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# ENGAGEMENT POLICY

SKANDIA SEGUROS DE VIDA S.A.

September 2025

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# 1. Introduction

Since 2021, with the creation of the responsible investment policy, Skandia has taken on greater responsibilities to investors, regulators, and other parties in terms of sustainability. In this sense, strategies were proposed to improve the investment process in the following terms: ESG screening, ESG integration, portfolio profiling and continuous risk monitoring. However, for this whole virtuous circle to be completed, we must be actively involved in relationship issues. This policy outlines the medium- and long-term strategy that Skandia will implement to influence the industry and engage collectively to mitigate the ESG risk of our investments.

With a mission to strike a balance between monetary value and long-term business sustainability, Skandia has adopted a number of activities to build relationships with stakeholders and ensure transparency of our investments and influence the industry. This with the aim of improving disclosure practices on the environment, society and corporate governance (ESG).

In this sense, this relationship policy aims to establish guidelines, parameters, procedures and principles for collective collaboration on ESG matters between Skandia and its stakeholders<sup>1</sup>.

At Skandia, we appreciate the ongoing dialogue between companies and believe that quickly adopting ESG issues throughout the investment process can be a game-changer. In the past, the solution was divestment; Today we believe that dialogue is more effective and could make the entire industry more responsible, which will lead to the construction of more sustainable portfolios without sacrificing the potential financial return for investors.

## 1.1 Purpose of Relationship

The main objective of this policy is to propose relationship strategies and formalize our commitment to collaborative work based on the best practices in the sustainability of the financial sector and the new application of social and corporate governance variables throughout the investment process.

For Skandia, it is especially important because with the creation of this policy, the foundations of a relationship of trust over time with stakeholders are established, which ultimately adds value to the final investor.

Additionally, by including ESG matters, the industry is expected to achieve greater transparency in information disclosure, which will lead to better analysis and results. In addition, this formalization of the relationship process allows Skandia to be continuously aware of issuers, client needs, and market expectations regarding the advancement of responsible investment.

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<sup>1</sup> A person, organization, or entity that has some kind of internal or external link to the Skandia conglomerate.

## 1.2. Scope and application frameworks

This policy applies to Skandia Seguros de Vida S.A., being limited to the activities, processes and operations of the entity, serving as a framework for the relationship with its counterparties and complying with the regulations in ESG terms.

In turn, this policy may also be used as a reference when establishing new business relationships to protect the ESG rating and incorporate the principles cited herein. Likewise, it can be used in one's own positions if necessary.

In addition, this policy is mainly aimed at direct investments in issuers – when they are investments made by the Pension Fund Administrator, ensuring that investment decisions and the management of resources are aligned with environmental, social and governance (ESG) criteria, as well as with responsible investment guidelines and good practices for active dialogue with issuers. In the case of investments made through funds or other investment vehicles with active management, efforts will be made to select those managers that have responsible investment and relationship policies.

## 1.3 Stakeholders involved in the relationship policy

### 1.3.1. Issuers, managers and counterparties

The issuers of the different securities in which Skandia has a stake are the basis for obtaining sustainable financial value for investors. So, by its nature, this policy will serve not only to maintain active relationships, but also to compare principles and align us with the business's vision on ESG matters.

### 1.3.2. Guilds

The different associations have actively participated in the development of a joint action plan and thus achieve results in terms of ESG risk reduction in the financial sector. We are active participants in: Fasesolda

### 1.3.3. Regulators

Relationships with regulators should expand as monitoring of associated ESG risks grows. Any updates to the standard and standards will directly affect this policy and will be adjusted if necessary.

### 1.3.4. External Advisors

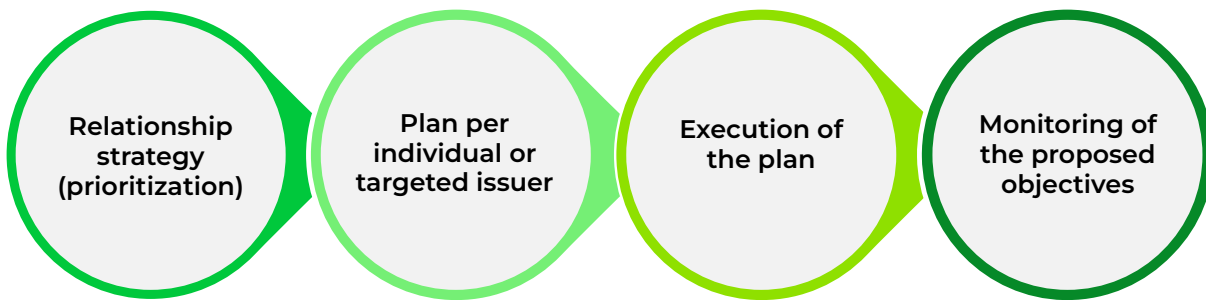
The guidelines established by PRI<sup>2</sup>, CCADI<sup>3</sup> and other external advisors that have accompanied Skandia's process in the inclusion of ESG variables in investment decisions, in the relationship and disclosure of information will also be considered.

