



MONEDA[®]
ASSET MANAGEMENT



ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY.

ESG Policy 2023

Index

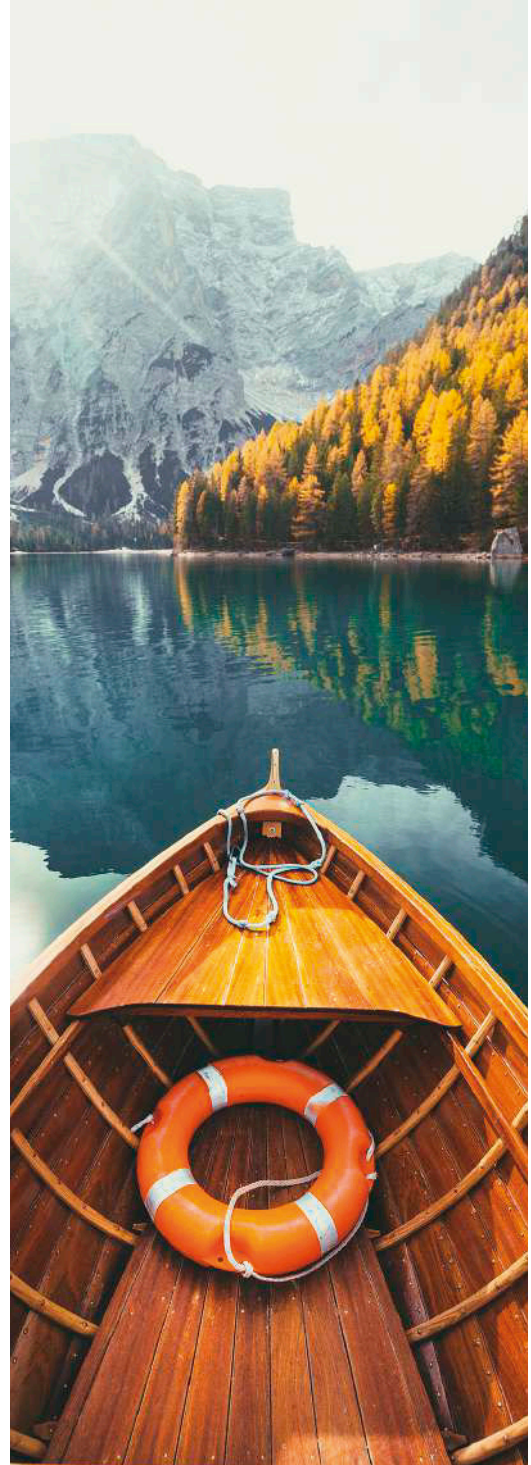
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Our investment philosophy

We are a Latin American specialist Asset Manager, investing in the region since 1994. We are management-owned, and asset management is our sole business.

We invest in companies across their capital structure, searching for investment ideas throughout the region with a country and industry agnostic approach. Our mission is to create value for our clients through higher-than-market returns over the long term. To accomplish it, we base our investment decisions on fundamental bottom-up company analysis with a long-term approach.

Thus, long-term, fundamental analysis has always been imbedded in Moneda Asset Management's ("Moneda", hereafter) investment research process, and we are continuously making improvements and adding new tools to the way we conduct it. Investment analysis is an everyday learning experience, particularly in a constantly changing world.

Since the inception of our first fund, Pionero, in 1994, we have considered governance factors in our investment decisions, especially considering a Latin American region where companies controlled by a single shareholder or family abound and where cases of corruption and unethical behavior have become more and more commonplace. Later on, we recognized the relevance that social and environmental factors had in detecting new risks and opportunities. We also understood the importance of identifying and addressing these risks and opportunities as a fundamental aspect of our fiduciary duty and therefore formalized the inclusion of environmental, social, and governance factors in our investment analyses through our first ESG Policy in 2016.



