Cartesio

ANNUAL REPORT ON
THE SHAREHOLDER ENGAGEMENT POLICY
FINANCIAL YEAR 2025

1.- INTRODUCTION

1.1 About Cartesio

CARTESIO INVERSIONES SGIIC, S.A. (hereinafter, "**CARTESIO**" or the "**COMPANY**") is an SGIIC (collective investment scheme management company) that exclusively manages collective investment schemes, either directly (as is the case of Cartesio X, FI and Cartesio Y, FI) or indirectly by delegation (as is the case of Cartesio Funds Income and Cartesio Funds Equity).

It is important to note that the COMPANY does not provide investment services. In particular, CARTESIO does not manage mandates for either institutional or retail investors.

Furthermore, CARTESIO is an independent management company owned and controlled by the individuals who make up its management team and by other employees holding positions of responsibility. Therefore, CARTESIO has no links with any financial group, nor with any listed company forming part of the potential investment universe of the collective investment schemes it manages.

1.2 About the Shareholder Engagement and Voting Rights Policy

Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017, amending Directive 2007/36/EC (hereinafter, "**SRD II**"), together with the legislation transposing SRD II into domestic law, pursues, among others, the following objectives:

- On the one hand, to encourage shareholder engagement in the governance of the companies in which they invest.
- On the other, to improve the transparency of investment strategies, engagement policies and the voting process, especially where proxy advisors are used.

Law 35/2003 of 4 November on Collective Investment Schemes (hereinafter, "**LIIC**") provides in paragraph 1 of article 47 ter as follows:

> *"Management companies shall develop and publicly disclose an engagement policy describing how they integrate their engagement as shareholders or as managers of shareholders into their investment policy. This Policy shall describe how they monitor the companies admitted to trading on a regulated market located or operating in an EU Member State in which they invest with regard to, among other matters, strategy, financial and non-financial performance and risks, capital structure, social and environmental impact and corporate governance."*

The Shareholder Engagement Policy includes the following:

- It refers to the monitoring of the strategy, performance, risks and other matters relating to the management and governance of the investee companies.

- It describes the mechanisms for conducting dialogue with investee companies, as well as the exercise of voting rights and other rights attached to shares.
- It describes the management of conflicts of interest.

CARTESIO's Shareholder Engagement and Voting Rights Policy is available and may be consulted on its website.

1.3 About the annual report on shareholder engagement and the exercise of voting rights

This Report describes how the Engagement Policy has been applied during the 2025 financial year and how the voting rights attached to the shares held by the collective investment schemes under management have been exercised or, where applicable, explains why such rights have not been exercised.

1.4 Scope

This report covers all the collective investment schemes managed by the COMPANY, both directly and through delegation agreements, namely CARTESIO X, CARTESIO Y, CARTESIO FUNDS INCOME and CARTESIO FUNDS EQUITY.

2.- INVESTMENT PROCESS

2.1 Approach

In our view, shareholder engagement begins at an earlier stage, with the decision of whether or not we wish to become shareholders of a given company.

To this end, CARTESIO's management and research team is complemented and supported by the research provided by third-party research service providers, always selected from firms with a recognised international track record and reputation. These providers integrate into their research processes not only criteria for assessing the financial performance of the companies analysed, but also non-financial criteria aimed at, among other things, analysing the social and environmental sustainability and the soundness of the corporate governance of such companies, in line with growing market practice and with the various initiatives and legislative work being carried out internationally in this area.

CARTESIO firmly believes that managing companies on the basis of criteria of social and environmental responsibility, transparency and sound corporate governance are factors which, beyond the social benefit they represent in themselves, also contribute to improving the financial returns of businesses in the long term, as they strengthen the image and positioning of companies and help to mitigate the risks inherent in business activity.

Depending always on the specific circumstances and particularities of each company analysed, CARTESIO integrates into its analysis, among others, the following criteria when analysing and selecting investment opportunities:

(i) Business strategy and capital structure

The strategic objectives and plans of companies and their medium-term viability and sustainability are assessed, as well as the suitability of companies' capital structure for achieving their strategic objectives and for adapting to the changing circumstances of the economic and competitive environment in which they operate.

The company's past track record is also analysed in depth, using an approach based on qualitative analysis to determine the quality of the companies.

(ii) Track record of the management team

The track record of the management team is analysed, assessing its experience and integrity, its achievements in previous roles, as well as the absence of convictions, sanctions, involvement in corporate or financial scandals or scandals with social impact, questionable accounting practices, fraud, etc.

(iii) Alignment of interests between the management team and shareholders

The shareholdings of management team members in the company and the remuneration and incentive plans are analysed, with a long-term orientation being viewed positively, as well as incentives being appropriate for aligning interests with shareholders.