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<sup>2</sup>Principles for Responsible Investment (PRI): <https://www.unpri.org/>

<sup>3</sup>Colombia's Asset Disclosure and Climate Change Initiative (CCADI): <https://ccadi.transforma.global>

## 2. Schemes, strategies and relationship processes



### 2.1 Engagement Strategy

The two strategies presented below aim to prioritize the counterparts that require relationship:

#### 2.1.1. Individual

It seeks to relate one by one with the companies that represent the greatest materiality of ESG risks, especially climate risks in our portfolios. This strategy does not seek collective relationships, but rather personalized. In principle, this strategy seeks to prioritize the relationship with the following counterparts:

- **Exposed issuers:** those issuers that belong to sectors that are particularly exposed to ESG risks, especially climate, and in which Skandia has a greater stake.
- **Non-exposed issuers:** issuers in sectors not so exposed to ESG risks where Skandia has a high participation and whose ESG performance is not outstanding and affects the score.
- **Companies with disputes:** those with which Skandia has a relationship and critical disputes have been identified.

Additionally, within the ESG integration of investment portfolios, one of the relevant points is active ownership, where we use our voting rights to promote the inclusion of these ESG issues in company meetings, even if they are non-priority issuers.

#### 2.1.2. Focused

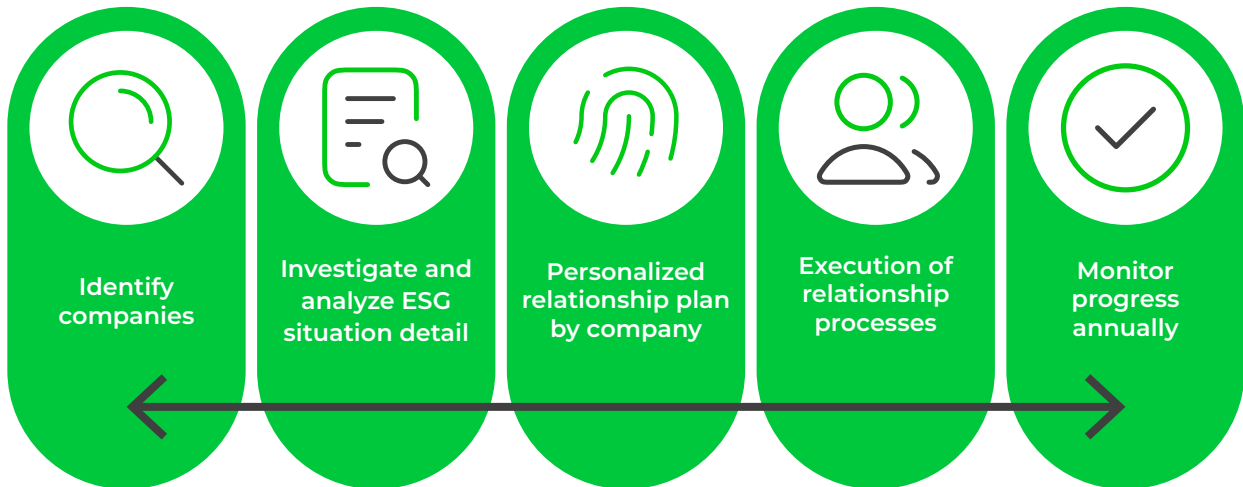
It aims to focus on an entire group of companies with similar characteristics. These companies may be from a specific sector or with a different type of corporate governance.

As mentioned above, Skandia has identified some sectors that present greater materiality of ESG risks in our investment portfolios. In this sense, the strategy will seek to work with the entire sectors in which we are most involved and which could present major problems in the future. We will do this through the three associations in which we actively participate in the sustainability committees. Focused prioritization then seeks to promote:

- Public initiatives aimed at sectors relevant to Skandia.
- Trade union initiatives aimed at these sectors in terms of training and dissemination.