Environmental

- ◆ Environmental management
- ◆ Environmental emissions - Carbon Pricing
- ◆ Climate change - Energy transition
- ◆ Environmental supply chain management



Social

- ◆ Health & safety management
- ◆ Diversity and discrimination
- ◆ Labor, community and customer relations
- ◆ Social supply chain management



Corporate Governance

- ◆ Board functioning
- ◆ Business ethics
- ◆ Minority shareholders' rights
- ◆ Management of ESG risks

In 2018, to strengthen the implementation of this Policy and our ESG process, we created our ESG Team, with analysts dedicated full-time to the research and analysis of these topics. In that same year, we became the first Chilean asset manager to sign the U.N.-backed Principles for Responsible Investment (PRI). Later, in 2020, we updated that initial policy to reflect the path we have taken since 2018 and the developments we have achieved since then. Understanding that investment analysis is an everyday learning experience and that we are continually expanding our ESG capabilities, this document represents an update to that initial policy and the one of 2020.

Scope and responsibilities

The integration of ESG factors within our investment decisions is done across all of our internally managed funds and asset classes. We do not focus our efforts on one specific ESG fund or asset class. Instead, we aspire to achieve full ESG integration into all our investments. Therefore, our ESG Policy covers all our equity and fixed income holdings which, given our investment philosophy, are all either located in Latin America or with major operations in the region.

The Policy has also been approved by our Board of Directors and any changes or updates to it shall be reviewed by the Board.



Esg policy implementation



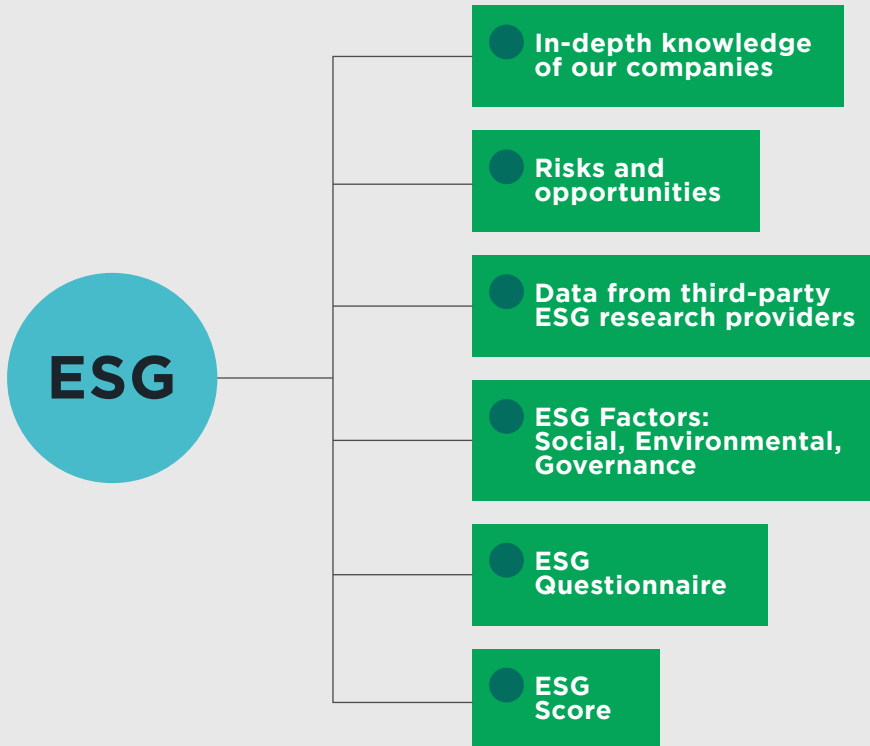
As long-term and forward-looking owners, our issuer analysis involves in-depth knowledge of companies, their economics, industry dynamics, ownership structure and management, as well as an understanding of the competitive environment in which firms conduct their business.

Given our long-term approach and recognizing the ever-evolving world we currently live in, we take into consideration a broad base of risks and opportunities in our investment analysis, including those related to ESG issues. We incorporate ESG factors in our investment analysis as we believe that an issuer's social impact, environmental practices, and governance are key to protect, and potentially enhance, its profitability over the long run. Moreover, we consider that ignoring these factors implies overlooking risks and opportunities that may significantly affect long-term growth and cash flow predictability.

