

**POLICY ON SHAREHOLDER
ENGAGEMENT IN
LISTED COMPANIES**

c o b a s

a s s e t m a n a g e m e n t

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1. SCOPE OF THE DOCUMENT

1.1 Log of Revisions

Version	Date Prepared	Date Approved	Description of Changes
0	16 July 2021	10 November 2021	Preparation of document.

1.2 Purpose of the document

The purpose of this document is to reflect the shareholder engagement policy of companies in which they invest that are listed on regulated markets located or operating in a Member State, and describes how this engagement is integrated into the investment policy.

This internal rule is developed in compliance with article 47 ter of Law 5/2021 of 12 April, which amends the revised text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010 of 2 July, and other financial regulations, with regard to the promotion of long-term shareholder involvement in listed companies.

1.3 Scope of application

This policy applies to Cobas Asset Management, S.G.I.I.C., S.A. and Cobas Pensiones, S.G.F.P., S.A., (hereinafter "the Companies") as managers of vehicles investing in listed companies.

Cobas Pensiones, S.G.F.P., S.A. has delegated certain functions to Cobas Asset Management, S.G.I.I.C., S.A., including the analysis and management of investments and the commercial function.

1.4 Scope, roles and responsibilities

The organisational areas primarily involved in compliance with this policy, with their corresponding responsibilities, are:

- **Investment Area:**
 - Continuous monitoring of listed companies:
 - By tracing sources of information, in particular with regard to the magnitudes developed below.
 - Via direct communications through established dialogue mechanisms.
 - Updating the analysis models with the available information.
 - Exercise of political and information rights and their registration.

- **Investor Relations Area:**
 - Compliance with disclosure obligations, with the publication of the following information on the Companies' websites:
 - The Engagement Policy, which includes the description of monitoring the companies and dialogue mechanisms that are developed in the following chapters.
 - On an annual basis, the implementation of the voting policy, including a general description of its voting behaviour, an explanation of the most important votes and, where applicable, the use of proxy advisors.
 - The direction of voting at the most significant general meetings (in terms of the purpose of the vote or the size of the holding) of the companies in which the vehicles hold shares.
- **Legislative Compliance Area:**
 - Drawing up the annual report on the application of the policy of involvement to be published on the aforementioned Companies' website.
 - Verification of registration of political and information rights.
 - Verification of compliance with the disclosure obligations detailed above.

2. GENERAL PRINCIPLES FOR ACTION

The Companies follow a long-term, value-based investment philosophy.

They shall not interfere in the strategy of the companies in which they invest except in exceptional situations where they believe that serious prejudice to shareholders is clearly being caused. In such a case, these situations will be brought to the attention of the listed companies' senior management.

In accordance with the applicable regulations, situations in which the Companies could exercise significant influence over listed companies shall be strictly avoided. If there are changes in their strategy that are not to the liking of the Companies, they may exit the shareholding.

3. MONITORING THE COMPANIES

The listed companies in which the managed vehicles invest are continuously monitored, in particular in the following areas:

3.1 Strategy

We look for companies that have a clear long-term strategy, through which they seek to strengthen their competitive advantages and, as a consequence, the sustainability of their profits.

3.2 Financial and non-financial performance

The analysis models used by the Investment Area are updated with the information generated in the market.

- **Types of information:**
 - Financial information such as turnover, EBITDA, net profit, investment, working capital, ROCE, etc.
 - Non-financial and competitive position information, such as gain or loss of market share, number of customers, regulatory or political issues, etc.
- **Information sources:** Listed companies themselves, their competitors, financial intermediaries, independent expert analysis services or regulatory bodies.
- **Periodicity of updating:** Performance figures are tracked on a quarterly and annual basis, coinciding with their publication dates. For other non-financial news and information, monitoring is continuous, so that they are integrated into the models as they become known.

3.3 Risks

The Companies analyse and assess all those risks that could affect the profitability or viability of the listed companies' business or that could weaken barriers to entry, such as:

- Entry of new competitors.
- New emerging technologies.
- Price wars.
- Levels of indebtedness, maturity and payment schedules.
- Regulatory changes.