## 2.2. Specific plan by type of strategy

### 2.1.1. Individual



#### Identify the companies:

We prioritize the most relevant companies and whose sectors are most exposed to ESG risks, especially climate risks. Companies that have the greatest potential to positively impact the rating and society prevail. This prioritization is based on the materiality of the ESG issues they represent in the portfolios, the level of influence that Skandia possesses through voting rights, and the likelihood of success in the process.



#### ESG Research and Analysis:

After prioritization, a series of environmental, social and corporate governance indicators are investigated, of which the following stand out: carbon emissions (E), forced labor / modern slavery (S) and tax transparency (G). However, emphasis is also placed on the following aspects of each issuer: ESG performance, associated risks, and opportunities for improvement in disclosure. ESG policies and practices are analyzed, how aligned the company is with our responsible investment policy is assessed, and areas for improvement are identified.



### Custom Plan:

A personalized plan is made for each issuer considering the risks that we consider to be the most material in their company. The methodology that we are going to use for the relationship is defined: channels, frequency, roles and responsibilities and actions to be carried out.



### Execute:

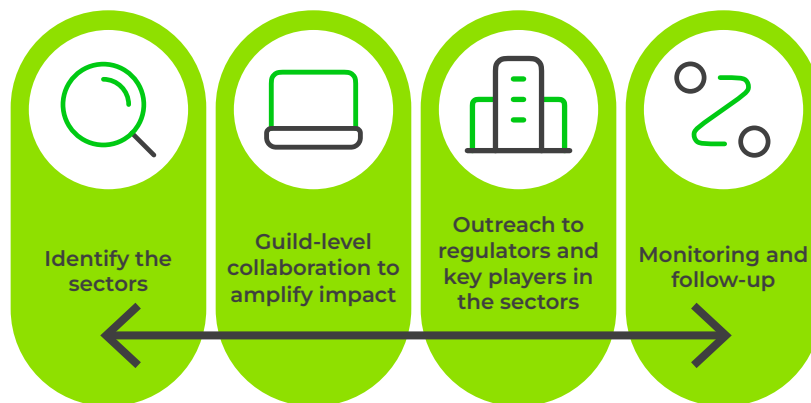
The relationship with the issuer begins through the channels defined in the previous point, using strategies such as direct contact, the exercise of voting rights in assemblies, indirect communication, among other mechanisms. In this stage, a qualitative assessment is carried out to identify whether the issuer expresses the intention to align, in the near future, with key initiatives related to sustainability, such as decarbonization processes and recognized reference frameworks (SDGs<sup>4</sup>, TCFD<sup>5</sup>, TNFD<sup>6</sup>, among others). This assessment also considers aspects related to corruption risk management, transparency, labor practices, human rights, and other social and governance dimensions. Skandia's position and expectations on environmental, social and governance (ESG) risks are also transparently shared.



### Monitoring:

Monitor annually the progress of issuers, including their level of disclosure and the impact generated. During this process, the effectiveness of the implemented relationship strategies is evaluated, and the necessary adjustments are made. Finally, all the learnings and insights obtained in the relationship process are incorporated into future investment decisions and the annual evaluation of this policy.

## 2.2.2 Focused



<sup>4</sup> Sustainable Development Goals

<sup>5</sup> Task Force on Climate-related Financial Disclosures (TCFD).

<sup>6</sup> Nature-Related Financial Disclosures (TNFD) Working Group.



### Sectors:

The prioritization is based on the exposure of Skandia's portfolios to sectors with greater ESG risk materiality.



### Guild collaboration:

Skandia has the advantage of belonging to Fasesolda. This guild is independent and conducts research and constant engagement on ESG matters. With Skandia's participation in ESG committees, we can make an impact as a group and amplify impact.



### Outreach to regulators and key players:

Regulators in sectors with materiality of risk can play an important role in better ESG performance at the sector level. If member companies adopt sustainability policies in their policies, so will portfolios. The approach would be through the different unions.