To incorporate ESG factors in our investment analyses, we have developed internal, industry-specific ESG Questionnaires that consider international reporting standards such as the Sustainability Accounting Standards Board (SASB) or the Global Reporting Initiative (GRI) and is aligned with several international frameworks such as the International Labor Organization (ILO), PRI, the U.N. Global Compact (UNGC), CDP (formerly Carbon Disclosure Project), and the Task Force for Climate-related Financial Disclosures (TCFD), among others.

The Questionnaires are built upon our internal industry-specific ESG matrix, which defines the weights of every issue according to the materiality they have for each industry. For example, the evaluation of an issuer's management of carbon emissions will have a higher weight if the issuer belongs to the oil & gas industry rather than if it is part of the banking industry, where the carbon emissions management issue will not even appear in the Questionnaire. With this, our internal ESG assessment takes into consideration the exposure to, and performance against, specific sustainability issues for each issuer, depending on its industry sector.

Each questionnaire, in addition to data provided by our third-party ESG research providers, is used to evaluate and rate issuers on their performance.



The final product of the questionnaire is an ESG score, which is based upon the answers to this questionnaire and the specific weight of each issue. An issuer's final score is, then, the result of the average between the ESG questionnaire score and the score given to the issuer by our third-party ESG research provider when both scores are available. In the absence of either score, the available score is used.

In addition to this, the results of the analysis are then summarized into a company ESG Report which, depending on the company, will be presented to Portfolio Managers during investment cases alongside the financial analysis of that given issuer, so that Portfolio Managers can be fully informed before taking further investment decisions on the matters discussed.

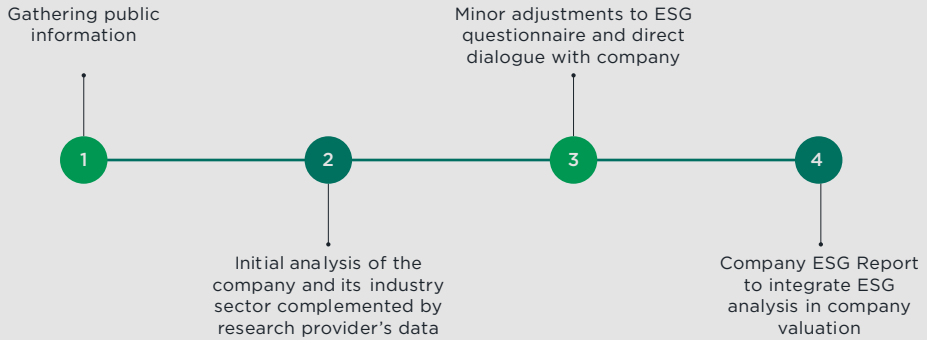
The content of this report has matured parallel to our ESG Team, and it now includes, among other factors:



-  ESG Profile
-  Company's Board of Directors and Key Management Composition and Character
-  (Red flags, Rating & Main Risks)
-  ESG Performance per pillar
-  Quantitative and Qualitative Key ESG Issues and Company performance
-  Peers Comparison
-  ESG Indicators



To elaborate the previously described ESG Report, the ESG Team has a standard process which can be described in the following chart:



- This ESG analysis, as mentioned, is done at an issuer level regardless of whether we hold or are studying to buy an equity or debt instrument from the issuer. However, in some cases there are aspects that are specifically considered for fixed income and debt instruments such as medium and long-term ESG risk factors that could materialize before the instrument's maturity. All aspects which could affect the issuer's ability to repay its debt or directly impact its cash flow availability.

At the portfolio level, our ESG Team quarterly updates the ESG ratings and key performance indicators of each one of our funds, considering the ESG performance of each of the issuers of the fund and their average weight.

To accomplish the above mentioned, the ESG Team has created an ESG ratings and indicators database which is built with two main sources; on the one side ratings and indicators provided by Moneda's external ESG data providers and on the other, the internal ESG scores assigned to each issuer through the deep dive analysis done by the ESG Team and presented in investment committees.

The ESG ratings and key performance indicators database is used by the ESG Team to update the Funds ESG Report, a quarterly basis report which informs, in a performance attribution format, each fund's potential ESG opportunities and risks compared against its benchmark, mainly through ESG ratings and KPI's. This information is useful for Portfolio Managers as they can have a broader perspective of their funds in addition to the analysis done at the issuer level.