3.4 Capital structure

The capital structure of companies is another element subject to analysis and monitoring, from perspectives such as:

- The Debt/Equity ratio. The Companies are more likely to invest in companies with low debt.
- The analysis process also considers the possible existence of different types of shares with different voting rights.
- The Investment Area has a preference for companies with a principal shareholder, ideally a family company, who looks after the interests of the Companies and takes long-term decisions.

3.5 Social and environmental impact and corporate governance

The Companies also consider ESG factors, identifying and assessing their impacts for each investee company based on information provided by an external provider.

The manner in which these social and environmental impacts and the corporate governance of listed companies are integrated into the analysis models and the corresponding investment decision-making process is regulated in the "Policy on Integrating Sustainability Risks into the Investment Decision-Making Process", which is also available to actual and potential investors on the Companies' websites.

4. DIALOGUE MECHANISMS

The Companies shall also establish mechanisms for dialogue with listed companies and their environment that reinforce their involvement in them as shareholders.

These mechanisms include, among others, communications with the companies' Investor Relations Departments to raise various questions or request possible clarifications on press releases issued or results published, as well as frequent attendance at roadshows with management teams attended by investors, organised at the initiative of brokers or the companies themselves.

As a general rule, the Companies will not engage in any kind of voting arrangements or advisory work and will not engage in co-operation with other shareholders on the basis of exchanging views or sharing our investment reasonings with them. Otherwise, in exceptional cases, the specific applicable regulatory requirements of local regulations shall apply.

Any potential or actual conflicts of interest that may arise from the Companies' involvement as shareholders in listed companies shall be managed in accordance with their Internal Code of Conduct, in particular Appendix III, which sets out the Market Abuse Procedure.

5. EXERCISING VOTING RIGHTS

With regard to exercising voting rights and any other rights attached to the shares, two situations may arise:

- the Companies assign the rights to the Boards of Directors of the companies themselves if they consider that there are no controversial issues on the agenda of the Shareholders' Meetings.
- In the case of controversial issues, the Companies ask for explanations from the companies and vote according to the circumstances, with the long-term value creation of the companies as the main consideration.

6. APPROVAL, ENTRY INTO FORCE AND UPDATES

This document must be approved by the Boards of Directors of the Companies, which are ultimately responsible for permanently updating it and compliance. It shall come into force as soon as it is approved.

Operational responsibility for preparing and updating this document lies with the Companies' Regulatory Compliance function, which in the case of Cobas Pensiones, S.G.F.P., S.A. is delegated to the Compliance Area de Cobas Asset Management, S.G.I.I.C., S.A., which shall seek, and where appropriate require, the collaboration of the areas involved.

The policy will be updated at least in the following cases:

- When there are regulatory changes or internal changes in the Companies that affect it.
- When, at the proposal of the Compliance Area, it is understood that there are sections that could be improved in order to achieve the company's objectives or to suitably adapt to the characteristics of the services offered at any given time.
- At the proposal of the Investment Area, internal and external auditors or inspectors of supervisory bodies.

7. CONTROL, REGISTRATION AND REPORTING OBLIGATIONS

7.1 Control obligations

- Verification of registration of political and information rights.
- Verification of compliance with the information disclosure obligations.

7.2 Registration obligations

- Registration of exercising political and information rights.

7.3 Reporting obligations

- Publication on the Companies' website, available to any actual or potential investor, of:
 - The content of this policy.
 - The application thereof, including an overview of the performance of the Companies in relation to their voting rights (annual publication).
 - Information about the meaning of their voting rights or the non-exercise of them.

APPENDIX: REGULATORY FRAMEWORK

The most important regulations applicable to this policy are as follows:

- Law 5/2021 of 12 April, which amends the revised text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010 of 2 July, and other financial regulations, with regard to the promotion of long-term shareholder involvement in listed companies.