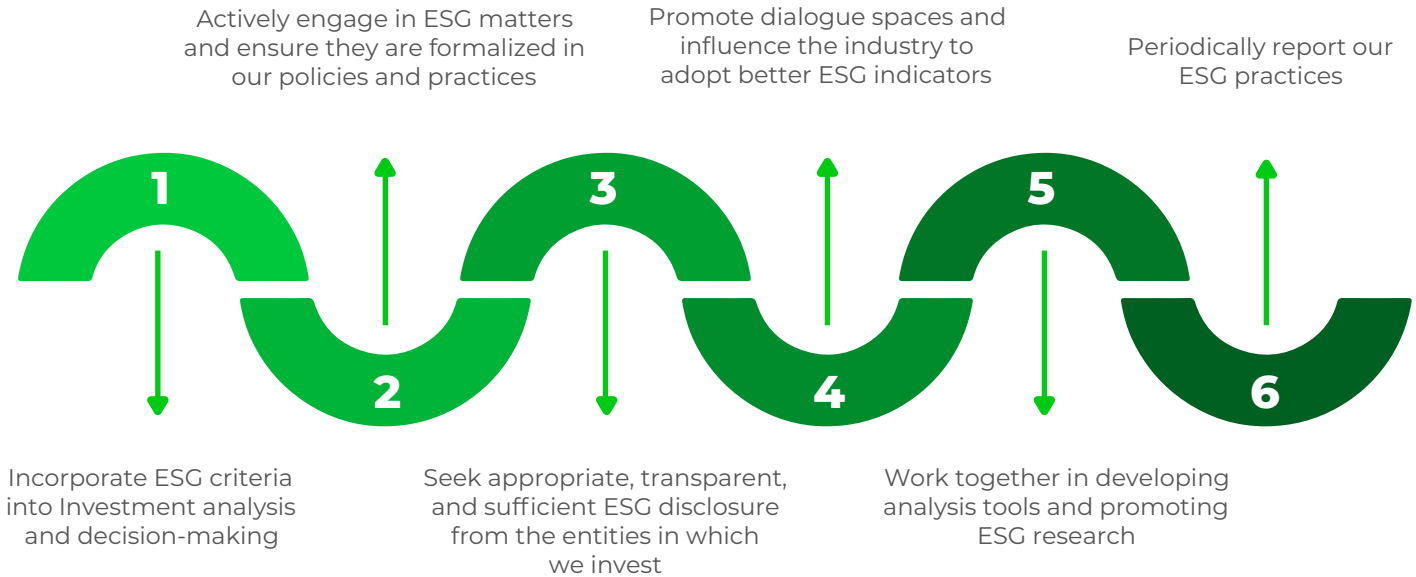
### Monitoring and follow-up:

Collect all the insights and periodically evaluate the feasibility of increasing participation in certain sectors whose ESG performance has improved or, on the contrary, decreasing it in the face of deficiencies.

## 3. Principles for Responsible Investment (PRI)

### 3.1. Our principles and what we expect from our issuers

As signatories to the PRI, we have adopted its principles and use them as a reference to evaluate our direct issuers and new investment opportunities. These principles are:



From the issuers in which Skandia has a stake, we expect transparency in the way they disclose information following global parameters such as the TCFD, TNFD, GRI<sup>7</sup>, SASB<sup>8</sup> or any reference framework that applies to the sector. Willingness to improve performance in environmental, social and corporate governance terms is also expected through formal policies that seek to mitigate ESG risk and contribute to the SDGs.

## 3.2. Engagement Goals 2023-2026

### 3.2.1. Plan for the gradual reduction of carbon emissions from the portfolios in line with the objectives of the Paris Agreement.

Approach companies to promote decarbonization objectives and goals that lead to a gradual reduction in carbon emissions from our portfolios and align them with the Paris Agreement.

### 3.2.2. Increase the coverage of information published by the most relevant issuers.

Progressively engage with issuers that do not disclose information periodically or do so partially in ESG terms. The objective is to get the most relevant issuers to publicly disclose ESG information or at least to increase its coverage and quality.

### 3.2.3. Strengthen climate risk management.

Improve current levels of research related to the management of climate-related risks and opportunities, including physical and transitional risks. The main objective is to get more emitters to adopt practices and strategies for measuring and managing climate risk. These strategies can

<sup>7</sup> Global Reporting Initiative

<sup>8</sup> Sustainability Accounting Standards Board (SASB)

be scenario analysis, climate metrics, reports aligned with the TCFD's recommendations and those that are developed in the process.

