ESG factors of the different industries that are part of Bci Asset Management's portfolios.

The application of the prioritization criteria is intended to be carried out in a coordinated manner, with the participation of the various internal committees, including the ESG team, research analysts and portfolio managers.

7.2.3 *Collaborative Engagement and Engagement with Policymakers and Standard-Setting Bodies*

Bci Asset Management recognizes the potential of collaborative engagement initiatives in terms of their long-term value generation, resource efficiency, and communication effectiveness. Collaborative engagement are those engagement activities in which two or more investors participate. Bci Asset Management will seek to participate in or promote such initiatives, insofar they align with Bci Asset Management's prioritization criteria and are expected to generate value for its investments, for the benefit of the Manager's clients.

Additionally, the Manager will actively seek to participate in **public consultations** for the establishment of norms and standards related to transparency and sustainability practices in the financial market, providing an objective opinion in order to improve the performance of the markets in which it operates, as well as global markets. This will be done through direct conversations with **policy-making entities and standard-setting bodies**, or by actively working with the **trade associations** of which it is a member. All of the foregoing, always aligned with and complying with the applicable financial industry compliance regulations and guidelines at the national and international level, as appropriate.

7.3 Voting

Bci Asset Management will seek to **attend with its vote to shareholders' meetings, bond or contributor holders' meetings and other corporate governance bodies to which it has been granted voting rights** over the investments of the assets managed in accordance with its investment policy. The Manager will always endeavor to exercise its vote acting in the best interests of the participants, the funds and the investors of managed portfolios, favoring the creation of long-term value and the protection of their rights as investors.

Bci Asset Management considers its right to vote as a pillar within the active ownership strategy, constituting itself as a **tool for promoting good practices with the potential to generate long-term value** in the companies in which it invests.

For the best fulfillment of the fiduciary duty in the execution of a reasoned and transparent vote, a methodology has been developed to analyze the main elements submitted to vote for each of the instances in which it participates. Among the issues evaluated are aspects related to **corporate governance and company transparency**, promoting: (i) strong systems for disclosing financial and sustainability information; (ii) the effectiveness of the board of directors, through support for candidates with relevant experience, independent judgment and who contribute to the cognitive diversity of the board; (iii) robust accountability systems that favor the implementation of best practices in internal and external audit processes; (iv) alignment of incentives for both the board and management, among others. Additionally, **environmental and social management** issues will be considered.

The ESG team, the investment research analyst team and the portfolio managers participate in the analysis and execution of the voting strategy, under a collaborative working method. Additionally, proprietary ESG evaluation tools will be used as information sources to inform the exercise of the right to vote. Thus, the final voting decision is documented in accordance with an internally developed process.

In relation to the proposals submitted to vote, the right to vote will be exercised as follows: i) approving, when the proposal is a good practice and is directed to the best interest of investors in the long term; ii) rejecting, when the proposal is not acceptable considering the best interest of investors in the long term.

7.4 Conflicts of Interest

All employees of Bci Asset Management (including the board of directors, management, the investment team, among others) **must ensure compliance with the fiduciary duty of the Manager,** prioritizing the interests of its clients, funds and managed portfolios over their own personal interests, acting ethically in all circumstances where they operate, and promoting the values of the institution.

Bci Asset Management has policies in place to promote ethical behavior and regulate conflicts of interest for all its employees: the Self-Regulation Code, the Conflict of Interest Treatment and Resolution Manual and the Corporate Ethics Code. In the event of conflicts of interest arising from the implementation of the ESG incorporation strategy, the tools available in the aforementioned internal codes and manuals will be used.

8. Transparency and Reporting

As PRI signatories, Bci Asset Management will annually publish the progress of its ESG integration policies and practices into investment processes under the PRI assessment framework, called Reporting and Assessment. Additionally, the Manager will report annually on the progress of ESG integration practices in investment portfolios, the progress of engagement initiatives in which it participates, and voting activities that it has carried out, considering accepted disclosure standards in global financial markets and Bci Group guidelines.

Glossary

- **Active Ownership or Stewardship:** an approach that considers and voting on ESG matters. This is a long-term approach that seeks to influence the behavior or improve the disclosure of corporations or governments where a manager invests or seeks to invest.

- **Bottom-up Research:** a method for analyzing and selecting investment assets, in which the focus is on the specific characteristics of stocks and/or bonds through the study of the fundamentals of the businesses or sectors where the issuing entities operate.

- **Collaborative Engagement:** Collaborative engagement initiatives are engagement initiatives where more than one investor participates.

- **Engagement:** Active Ownership strategy, in which an investor seeks to promote improvements in the disclosure or practices of corporations or governments where it invests or seeks to invest, in order to generate long-term value.

- **Environmental, Social and Corporate Governance (ESG) Factors:** also known as sustainability factors, are sustainable themes that can have an impact on the performance of corporations. Likewise, the development of business economic activities has impacts on these ESG factors.

- **ESG Integration:** an approach where financially material ESG factors are systematically incorporated into the search, analysis and selection process of assets within an investment portfolio with the aim of achieving sustainable long-term returns and better risk and opportunity management. This incorporation also applies to the engagement process with companies in order to promote behavior that aligns with better sustainable practices that generate long-term value.

- **Fiduciary Duty:** This duty exists to ensure that money management is carried out in the best interests of its beneficiaries. The money manager must act with loyalty and prudence in managing assets to ensure compliance with this duty. The incorporation of ESG criteria into the investment process is part of this duty, due, among other things, to the financial materiality of ESG factors on the managed assets.

- **Financial Materiality:** refers to the relevance that ESG factors can have on the financial performance of a company.

- **Fundamental Analysis:** Through this type of analysis, investment professionals attempt to measure the intrinsic value of assets, in order to determine whether the current price of the asset is being overvalued or undervalued by the market, and make an investment decision. Fundamental analysis studies different aspects that may affect the intrinsic value of said assets, including, among others, micro and macroeconomic factors.

- **Responsible and Sustainable Investment:** the consideration of ESG factors or themes in investment decision-making and in the active exercise of ownership, in order to obtain better risk management and sustainable long-term returns. Sustainable investment is incorporated into traditional financial analysis techniques and portfolio construction.


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Management