

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 requires market participants and financial advisors to include in their remuneration policies information on the consistency of those policies with the integration of sustainability risks and to publish such information on their websites.

MedVida Partners' remuneration policy has been adapted to the Delegated Regulation (EU) 2021/1256 of August 2021 which makes the necessary amendments to the Solvency II Regulation of 2015 to incorporate sustainability risk in all aspects of governance, risk management, decision-making and disclosure in insurers. In particular the amendment to article 275 of RD (EU) 2015/35 provides that the remuneration policy shall include information on how it takes into account the integration of sustainability risks into the risk management system.

MedVida Partners' remuneration policy is consistent with its Sustainability Risk Integration Policy and the procedures for the development of this policy.

In addition, the remuneration system is aligned with the institution's business and management strategy, its risk management and control procedures, its risk appetite and its strategic and tactical objectives.

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

Definitions

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

Sustainable investments. Investments in economic activities that substantially contribute to an environmental objective or social objective; provided that the investments do not significantly harm either of these objectives and the beneficiary companies follow good governance practices.

Sustainability factors. Any information related to environmental and social issues, as well as personnel, respect for human rights and the fight against corruption and bribery.

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

Integration of sustainability risks into remuneration policy

We inform that in MedVida Partners' Remuneration policy, in order to comply with the modification of article 275 of RD (EU) 2015/35, we develop the following actions in the social, corporate governance and environmental areas, which contribute to the integration of sustainability risks in the company's risk management system, mitigating their possible impact on it:

- ✓ Establishment of a competitive remuneration policy that guarantees a market salary that is sufficient to cover the needs of employees, contemplating in its design different remuneration elements, both monetary (fixed and variable) and non-monetary (in kind), and even others of an "emotional" nature that satisfy other needs beyond the purely economic or monetary and serve, in turn, the company to attract and retain the best professionals and commit employees to the company's project.
- ✓ Balance in the weighting of the monetary components - fixed and variable - of the remuneration, being proportional and coherent with the company's situation and the remuneration practices of the markets where we operate, establishing, where appropriate, limitations or ratios to the amounts to be received, for example, in variable remuneration so that these do not exceed a certain percentage of the fixed remuneration, unless this is sufficiently justified by the employee's position, the nature of their function and/or the impact on the results.
- ✓ Promoting sustainable mobility for employees in order to reduce emissions of polluting gases associated with work-related travel:
 - Encouraging sustainable mobility measures among employees, such as making bicycle parking facilities available at the corporate headquarters, encouraging the use of public transport for employees' journeys between their place of residence and the workplace, and locating the corporate headquarters in an area with multiple public transport options, so that we contribute to reducing CO2 emissions into the atmosphere.
 - Facilitating, where appropriate and subject to the necessary authorisations, voluntary teleworking.
- ✓ Implementation of policies and measures that ensure non-discrimination on the basis of sex, age, culture, religion and race, in line with SDG 5 "Gender equality" and SDG 10 "Reducing inequalities".
- ✓ Balanced distribution of salaries among the different organisational levels of the company, in order to adjust the salary range or dispersion.
- ✓ Control of internal equity, establishing the admissible margins of tolerance or dispersion between the salaries of persons occupying the same posts, in order to avoid large salary differences between them or comparative grievances that lead to situations of inequity that are difficult to understand, unless they are supported by objective criteria that justify it.
- ✓ Analysis and measurement of the gender pay gap, in accordance with the new obligations incorporated, through RD-law 6/2019, to article 28 of the ET, regarding the recording of remuneration disaggregated by sex and the adoption, where appropriate, of measures to correct pay gaps between men and women, as well as Law 11/2018, regarding non-financial information and diversity, which also imposes on companies the obligation to report on remuneration and the pay gap.
- ✓ Promote gender equality and the real and effective participation of women in the company's management bodies.

- ✓ Avoid discriminatory measures and age-related prejudices.
- ✓ Increase pay transparency and communication of pay policies.
- ✓ Promoting work-life balance measures with flexible working hours that allow employees to optimise their commuting to work and, consequently, the energy resources associated with it.

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