Exclusions

All our funds are subject to a firm-wide exclusions list, which refrains them from investing in securities issued by companies that are involved in the production of controversial weapons (e.g., cluster bombs, landmines, or biological and chemical weapons) or production of nuclear weapons (e.g., nuclear fissile materials, nuclear warheads and missiles, or nuclear intended use-component parts).

Stewardship: engagement & proxy voting

As a result of the combination of our long-term investment philosophy and our more than 25 years investing in the region with a focused investment universe of around 500 issuers, we have been able to build a strong rapport with the upper management and the governance bodies of the issuers that we are invested in. Capitalizing on this relationship and the communication channels it sustains, we develop engagement strategies that aim to influence and generate positive changes of an issuer's corporate behavior and sustainability practices that could potentially be value-creating in the long-term as well as maximize the risk-return profile of that specific issuer. We see engagement as an integral aspect of our stewardship commitment and our fiduciary duty to protect and enhance our portfolios' long-term value and that of our clients.

In this sense, instead of immediately divesting when a critical situation arises with an issuer, our philosophy is to accompany them in the process of improving their ESG performance, through direct engagement for specific issues, ongoing communication with company management, and exercising our rights as shareholders and bondholders, which will lead to better and more sustainable returns in the future.



Engagement

Our process to identify and select the issuers with which to engage is based on two prioritization strategies. The first one is done at an issuer level, recognizing the material ESG issues that could affect the long-term growth and profitability of a specific company. For, example alignment of interests between management remuneration and the company's strategy or a specific incident affecting the issuer that could have material implications, such as a significant accident in one of its production plants or a corruption probe. In general, these issues are identified during the research done for investment cases or raised when analyzing items to be voted at Annual and Extraordinary General Meetings. These engagements are usually done through direct communication with company management and sustainability staff.

The second prioritization strategy is done at a macro level, recognizing ESG trends and/or large-scale issues affecting the Latin American region and the industries and issuers that could become disrupted by them. This is where issues such as climate change adaptation and mitigation strategies, deforestation, or water stress fall into. For these engagements, in addition to using direct communication with companies we also take advantage of collaborative engagement processes that develop through our membership in global initiatives such as the PRI, CDP or TCFD. We see collaborative engagement not only to be resource-efficient in our efforts, but also as an opportunity of propelling relevant ESG issues with other investors through collective action.

With the information collected through these strategies, our ESG Team is able to determine the list of issuers they plan to engage with and prioritize them depending on a myriad of factors such as their overall weight in our portfolios, the relevance and materiality of the specific topic or ESG trend, the company's ESG rating, public disclosure of ESG and sustainability information, among others.

1

First prioritization strategy:

- ◆ Issuer level
- ◆ ESG issues with risk to long-term growth and profitability
- ◆ ESG risks in the short term
- ◆ Communication with company management + Sustainability Team
- ◆ Collaborative engagement process

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Second prioritization strategy:

- ◆ Macro level
- ◆ ESG trends
- ◆ ESG issues with risk to LatAm
- ◆ Communication with company management + Sustainability Team
- ◆ Collaborative engagement process

When our initial engagement process with an issuer is deemed unsuccessful, and depending on the importance of the issue and the relevance of the company within our portfolios, we might employ escalation strategies to advance the objective of the engagement on a case-by-case basis, such as:



Additional meetings with management or members of the Board of Directors.



Writing a formal letter outlining our concerns and objectives, usually after these additional meetings.



Using collaborative approaches to enhance our positions.



Any conflicts of interest arising from engagement activities and collaborative actions are handled and resolved through our Manual for Treatment and Resolution of Conflicts of Interest.

Our engagement activities are communicated publicly through our Annual Responsible Investment Report, internally during Investment Committees (when its material for the investment case), and through our quarterly Funds' ESG Report which is sent to, and discussed with, Portfolio Managers

Proxy Voting

In addition to direct engagements, we also see our voting activities as part of our stewardship commitment. In this sense, our annual goal is to vote in 100% of the general and extraordinary meetings pertaining to our equity holdings. Our ESG Team assists on giving recommendations to Portfolio Managers for any item pertaining to ESG, aiming to ensure that the companies are correctly managing these factors and including these issues in their long-term strategy.

