

# Statement of Principal Adverse Impacts of Investment Decisions on Sustainability Factors

7CUNS533WID6K7DGF187

## 1. Summary

CaixaBank, S A (hereinafter, "CaixaBank" or the "Entity") assesses the principal adverse impacts of its investment decisions on sustainability factors. This is the consolidated statement on the principal adverse impacts on CaixaBank's sustainability factors.

This statement of the principal adverse impacts on sustainability factors covers the reporting period from 1 January 2022 to 31 December 2022. The guidelines and format set out in Annex 1 of Delegated Regulation (EU) 2022/1288 (the Regulatory Technical Standards, hereinafter "RTS")<sup>1</sup> have been followed as far as possible.

CaixaBank is committed to sustainable development and is aware of the vital role of financial institutions in directing financial resources to activities that are beneficial to society as a whole. It upholds its commitment to evolving towards a sustainable economy.

Fulfilling the requirements of Regulation (EU) 2019/2088<sup>2</sup> on sustainability-related disclosures in the financial services sector (hereinafter, "SFDR") was approved with the aim of promoting the transparency on the way in which the participants in the financial markets integrate sustainability risks into their investment decisions and processes.



<sup>1</sup> The Regulation can be consulted at the following link [EUR-Lex - 32022R1288 - EN - EUR-Lex \(europa.eu\)](#)

<sup>2</sup> You can find the Regulation at the following link [EUR-Lex - 32019R2088 - EN - EUR-Lex \(europa.eu\)](#)

CaixaBank considers the Principal Adverse Impacts in Sustainability (hereinafter, PAI) in the discretionary portfolio management delegated to CaixaBank Asset Management S.G.I.I.C., S.A.U. (hereinafter, "CaixaBank AM"). Both CaixaBank and CaixaBank AM consider Environmental, Social and Governance (hereinafter, "ESG") criteria when selecting the third-party products included in advice proposals or managed assets, respectively. In this regard, a due diligence process is conducted to identify, prevent, mitigate and explain how these impacts are addressed.

The CaixaBank Group (hereinafter, the "Group" or "CaixaBank Group") has a framework of sustainability policies to ensure that its activity contributes to sustainable development. These notably include the Discretionary Portfolio Management Engagement Policy (hereinafter the "Engagement Policy") and the Operating Principles of the Corporate Policy for Managing Sustainability/ESG Risks, which enable us to systematically analyse and monitor the Principal Adverse Impacts and, where necessary, to take the appropriate mitigation measures. These measures may take the form of not investing, divesting, reducing exposure

or placing certain assets and issuances under observation, thus initiating the required engagement actions, where applicable.

This statement shows the average monthly value of the PAI indicators in relation to the positions in the discretionary management portfolios of CaixaBank's clients, in direct and indirect investments, both in fixed-income corporate bonds and in public debt instruments and in equities, amounting to an average equity of 41,229 million euros in 2022, as defined by the SFDR Regulation (treasury positions and derivatives are not included)<sup>3</sup>.

The results of the PAI indicators provided for the 2022 financial year in this statement are not comparable to the results published in the "Statement of Principal Adverse Impacts of Investment Decisions on Sustainability Factors"<sup>4</sup> for the previous financial year 2021. This is the result of developments in the methodologies used to calculate the indicators, as well as a change in the scope and perimeter of the data reported between the current and previous fiscal years.



<sup>3</sup> Derivative exposures (including short positions) and cash balances have been excluded from the computation of assets to be considered for the purposes of this Statement. For these purposes, derivatives are exposures held for the management of the underlying risks of the managed portfolio and cash exposures are tactical management exposures, both of which are excluded from the management anchor for PAI purposes.

<sup>4</sup> You can find the previous Statement at the following link: [DeclaracionCABK\\_Incidencias\\_Adversas\\_es.pdf \(caixabank.com\)](https://www.caixabank.com/declaracion-cabk-incidencias-adversas-es.pdf)

## 2. Description of the Principal Adverse Impacts for Sustainability

In the table in this section, the PAIs considered are described in detail, especially in the "Explanation" section. Before going into the details in the table, it is important to consider the following points:

- The basis of calculation for the indicators applicable to investments in companies is EUR 24,076 million and for the indicators applicable to investments in sovereign and supranational entities, EUR 17,153 million.
- The indicators have been calculated by taking the average of the year-end data for each of the months of the year, rather than the average of the year-end levels for each of the calendar quarters of the year. By increasing the frequency of the data for the calculation of the average, a more reliable picture is given of the average equity and of the value of the indicators during the year whenever the latter is available.
- The result of the indicators has been derived mainly from information from the MCSI ESG data provider<sup>5</sup>. Currently, indicator data integrate exposure to both direct investment and third-party vehicles.

