INTEGRATING SUSTAINABILITY RISKS INTO REMUNERATION POLICY

Legal Framework

Article 5 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 stipulates that market participants and financial advisers must include in their remuneration policies information on the consistency of those policies with the integration of sustainability risks and publish such information on their websites.

MedVida Partners' remuneration policy has been brought into line with Delegated Regulation (EU) 2021/1256 of August 2021, which makes the necessary amendments to the 2015 Solvency II Regulation to incorporate sustainability risk into all aspects of governance, risk management, decision-making and disclosure of information within insurance undertakings. In particular, the amendment to Article 275 of Delegated Regulation (EU) 2015/35 stipulates that the remuneration policy must include information on how it takes into account the integration of sustainability risks into the risk management system.

Furthermore, Delegated Regulation (EU) 2026/269 updates Delegated Regulation (EU) 2015/35 by strengthening public disclosure requirements regarding the governance framework. In particular, the amendment to Article 294 requires the Solvency and Financial Condition Report (SFCR) to include information on the remuneration policy and on how it is consistent with the integration of sustainability risks.

MedVida Partners' remuneration policy is consistent with its Sustainability Risk Integration Policy and with the procedures for developing that policy.

Furthermore, the remuneration system is consistent with the organisation's business and management strategy, its risk control and management procedures, its risk appetite, and its strategic and tactical objectives.

The remuneration system does not encourage excessive risk-taking and, under no circumstances, should it reward individuals for taking risks that exceed the established tolerance levels.

Definitions

Sustainability risk. Any environmental, social or governance (ESG) event or condition which, were it to occur, could have an actual or potential material adverse effect on the value of the investment.

Sustainable investments. Investments in economic activities that contribute substantially to an environmental or social objective, provided that the investments do not significantly undermine any of these objectives and the beneficiary companies adhere to good governance practices.

Sustainability factors. Any information relating to environmental and social issues, as well as matters concerning staff, respect for human rights and the fight against corruption and bribery.

Major Adverse Impacts (MAIs). These are the most significant negative impacts of investment decisions on sustainability factors.

Integration of sustainability risks into the remuneration policy

We hereby report that, in MedVida Partners' Remuneration Policy, in order to comply with the amendment to Article 275 of Regulation (EU) 2015/35, we have implemented the following measures in the social, corporate governance and environmental spheres, which contribute to the integration of sustainability risks into the company's risk management system, thereby mitigating their potential impact on it:

- ✓ Establishment of a competitive remuneration policy that guarantees a market-rate salary sufficient to meet employees' needs, incorporating various remuneration elements in its design, including both monetary (fixed and variable) and non-monetary (in kind) components, and even 'emotional' elements that satisfy needs beyond purely economic or financial ones and, in turn, help the company to attract and retain the best professionals and engage employees with the company's mission.

- ✓ A balance in the weighting of the monetary components – fixed and variable – of remuneration, ensuring these are proportionate and consistent with the company's situation and the remuneration practices of the markets in which we operate; where appropriate, limits or ratios may be set on the amounts to be received, for example, in respect of variable remuneration, so that this does not exceed a certain percentage of fixed remuneration, unless this is sufficiently justified by the employee's position, the nature of their role and/or the impact on results.

- ✓ Promoting sustainable mobility amongst employees with the aim of reducing greenhouse gas emissions associated with commuting:

    - Encouraging sustainable mobility measures amongst employees, such as providing bicycle parking facilities at the corporate headquarters, incentivising the use of public transport for journeys between employees' homes and the workplace, and locating the head office in an area with multiple public transport options, thereby helping to reduce CO_2 emissions into the atmosphere.
    - Facilitating, where appropriate and subject to the necessary authorisations, voluntary remote working.

- ✓ Implementing policies and measures that guarantee non-discrimination on the grounds of gender, age, culture, religion or race, in line with SDG 5 'Gender Equality' and SDG 10 'Reduced Inequalities'.

- ✓ Ensuring a balanced distribution of salaries across the company's various organisational levels, with the aim of adjusting the salary range or dispersion.

- ✓ Monitoring of internal equity, establishing permissible tolerance margins or dispersion between the remuneration of individuals occupying the same posts, to prevent significant pay differences between them or comparative grievances that lead to situations of inequity which are difficult to justify, unless such differences are supported by objective criteria that justify them.

- ✓ Analysis and measurement of the gender pay gap, in accordance with the new obligations introduced by Royal Decree-Law 6/2019 into Article 28 of the Workers' Statute, regarding the recording of remuneration broken down by gender and the adoption, where appropriate, of measures to correct pay gaps between men and women, as well as Law 11/2018 on non-financial information and diversity, which also imposes on companies the obligation to report on remuneration and the pay gap.

- ✓ To promote gender equality and the genuine and effective participation of women in the company's governing bodies.
- ✓ Avoid discriminatory measures and age-related bias.
- ✓ Increase pay transparency and the communication of remuneration policies.
- ✓ Promote work-life balance measures, including flexible working hours, enabling employees to optimise their commutes to work and, consequently, reduce the energy consumption associated with them.

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