### **3.2.4. Adequacy of Skandia's position in issuers' assemblies on ESG elements.**

In the long term, we seek as an organization to formalize our position specifically on ESG issues in the different assemblies. This is done by adapting our political rights policy where, if applicable, ESG issues that could have a potential impact on the decision-making of these organizations are included.

### **3.2.5. Promote transparency and disclosure of corporate governance practices.**

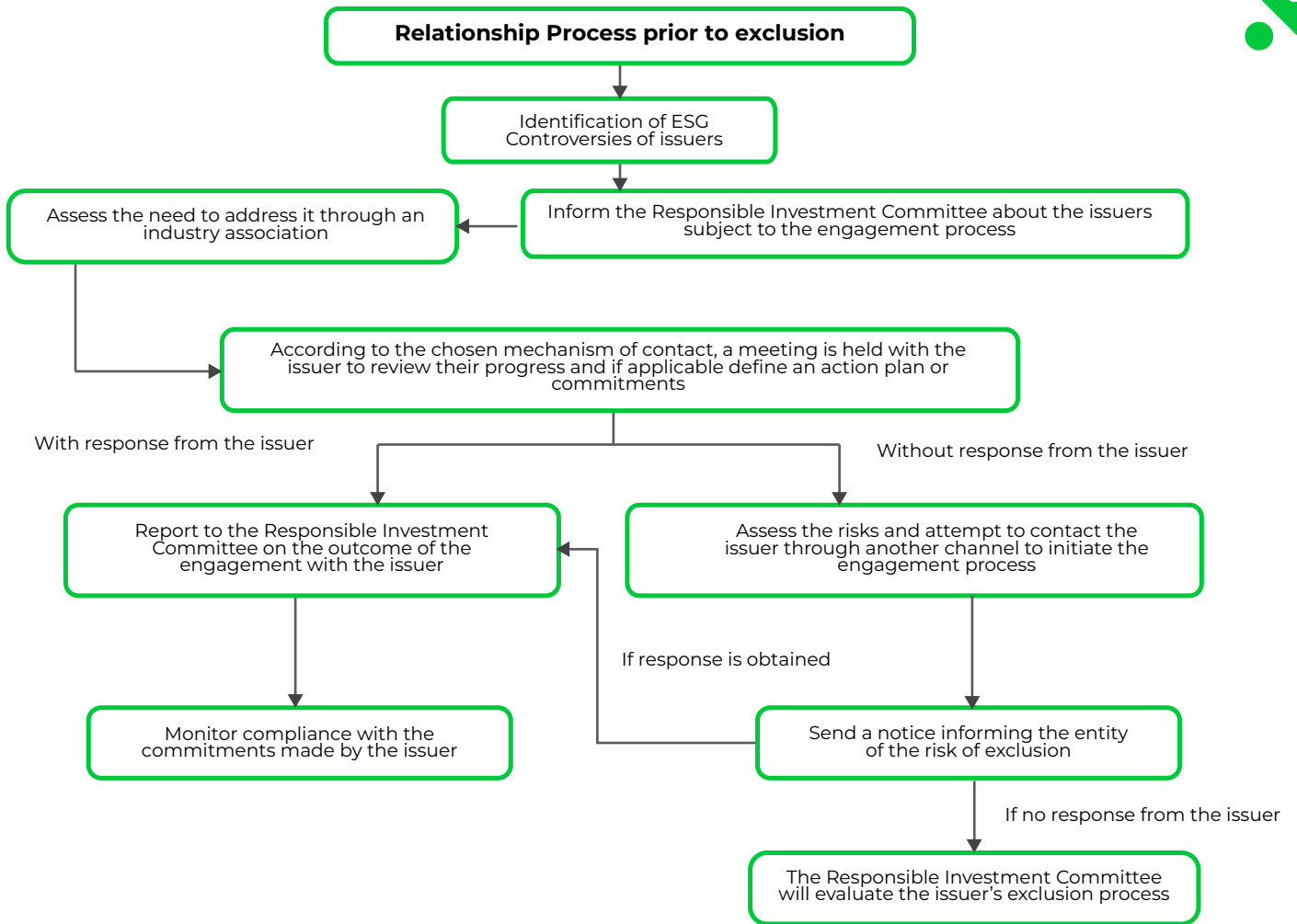
Encourage issuers to clearly and regularly disclose their corporate governance policies, decision-making structures, composition of boards of directors, internal control mechanisms, and conflict of interest management. Such information is sought to be aligned with international standards and publicly available.