(iv) Corporate governance

Particular attention is paid to the soundness of corporate governance, the structure and composition of the governing and internal control bodies, the degree of accounting transparency, past transparency in the decision-making process and/or in explaining decisions, the absence of practices contrary to shareholders' interests, efficiency in capital allocation, the absence or proper management of conflicts of interest, etc. The existence of the companies' engagement policy and the relevant aspects of its implementation are also verified.

(v) Business risks

The risks inherent in each business are analysed, as well as how they are managed, including, among others, social impact, environmental, regulatory, legal and execution risks.

In all cases, before making the investment, it is essential to visit the potential investee companies or to establish a relationship and direct contact with the management team when

the size and circumstances of the target company allow it or, in any event, with its investor relations department.

2.2 Application during the 2025 financial year

During the year, this approach has remained unchanged and has been faithfully followed in all investment decisions.

We have become shareholders of E.On, Carlsberg, Barratt Redrow, UPM, Uniqa, Fraport, BMW, Eiffage and Ipsos, all of which are companies that, in our opinion, sufficiently meet the requirements set out in the previous section.

At the same time, other companies that could form part of the portfolios of the collective investment schemes under management have been analysed, but no investment was made, either for financial or timing reasons or because, in our judgement, they did not meet all or some of the requirements listed above.

During the year we sold the funds' positions in shares of Logista, Coca-Cola European Partners, Ayvens, Fraport, Deutsche Post, Verallia, E.On and Microsoft. In all cases except Logista, the exit was mainly due to financial, market or opportunity reasons and not to significant disagreements with the conduct of the management teams or with ESG-related matters.

With regard to Logista, the main factor behind the sale was what we considered to be an inefficient allocation of capital or of the cash generated by the company's operating business, and the lack of alignment between the interests of the main shareholder and management and those of minority shareholders. This view was repeatedly shared with the management team without our perceiving, over time, any possible future convergence between our view and theirs. In addition, certain M&A transactions which, in our judgement, are unlikely to create value for shareholders have worsened the view we already held in this respect. Given our investment philosophy and approach, with a strong emphasis on the "G" factor, we believe that our differences regarding Logista's corporate governance —which, on the other hand, are not uncommon in companies of this kind— could not be resolved in the short or medium term, and we therefore chose to exit the position.

To a lesser extent, we also disagreed with Verallia's capital allocation which, together with financial and opportunity reasons, led to our exit from the company.

3.- MONITORING AND ENGAGEMENT

3.1 Approach

Once the investment has been made, the degree of fulfilment or satisfactory development of the main factors taken into account when selecting the investment is continuously monitored, as well as the emergence of new risks or circumstances that could affect those factors.

In particular, ongoing dialogue is maintained with the management team, prioritising contact, whenever possible, with the CEO, CFO or executive directors, as well as with the investor relations department. In addition, as a general rule, members of CARTESIO's management team regularly attend "*investor days*" or meetings and conferences organised by investee companies.

The issues that may give rise to engagement with a company are the following: (i) business strategy, (ii) corporate governance, (iii) changes in capital structure, (iv) remuneration and identified environmental and social risks, and (v) ESG factors. These issues will give rise to communication between CARTESIO's management team and the management teams of investee companies, either through periodic updates or through ad hoc enquiries about the business model or specific matters relating to the above points.

Where these engagement activities do not progress in the direction that the management team considers, at any given time, to be most beneficial for the interests of the unitholders of the collective investment schemes under management, or where the status of shareholder alone is insufficient to reach an appropriate solution, other options would be considered, such as:

- Voting at general meetings against resolutions proposed by the directors of investee companies.
- Collaborating with other institutional investors to influence the decisions of the management teams of investee companies.
- Reducing or selling the entire position in the investee company.

3.2 Application

CARTESIO's management team continuously carries out financial and non-financial monitoring, as well as monitoring of risks, capital structure, social and environmental impact and corporate governance of the companies in which CARTESIO invests. On the financial side, and within the investment process of the managed collective investment schemes, the performance and returns of each security are monitored by the Management Company's portfolio management area using Bloomberg terminals, as well as the financial information published by the companies themselves or provided by *investor relations*. In addition, external financial research service providers supply fundamental and technical information on the performance of the investee companies.

Throughout 2025, meetings and conferences were held with the management teams of all portfolio companies, with the exception of only some of the larger-capitalisation foreign companies, which are difficult or impossible to access given the small size of our position relative to their market capitalisation.

Apart from the exercise of voting rights referred to in the following section, most meetings and monitoring actions with management teams have had a satisfactory outcome as regards the company's financial management and the application of sustainability and good corporate

governance measures, which has maintained or strengthened our confidence in the various management teams.

In particular, during the year we continued our collaboration with Strabag, contributing our view as investors to studies on investor relations and capital allocation, shareholder remuneration policy, asset valuation, market disclosure and corporate structure.

We would also highlight the very fluid dialogue we continue to maintain with the management team of Merlin Properties on matters relating to its corporate governance and the strategic direction of its business.

Finally, we have been active in the dialogue with Petrofac's creditors and with the company itself in the context of its debt restructuring process.

4.- EXERCISE OF VOTING RIGHTS

4.1 Approach

CARTESIO considers the exercise of voting rights to be a relevant aspect of shareholder engagement with investee companies, particularly in view of the size of the holding in the company concerned.

However, delegating votes or voting in line with the proposals of investee companies' management teams should in no case be confused with passivity or a lack of shareholder engagement. On the contrary, delegating votes or voting in favour of management proposals reflects the degree of agreement with the management carried out and the recognition of a substantial long-term alignment of interests between the management team and the company's shareholders.

As a general rule, when ongoing monitoring and engagement activities lead to conclusions that are satisfactory for the interests of the managed collective investment schemes as shareholders, CARTESIO votes in favour of the management team's proposals or delegates its vote to the Board.

Conversely, where it considers that there are serious matters requiring improvement for the long-term sustainability of investee companies, or that undermine shareholders' interests, CARTESIO votes against the resolutions proposed by management teams or aligns its vote with that of other shareholders, provided that the collective investment schemes managed by CARTESIO are still shareholders on the date of the general meeting.

Another aspect to consider is that exercising voting rights is not always the only or the best way to protect the interests of the funds under management and their unitholders. Frequently (i) votes can only be cast once a year at the Annual General Meeting; (ii) the influence exercised through voting may be insufficient to achieve the intended improvement objectives (contentious matters are not always put to a vote themselves; the percentage of voting rights

may be irrelevant if there are controlling shareholders or other shareholders who are not engaged or who hold a different view on the contentious matters); and (iii) even where there is conviction that the proposed improvement objectives can be achieved, considerable time may elapse during which the company's fundamentals continue to deteriorate or, at the very least, opportunity costs arise from not investing in other companies that do not present the problems/risks that are sought to be resolved. In such cases, exiting the company concerned may be the better alternative to fulfil our fiduciary duty to preserve the interests of the funds under management and their unitholders.

In accordance with the policy on the exercise of voting rights adopted by the Company, it is obliged to exercise the voting rights attached to the securities in the portfolios of the funds it manages only when the issuer is a Spanish company and the aggregate holding of the managed funds (i) is intended to be stable, which shall in any case be deemed to be the case where the holding has been maintained for a minimum period of more than one year, and (ii) exceeds 1% of the issuer's share capital.

4.2 Application

In accordance with the voting rights policy set out above, during 2025 attendance has been delegated only for the General Meetings of Spanish issuers, even though the 1% shareholding threshold was not reached in them.

Accordingly, we were represented at the General Meetings of Merlin Properties, Logista, Banco Santander, Caixabank, Acerinox and Repsol. In all cases we voted in favour of all the management team's proposals except, once again, the executive remuneration systems proposed by Logista and Banco Santander, of which we had been particularly critical, and, for the first time, we also voted against the remuneration proposed for Acerinox's directors.

It was not necessary to attend the General Meetings of foreign issuers, since no situation of disagreement with the management team arose, nor any situation that could be corrected by our vote, considering the real possibilities of influencing the majority vote of the Meeting given the percentage of our holding in those companies and the existence of controlling shareholders in them.

5.- PROXY ADVISORS

As a general rule, CARTESIO forms its own opinion as to the most appropriate way to vote in the interests of the unitholders of the collective investment schemes it manages; accordingly, during the year, in line with the practice of previous years, it did not engage "proxy advisors".

6.- SECURITIES LENDING

In accordance with CARTESIO's investment philosophy and principles, securities held in the portfolios of the collective investment schemes under management are not lent.

7.- MANAGEMENT OF CONFLICTS OF INTEREST

CARTESIO's own structure and incentive scheme result in the absence, or virtually complete absence, of conflicts of interest in the selection and management of investee companies for the portfolios of the managed collective investment schemes.

On the one hand, CARTESIO is an independent management company that is not part of any financial group or any other group of companies and whose sole activity is the management of collective investment schemes. On the other hand, the members of its management team invest all of their financial assets in the collective investment schemes managed by CARTESIO, in accordance with CARTESIO's Internal Code of Conduct. Finally, CARTESIO has control mechanisms and procedures in place to detect and prevent employee activities that could give rise to conflicts of interest.

All of the above results in a complete alignment of interests between CARTESIO's management team and the unitholders of the collective investment schemes under management, which makes it impossible, or at least highly unlikely, for conflicts to arise in the selection and monitoring of investee companies. Nevertheless, should any type of conflict arise, the employee concerned must disclose it and the conflict must always be resolved in favour of the interests of the collective investment schemes managed by CARTESIO.

No conflict of interest situation was identified during the 2025 financial year.

8.- TRANSPARENCY

This report is published on the COMPANY's website www.cartesio.com and may be obtained free of charge in paper format at CARTESIO's offices located in Madrid, Glorieta de Rubén Darío, 3, 5º izda.