ANNEX: SENSITIVE ECONOMIC ACTIVITIES

SUSTAINABLE INVESTMENT POLICY FOR SURA ASSET MANAGEMENT'S RETIREMENT SAVINGS BUSINESS

CONTENTS

1 Introduction

This document defines the approach of the companies that develop SURA Asset Management's Retirement Savings Business (the "Companies") for the evaluation of investments in economic activities or sectors that, due to their potential impacts on the environment, society, particular challenges in corporate governance issues or close ties with factors that contribute negatively to climate change, they are considered sensitive, and require additional considerations in investment decisions; in connection with the contents defined for investment disputes in economic sectors or activities in the "ESG Dispute Assessment" section of the Sustainable Investment Policy for SURA Asset Management's Retirement Savings business. For each economic activity, a list is included with the items and financial analyses the teams that participate in the investment process in the Companies will consider in their processes of evaluating investment opportunities.

The contents reflected here are the own creation of the teams that participate in the investment process, and the sustainability teams, of the Companies; and were reviewed and approved by the ESG Affairs Committee of SURA Asset Management. The provisions herein are in force from the date indicated at the end of the document.

2 Thermal power generation from burning coal

At SURA Asset Management, we are committed to battle against climate change, promoting investments that are more aware of the challenges and opportunities they present in their performance in Environmental, Social and Corporate Governance ("ESG") variables. Along these lines, we consider as a reference the objectives set by the Paris Agreement to limit the increase in the global average temperature to 2°C, or preferably to 1.5°C, in contrast to the average temperature of the pre-industrial era, through efforts to reduce the emission of greenhouse gases.

Considering that coal-fired power generation accounts for about 40% of global CO_2[1] emissions, and accounts for approximately 74% of global greenhouse gas emissions[2], this is understood to be a key activity for success or failure in the efforts to achieve the goals of the Paris Agreement. Consequently, efforts by different actors in both the public and private sectors have addressed migration plans in the installed capacity of electricity generation to sources with lower emissions input, through regulations that could represent risks for the operation and economic viability of coal-fired generation assets.

We are aware of the economic, logistic and operational challenges involved in the orderly transition of this sector; also, of the positive social component related to the jobs generated by the companies that carry out this activity in the markets in which we have a presence. To this extent, we chose to take a proactive stance towards the financing of entities that develop the business, with tendency to identify attractive opportunities in those that show coherent transition plans or an open attitude to their implementation.

2.1 Scope

Entities or projects that participate in the electricity generation business. To measure exposure to this activity, the indicator to be used is the percentage of the installed capacity to generate electricity from burning coal in the total installed capacity of the emitter or project.

2.2 United Nations Sustainable Development Goals (SDGs) that are impacted[3]

7 ENERGÍA ASEQUIBLE Y NO CONTAMINANTE

13 ACCIÓN POR EL CLIMA

[1] According to 2018 data, taken from the "Global Energy and CO2 Status Report 2018" by the International Energy Agency (IEA).
[2] Based on 2018 data, taken from the Climate Watch website, using the CAIT data source.
[3] Logos taken from the United Nations Sustainable Development Goals website.

2.3 Criteria to consider in the investment review

2.3.1 Level of connection to the activity and transition plan

- Percentage of the installed capacity that corresponds to thermal generation by burning coal.
- Schedule for the withdrawal of coal-fired thermal power plants.
- Alignment of the withdrawal schedule of coal-fired thermal power plants with current regulations or the plans of comparable entities and/or projects.
- Existence of a Capital Expenditure (CapEx) plan for investment in the thermal power plant withdrawal program.
- Does the company or project have any goals for the construction of renewable energy capacity?
- Does the company or project have any goals for building capacity of non-conventional renewable energies?

2.3.2 Comparison with the system

- Comparison of the GHG/GWh[4] indicator of the emitter or project and the average of its system.
- Comparison of the heat rate [5]of the emitter or project and the average of its system.

2.3.3 Emissions measurement

- Measurement and disclosure of the carbon footprint in scopes 1, 2 and 3.

2.3.4 Environmental impact compensation and mitigation programs

- Does it meet the requirements of the regulation?
- Do the practices exceed regulatory requirements?
- Do you participate in a sustainable financing program (such as green bonds or sustainability linked loans), buy carbon credits and/or pay carbon taxes?

