

Together we build a more sustainable world



Porvenir's Responsible Investment Policy

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1. Introduction

In line with Porvenir's mission to "contribute to the growth of our affiliates' savings, supporting them at all stages of their lives," we are constantly seeking to evolve and strengthen our processes in order to promote greater long-term investment sustainability.

In order to strengthen the investment process, Porvenir's Responsible Investment Policy is generated to incorporate Environmental, Social and Corporate Governance (ESG) factors into investment decisions, which will strengthen investment risk management and seek to align all actors in the investment process towards sustainability objectives, within the framework of "striving for the highest possible return within controlled risk criteria" established in Porvenir's Investment Policy¹

1. Porvenir's Investment Policy available at:
<https://www.porvenir.com.co/web/acerca-de-porvenir/politicas>



2. Guidelines for Responsible Investment

Porvenir bases the incorporation of responsible investment policies and practices on the following guidelines:

- In fulfilling its fiduciary duty, it should aim to improve the conditions for diversification and return-risk of all managed portfolios.
- The investment process is governed by a regulatory framework that applies to the managed portfolios.
- The integration of good environmental, social and governance practices can have a positive influence on the long-term performance of investments. It is important to note that the evaluation of ESG factors varies according to the type of asset, the investment sector, among other aspects.
- The investment process shall include, as applicable, the evaluation of indicators focused on ESG criteria and the promotion of environmental, social and corporate governance practices among issuers and funds in which Porvenir invests its resources.



3. Procedures for the Incorporation of Responsible Investment Elements

Porvenir will integrate ESG parameters within the investment evaluation processes, where it may include, among others, the following aspects:

- The assessment of ESG parameters will depend on the information available for the different asset classes.

We will seek to incorporate ESG parameters into internal ratings assigned to investments, which in turn will be used to approve and review investment quotas:

" **Fixed-income and equity issuers:** An assessment is made of the country code survey for the Governance criterion. Additionally, Environmental and Social criteria are evaluated within the analysis, which include the presentation of Sustainability Reports and membership in Sustainability Indexes.

" **External Sovereign Issuers:** Corruption and transparency measurement variables are included.

ETFs and Mutual Funds with underlying International Equities or Fixed Income: ESG criteria are evaluated as part of the due diligence questionnaires carried out on fund managers. Likewise, ESG criteria developed by external providers are incorporated into the rating of each fund/ETF.

" **Private Equity Funds and Real Estate Funds:** ESG criteria are evaluated as part of the due diligence questionnaires carried out on fund managers. The results of the responses provided by the manager are incorporated into the internal rating of each fund to define the investment quota.



- Encourage the creation of thematic investments in sustainability.
- In terms of active ownership with issuers or funds for ESG issues, the following activities are carried out:

"Establish communication channels with issuers and funds to request information and exchange best practices.

To exercise the political rights of the investments on behalf of the managed funds, within the framework of the legal requirements and in accordance with the provisions of the document "Policies Regarding Corporate Governance in relation to investment recipients and exercise of political rights"².

- Keep updated on new trends and improvements in relation to the incorporation of ESG criteria within the investment process.

4. Engagement Policy

4.1 Objective

In compliance with the fiduciary duty and in line with the procedures for the integration of ESG parameters in the investment process, a series of principles were established in relation to dialogue and relationship activities in environmental, social and governance (ESG) matters with the companies or funds in which Porvenir invests, either individually or through collaborative engagement initiatives.

Engaging in constructive dialogue with investee companies or funds influences their activities and behaviors and can help improve their transparency and ESG management.

2. Corporate Governance Policies Regarding Recipients of Investments and Exercise of Political Rights available at: <https://www.porvenir.com.co/web/acerca-de-porvenir/politicas>



4.2 Scope of Application

This policy is intended to apply to the following investment targets:

- Companies with listed stocks or bonds in which they have direct exposure.
- Funds managed by third parties. Fund managers are analyzed to understand their investment policies and practices in ESG aspects.

The implementation of the elements of this policy will be carried out gradually and elements of the prioritization activities will be used in accordance with the engagement process.

4.3 Engagement Process

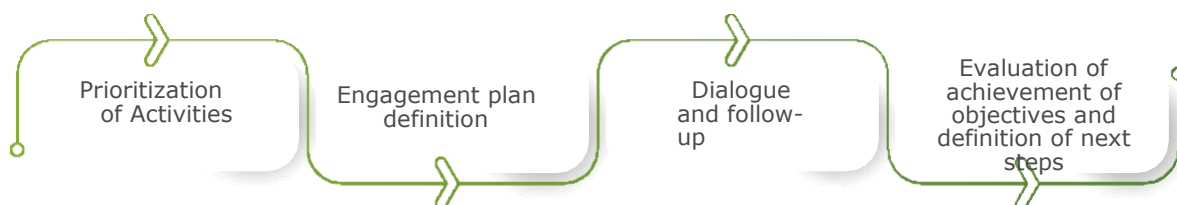
Engagement will be understood as the constructive dialogue between Porvenir and the companies/funds to understand how they manage ESG risks and how they take advantage of the business opportunities associated with sustainability challenges.

Porvenir uses mainly two approaches for these activities:

- Individual Engagement
Direct communication with companies/fund managers through various means.
- Collaborative engagement
Porvenir collaborates jointly with other investors through initiatives in different formats: open letters, targeted letters, working groups, bilateral dialogue initiatives between investors and companies, interaction with regulators.



Engagement Process Schematic



The phases of the engagement process involve the following activities:

- 1 **Prioritization:** A prioritization framework of activities may be established in order to select those companies or fund managers with the highest relevance and impact on ESG issues. Likewise, among the criteria to be taken into account for the prioritization of engagement activities are the following:

- Increased exposure of assets under management or composition of a particular portfolio.

- Sectors or markets exposed to ESG risks.
- Greater potential for ESG impact.
- Those where a controversy has been identified in ESG issues.

- 2 **Engagement plan definition:** Objectives and tasks are defined.

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- 3 **Dialogue and follow-up:** Dialogue and follow-up activities are carried out on defined tasks and the achievement of objectives.

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- 4 **Evaluation:** An evaluation of the fulfillment of objectives and definition of next steps is carried out.

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5 Roles and Responsibilities

- The integration of potential sustainable investments in the portfolios will be carried out by the Vice President of Investments.
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- The ESG risk assessment will be carried out by the Risk Vice-Presidency. This process will be monitored and controlled by Porvenir's Risk Support Committee and a report will be submitted to Porvenir's Risk Committee.
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- Porvenir's Board of Directors shall approve the Responsible Investment Policy.

6 Publication of Information

Porvenir will publish an annual Value Generation Report providing information on the management of the Responsible Investment Policy and activities carried out by the company on ESG issues.³

7 Approval

This Responsible Investment Policy was approved by the Board of Directors of Porvenir in ordinary session on November 22, 2023.

3. Porvenir's Value Generation Report available at:
<https://www.porvenir.com.co/web/acerca-de-porvenir/responsabilidad-social>



Annex - Glossary of Terms

Sustainability: In investments, denotes the ability to remain active and profitable in the long term. In order to achieve sustainability over time, we seek to reduce the risks of devaluation due to controversies or alignment with short-lived markets associated with environmental, social or corporate governance issues.

ESG Criteria: Acronyms for the initials of the Environmental, Social and Governance factors that are used to measure the sustainability and impact of investments. In English, the term ESG is understood as referring to Environmental, Social and Governance criteria.

Aspects that can be included in each of these factors include: Environmental Factor:

These are the parameters of a company's management of its impact on the environment. This has the potential to influence their performance by reducing regulatory risks, resource management cost overruns and reputational impact.

Social Factor:

These are those parameters of a company's management of its impact on its social environment, which includes stakeholders such as surrounding communities, its employees, and its current or potential customers. This has the potential to influence your performance through productivity gains, reduced turnover costs, innovation and litigation, niche market penetration and brand loyalty.

Corporate Governance Factor:

These are those aspects of a company's corporate governance. This has the potential to influence their performance by avoiding controversies or mismanagement of resources, among others.