Usually when the ESG Team recommends voting against some points of the Annual or Extraordinary Shareholders Meeting proposal, these are related to:



Substantial management remuneration increases.



Inadequate directors.



Lack of disclosure.

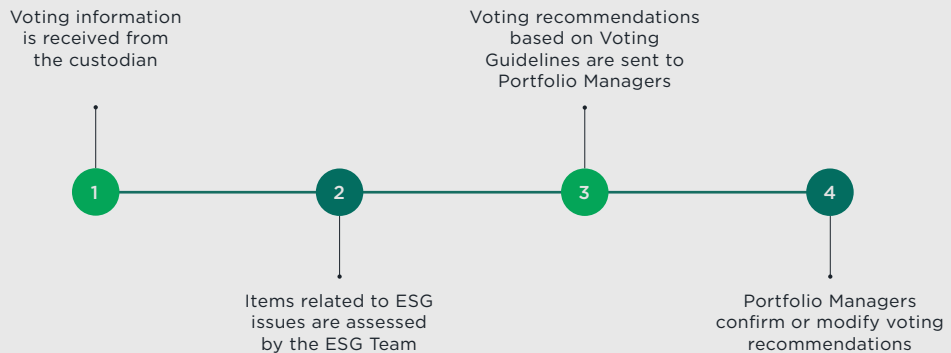


Overall business strategy and decisions.

To assist our ESG Team and facilitate their recommendations, we have developed specific voting guidelines for issues that are commonly included as voting items in these meetings such as Board independence, composition and election, Board and management remuneration schemes, dividend payout, share buyback programs, changes in Bylaws, and shareholder proposals. These guidelines serve as advice as to how to vote for these items depending on specific circumstances, but voting recommendations are usually analyzed on a case-by-case basis and the ultimate voting decision will always be given by the Portfolio Manager.



Our primary method of voting is through our custodians, except for Chilean meetings where we vote in person. In this sense, to reach our goal of voting in 100% of meetings, we depend on our custodians to deliver the voting instructions in a timely manner and with adequate information.



We publicly disclose the aggregate data of our voting decisions for the year on our Annual Responsible Investment Report and in special circumstances we communicate our decisions to companies prior to meetings in order to promote better practices or initiate an engagement process stemming from the items to be voted.

Reporting and Review

The monitoring and reporting of progress of our ESG Policy will be done annually, both through the PRI's Reporting and Assessment framework as well as through our Annual Responsible Investment Report available to our clients and stakeholders.

The following Policy shall be reviewed at least once a year or whenever the Board of Directors deems it appropriate. Reviews should reflect, among others: substantial changes to our ESG methodology, analysis, and targets; updates to the responsible investment ecosystem, including adjustments to the PRI's minimum requirements for signatories; or any modifications to our investment philosophy.



Table 1

ESG Profile added to the Business, Valuation, and Security Profile presented at the Investment Committees

		GREAT	OK	BAD
BUSINESS	ROI vs WACC ROE vs KE	ROI >> WACC ROE >> Ke	ROI = WACC ROE = Ke	ROI << WACC ROE << Ke
	Competitive advantages	Identifiable & Sustainable	Identifiable but fading	Not detected
	Business model	Pricing power	Market pricing	Price taker
	Growth prospects	Value additive	Neutral	Value destroyer
	Capital structure	Efficient	Average	Inefficient
	Cashflow volatility	Low	Medium	High
	Refinancing / Liquidity	Low	Medium Risk	High Risk
VALUATION	Events	Low dependency	Dependent	High dependency
	Relative Valuation	Wide vs peers	In line with peers	Tight vs peers
	Assets disposal	Good Value	Ok Value	Large impairment
SECURITY	Seniority	Senior / Secured	Senior Unsecured	Junior / Subordinate
	Covenants	Strict	Appropriate	Lenient
	Collateral	Over collateralized	Collateralized	No collateral
ESG	Environment	Good practices	Standard Practices	Weak Practices
	Social	Good practices	Standard Practices	Weak Practices
	Governance	Good practices	Standard Practices	Weak Practices



Signatory of:

