

	INVESTMENT POLICY		Code: POLFINO2EN Version: 2.0
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INVESTMENT POLICY

CHANGE LOG		
Version no.	Description of changes	Date of approval
2.0	Adaptation to the CNMV Code of Conduct approved on 20/02/2019	09/12/2020
1.0	Initial version	21/02/2017

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1. INTRODUCTION

Educo is a non-profit organisation constituted under the legal regime of a private foundation. As part of its commitment to the responsible management of its resources, Educo defined its financial investment policy in 2017 in coherence with the principles and values of the organisation.

Since the approval of the Educo investment policy there have been regulatory changes, including the agreement dated February 20 2019, by the Board of the Spanish National Securities Market Commission (CNMV in Spanish), in which the *“Code of conduct regarding the undertaking of temporary financial investments in the securities market by not-for-profit organisations”* (BOE-A-2019-3174) was approved. This agreement considers good practice that the governing bodies of non-profit organisations define an investment policy adapted to its founding objectives and specifies the aims and risks of its investments, indicating asset type, risk concentration, investment maturity, geographical diversification and any other variable (environmental, social, etc.) considered relevant.

This is why it has been considered reasonable to update Educo’s investment policy in order to align it with the provisions of the above-mentioned CNMV Code of Conduct.

1.1. AIM

Preserve the purchasing power of available resources and generate current income to finance the ordinary activity of the organisation in accordance with the organisation’s values and strict compliance with the applicable regulation.

1.2. SCOPE

Establish the principles for action, selection criteria and management rules on which to base the analysis, decisions and management of financial investment using resources belonging to Educo.

1.3. COVERAGE

This policy is applicable to financial investments, the following in particular:

- a) **Temporary financial investments:** any investments in financial instruments considered to be temporary financial investments, with the following exceptions:
 - i. The investments subject to restrictions on free disposal by virtue of the founding charter of the organisation, the statutes of the organisation or the applicable legislation.
 - ii. The part of the organisation's assets that comes from contributions made by the founder, by donors or by members, subject to non-disposal requirements or with the intention of permanence.

- b) **Long-term financial investments:** these investments can be in assets with higher volatility, appropriately diversified across different products and different issuers, in order to reduce risk. It is understood that this diversification exists when no asset type represents more than 50% of the long-term financial investments.

"Financial instruments" are those listed in Article 2 of the Securities Market Law (Ley del Mercado de Valores in Spanish).

1.4. MEANS AND ORGANISATION

Educo has human and material means and systems for managing investments in adequate financial instruments and proportionate to the volume and nature of the investments it makes or intends to make.

In particular, the people in the organisation who decide about the investments have technical knowledge and sufficient experience and seek appropriate professional advice.

When the decision is taken to seek external advice, care shall be taken to ensure that such advice offers sufficient guarantees of professional competence and independence, and that it is not affected by conflicts of interest.

Educo will be able to create an Investment Committee made up of three members, who will meet regularly to ensure the fulfilment of this policy.

1.5. PRINCIPLES

The main principle that must guide Educo's financial investments is caution. In practice, in order to select investment alternatives, an assessment will be made and an appropriate balance will be sought according to the following selection criteria:

a) Principle of coherence

The investment strategy must be coherent with the profile and duration of liabilities and cash flow forecasts.

b) Principle of liquidity

Understood as the ability to transform investments into cash at any time, without incurring significant costs or experiencing a loss of capital. To reduce liquidity risk, priority will be given to investment in products traded on official secondary markets.

c) Principle of diversification

Educo will diversify the risks associated with its investments by selecting a portfolio composed of a plurality of uncorrelated assets from different issuers and with different risk characteristics. Geographical and sectoral diversification will also be prioritised.

d) Principle of preservation of capital

The overall objective of the investments is to obtain a reasonable return by prioritising the preservation of capital in real terms.

1.6. EXCEPTIONS

This policy is not subject to any exceptions to its enforcement.

1.7. DEFINITIONS

No definitions requiring clarification have been found.

1.8. RELATED DOCUMENTS

- Educo Ethical Code
- Educo Code of Good Governance and Good Management Practices
- CNMV Code of Conduct approved on February 20 2019 (BOE-A-2019-3174)

2. EDUCO ETHICAL COMMITMENT AND VALUES

Educo has an ethical commitment and values which guide the management of its financial investments. In this respect, Educo is committed to:

- Not making investments that are contrary to its Mission, Vision, Values and Principles.
- Prioritising investment in financial products certified as socially responsible.
- Not making financial investments in companies or organisations which:
 - have been proven to have committed illegal activities;
 - have violated human rights, in particular children's rights,
 - discriminate on the grounds of race, nationality, social origin, age, sex, marital status, sexual orientation, ideology, political opinions, religion or any other personal, physical or social condition of its workers.
 - unlawfully appropriates the natural resources of a region or engages in practices of overexploitation of natural resources and, in general, acts or practices that contravene environmental rules and regulations,
 - engage in or encourage the use or consumption of health-endangering products, gambling, pornography and arms;
 - are suspected of non-compliance with international legislation for the prevention of money laundering and terrorist financing.
- Not making financial investments that respond to a purely speculative use of resources. In particular:
 - the sale of securities borrowed for this purpose ("short sales"),
 - intraday operations,
 - transactions on futures and options markets, except for hedging purposes, or any other transactions of a similar nature.
- Not making financial investments deposited or intermediated through financial institutions or intermediaries registered in territories or countries classified as tax havens under Spanish law.

3. AMOUNT, TERM AND CURRENCY OF THE INVESTMENTS

The proposal and decision on the amount to be invested, the type and category of assets and the term of the investments will take into account the estimated free cash flows generated by the activity and the analysis of the existing investment portfolio.

The investments made or planned must not compromise the necessary liquidity needed to meet current commitments. In any event, Educo established the policy of keeping, in cash or other equivalent liquid assets or financial investments with short-term maturity, a minimum amount equivalent to 3 months of activity, including any planned expenditure linked to its development projects.

Financial investments shall preferably be made in euro-denominated assets in order to eliminate exchange rate risk.

In the case of investments in assets denominated in other currencies, these must correspond to assets denominated in currencies officially listed with the European Central Bank (ECB), which will require hedging, if deemed necessary, to eliminate the exchange rate risk.

4. MANAGEMENT OF INVESTMENTS

4.1. INVESTMENT PROPOSALS

The Educo Finance management team is responsible for proposing and managing the organisation's investments. For the selection and qualification of investments, professional advice may be sought from third parties offering sufficient guarantees of professional competence and independence.

4.2. APPROVAL AND FORMALISATION OF INVESTMENT OPERATIONS

Educo's General Management is responsible for approving investment operations (be they purchases, subscriptions, sales, repayments or divestments) that comply with the requirements and limitations set out in this policy.

The contracting and management of financial investments will be carried out through financial institutions or intermediaries of proven solvency and security, and mainly with the financial institutions with which Educo usually works.

All financial investments will be formalised in writing at the time of contracting.

4.3. MONITORING OF INVESTMENTS

Throughout the duration of the investment, sufficient information must be available to have an adequate and up-to-date understanding of the parameters associated with the risks of the investment.

On a monthly basis, the Educo Finance management team will write a report for General Management which includes:

- The position of all financial investment assets, including an overall valuation of each transaction and specifying, where applicable, transactions that have deviated from this Investment Policy.
- A reference to market conditions and interest rates.
- Any buying/selling operations which have been carried out during that period.

Similarly, the Board must present an annual report about the level of compliance to the principles and recommendations contained in the CNMV Code of Conduct, which it will submit to the Protectorate and make available to its stakeholders on the corporate website. This report should specify which transactions, if any, have departed from the recommendations contained in the CNMV's Code of Conduct and explain the reasons why they have not been followed.