2.3.5 Incentive Alignment and Information Disclosure

- Inclusion of Key Performance Indicators (KPI) on the environmental sustainability of the operation, in the indicators that are recurrently monitored at the level of senior management and/or the Board of Directors.
- Recurring and historical disclosure of the results of the KPIs in terms of sustainability which are monitored during the operation.

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[4] GHG/GWh: Equivalent greenhouse gases per gigawatt hour.
[5] Heat rate: Energy efficiency indicator, measured as the amount of energy provided in the form of fuel needed to generate a unit of electrical energy.

2.3.6 ESG Criteria Assessment

- Internal evaluation results carried out on the issuer or project, in accordance with the definitions established in the "ESG Criteria Analysis" section of the Sustainable Investment Policy for SURA Asset Management's Retirement Savings business.

3 Gambling

Gambling are games in which the possibility of winning or losing is decisively conditioned by chance and do not depend exclusively on the skill of the player. Gambling has an economic dimension that involves taking the risk of winning or losing depending on the result.

As a sensitive activity, mainly linked to social challenges due to its link to addiction that can lead to players' capital losses and challenges related to the prevention of corruption, concealment and money laundering practices. We understand the positive effects that the responsible development of this activity can generate in terms of employment and entertainment, which is why we have recognized the gambling industry as a sensitive sector, instead of an excluded investment in the portfolios managed by the Companies.

3.1 Scope

Entities or projects that carry out the gambling business and/or casino operation, in person and online. To measure exposure to this activity, the proportion of the income originating from the activity in the total income of the issuer or project will be used as an indicator.

3.2 United Nations Sustainable Development Goals (SDGs) that are impacted[6]

1 FIN DE LA POBREZA

3 SALUD Y BIENESTAR

12 PRODUCCIÓN Y CONSUMO RESPONSABLES

16 PAZ, JUSTICIA E INSTITUCIONES SÓLIDAS

3.3 Criteria to consider in the investment review

3.3.1 Level of connection to the activity

- Percentage of revenue that originates from the gambling busin.

3.3.2 Prevention of fraud, money laundering and terrorist financing

- Existence of anti-corruption and bribery policies covering subsidiaries, suppliers and contractors.
- Existence of policies to prevent money laundering and terrorist financing.
- Knowledge of instances in which policies for the prevention of fraud, money laundering or terrorist financing are approved and monitored.
- Public availability of policies for the prevention of fraud, money laundering or terrorist financing.
- Internal disclosure and training programs for employees and policy directors for the prevention of fraud, money laundering or terrorist financing.

[6] Logos taken from the United Nations Sustainable Development Goals website.

- Programs to ensure compliance with policies for the prevention of fraud, money laundering or terrorist financing.
- Not having processes against, or sanctions materialized and without recognition of their remediation in the last 3 years, for practices related to money laundering, financing of terrorism or facilitation of activities associated with corruption.
- Not having processes against, or sanctions materialized and without recognition of their remediation in the last 3 years, for faults in compliance of regulations and/or internal protocols for the prevention of fraud, money laundering or financing of terrorism.

3.3.3 Responsible Gambling Management

- Existence of programs and policies to discourage non-resource gambling.
- Nonexistence of own credit lines, or through related companies, that are offered to customers for use in gambling.
- Existence of responsible gaming policies, which include updating protocols, training for employees and Directors, and mechanisms to evaluate their application.
- Existence of advertising campaigns that promote responsible gambling.
- Existence of programs to prevent access to gambling by minors.
- In the case of providing online gambling options, evaluate the existence of security mechanisms and controls against access and caps on the number of bets per user.

3.3.4 ESG Criteria Assessment

- Result of the internal evaluation carried out on the issuer or project, in accordance with the definitions established in the "ESG Criteria Analysis" section of the Sustainable Investment Policy for SURA Asset Management's Retirement Savings business.
- Evaluation of the positive impact that it may have on the community and the generation of employment, due to the development of the activity of the issuer or project.

4 Disclosure and updating

- The Sustainability Department of SURA Asset Management will be responsible for the administration of this annex and to that extent will manage its updating and will coordinate with the areas involved its ratification in the Companies; it will also be responsible for coordinating its dissemination, both within the Companies and to external stakeholders.

This annex must be reviewed at least once a year.

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