## **3.3. Dialogue before escalation and divestment**

Engagement processes aim to improve ESG practices and avoid divestment. It has been shown that divestment is inefficient since only the participation of one investor is transferred to another and there is no positive contribution. For this reason, we believe that before reaching the extreme case of divestment, there are a series of relationship activities that would improve the company's ESG performance.

It should be noted that there will be cases where the relationship process is not carried out particularly by company but in a union manner with the purpose of making its scalability more efficient, achieving the appropriate impact.

Consequently, there will be a follow-up that specifies commitments and objectives raised during the relationship so that there is all traceability. That said, the sequence of activities to be carried out in the event of activating a relationship process is presented:



## Key stages of the engagement process:

- **Identification of ESG Risks and Controversies:** consists of detecting critical weaknesses in the issuer's ESG performance that merits a detailed review.  
**Duration: Continuous.**
- **Direct dialogue and definition of an action plan<sup>9</sup>:** meetings are organized with the sender to discuss the critical aspects and thus know their progress. After this, it is analyzed if it is necessary to define an action plan or commitments.  
**Duration: 3 months.**
- **Monitoring and evaluation of progress:** the progress and commitments of the issuer are monitored and verified until the objectives are completed.  
**Duration: 6 – 12 months.**
- **Final assessment prior to delisting:** If engagement efforts are not effective, the responsible investment committee will evaluate the issuer's delisting process.  
**Duration: 1-2 months.**

**Note:** For less liquid private market investments, divestment times may change and vary.

<sup>9</sup> If the relationship is addressed by a union body, the definition of the action plan will have to be specified as agreed with the union

## 4. Conflicts of interest

In accordance with the provisions of Article 7.6.1.1.2. of Decree 2555 of 2010, a conflict of interest is understood as the situation by virtue of which a person, due to his or her activity, faces different alternatives of conduct in relation to incompatible interests, none of which he or she can privilege in view of his or her legal or contractual obligations.

Among other conducts, a conflict of interest is considered to exist when the situation would lead to the choice between (i) one's own profit and that of a client, or (ii) that of a third party linked to the agent and a client, or (iii) the utility of the (securities) fund it manages and that of another client or its own, or (iv) the utility of a transaction and the transparency of the market.

Consequently, Skandia defined policies and procedures for the detection, prevention, administration and management of conflicts of interest, which are defined in the different management documents, among which the Good Corporate Governance Manual stands out.

Therefore, within the process of relating to our stakeholders, the officials involved in decision-making and investment operations must refrain from incurring conflicts of interest, in accordance with the policies established by the entity.

## 5. Transparency and disclosure

At Skandia we are committed to engaging openly and transparently with our stakeholders. The importance of ESG issues that will affect portfolios in the long term has been recognized. For this reason, constantly disclosing how we mitigate risk and how we take care of our investors' resources puts us one step ahead. As part of this commitment, especially on climate issues, we rely on the recommendations of the Task Force on climate-related Financial Disclosure (TCFD) for the periodic disclosure of information and the way we manage these risks.

The TCFD is an initiative that seeks to improve the way the financial industry reports on climate issues. At Skandia, we believe that this information will help investors, partners, and other stakeholders make more informed decisions. As part of the process, the focus is to disclose our progress specifically related to climate risk management and the opportunities we see are more material for the company.

In turn, Skandia could use its political rights in assemblies to refrain from supporting initiatives that harm ESG issues substantially without a risk mitigation plan. One of the medium-term objectives will be to publicly disclose the votes on the matter.

## 6. Organizational structure and monitoring of relationship activities

The monitoring of all the relationship activities carried out by Skandia will be headed by the Responsible Investment Committee.

Likewise, the alternate members of the Responsible Investment Committee may participate in the relationship activities.

## 7. Policy Evaluation

Its objective is to keep it updated and in line with the needs and progress of the organization in these issues. The Responsible Investment Committee will carry out this evaluation through the following procedure:

1. A policy review and evaluation process should be carried out once a year.
2. This will be reviewed by the ESG Specialist and the members of the Responsible Investment Committee, who may propose modifications.
3. The committee secretary will be responsible for consolidating the proposed amendments for submission to a session of the Responsible Investment Committee for consideration.
4. The proposed changes will be discussed by the Responsible Investment Committee and they will be approved or discarded.
5. In case of approving modifications, they must be submitted to the investment committee for approval, the risk committee of informative nature and the Board of Directors for approval.