The percentage coverage of the specific data for each indicator shows the percentage of assets on which the calculation has been made and is specified in the Explanation section of the table. The coverage of some data has been low and therefore the indicator is not very representative because there is not enough data available from the companies, or the data are not of adequate quality because the current methodologies are not sufficiently robust:

- This is the case for PAI 6 on Energy consumption intensity by sector with high climate impact, which has limited coverage, and PAI 16 on countries subject to social breaches, for which coverage is limited in case of exposure through funds managed by third parties.
- In the case of PAI 7 on activities affecting biodiversity sensitive areas, PAI 8 on water emissions, PAI 9 on hazardous and radioactive waste, and PAI 12 on the pay gap, the quality and increase of information received from companies in the coming year may lead to a worsening of the data and changes in the management strategy of this PAI.

As a result, in some indicators, the lack of coverage or data quality does not allow for active management of all adverse impacts that may arise. CaixaBank delegates CaixaBank AM to work with the data provider in order to improve the coverage and quality of the data as far as possible, with a view to obtaining greater reliability for subsequent years, and will also explore data sources from other providers.

With regard to the measures adopted during the reference period (2022) as well as the objectives set for the next reference period, the table shows those cases in which, because the PAI are considered a priority, measures have been expressly adopted in 2022 and/or specific objectives or actions have been set for the year 2023. Cases in which the PAI have not been considered such a priority or are still in the process of initial data collection and study, without having been able to adopt specific measures on them as they are still in the phase of analysis of their suitability, have not been indicated.

<sup>5</sup> MSCI Inc. (LEI: 549300HTIN2PD78UB763) is an American provider of data, tools, and support services for investment decision-making with over 50 years of experience in research, data, and technology. For more information on MSCI, see its website: <https://www.msci.com/>

Sustainability indicator in relation to adverse impacts	Parameter	Incident 2022	Explanation	Actions taken, actions envisaged and targets set for the forthcoming reporting period	
<b>INDICATORS RELATED TO CLIMATE CHANGE AND OTHER ENVIRONMENT-RELATED INDICATORS<sup>6</sup></b>					
Greenhouse gas emissions	<b>1. Greenhouse gas emissions</b> (GHG emissions)	Scope 1 GHG emissions	1,527,922.6	Scope 1 GHG emissions are the volume of GHG emissions generated directly by the investee companies. Indicator coverage 83%.	<p><b>Integration of ESG factors</b></p> <p>The transition to a sustainable and decarbonised economic model that limits global warming to below 2°C, preferably 1.5°C according to the Paris Agreement targets, is one of the greatest global challenges. This transition process is a source of risks and opportunities for companies and their business models. The CaixaBank Group aims to contribute to this challenge by reducing the impact of its operations and investing in sustainable projects, as well as collaborating with the companies and issuers in which it invests.</p> <p>To manage these PAI, CaixaBank AM integrates key climate metrics for each sector, such as greenhouse gas emissions, energy intensity and carbon footprint, into its investment decision-making processes. It also assesses the ESG quality of the company using the rating or certain factors as indicators and monitors the climate change impact of the companies it invests in. For products targeting climate change, CaixaBank AM is committed to ensuring that these products outperform the market in terms of climate-related indicators.</p> <p>In line with this commitment, CaixaBank AM, like CaixaBank, adheres to the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).</p> <p><b>Exclusions and restrictions:</b> in accordance with the Sustainability Risk Integration Policy, CaixaBank AM may decide not to invest in companies where there is a significant risk that they will not meet their climate change and decarbonisation commitments in their portfolio. In addition to this general restriction, CaixaBank AM restricts investments in companies where more than 25% of turnover is dependent on coal-fired power generation and the extraction of thermal coal, in companies where more than 10% of turnover is related to the exploration, extraction or transportation of oil sands or the exploration, extraction or transportation of oil and gas in the Arctic, and in companies where more than 50% of group turnover is oil and gas and which do not promote the energy transition.</p> <p><b>Dialogue and voting</b></p> <p>CaixaBank has engaged in dialogue with CaixaBank AM (service provider) to take</p>
	Volume of GHG emissions generated by the companies in which CaixaBank invests. Sum of absolute CO <sub>2</sub> emissions, whether reported or estimated, calculated according to the value of the investment in each company	Scope 2 GHG emissions	274,382.6	Scope 2 GHG emissions are the volume of GHG emissions indirectly caused by the activity of the investee companies (consumption of electricity or other energy sources) Indicator coverage 83%.	
		Scope 3 GHG emissions	8,195,690.2	Scope 3 GHG emissions is the volume of indirectly generated GHG emissions that occur in the investee's value chain and are not under the control of the investee. Indicator coverage 83%.	
	(tCO <sub>2</sub> e)	Total GHG emissions (scope 1, 2 and 3)	10,088,449.9	Total GHG emissions are the sum of the above emissions. Indicator coverage 83%.	
	<b>2. Carbon footprint</b> (tCO <sub>2</sub> and / Million EUR EVIC)	Carbon footprint	419.6	The carbon footprint is the weighted average of the total greenhouse gas emissions of the invested companies divided by the value of the company, measured in millions of euros. Indicator coverage 83%.	
	<b>3. GHG intensity of investee companies</b> (tCO <sub>2</sub> e / Million EUR sales)	GHG intensity of investee companies	1,012.3	GHG intensity is the weighted average of total GHG emissions generated by investees divided by the company's revenue, measured in millions of euros. <b>85% indicator coverage.</b>	

<sup>6</sup> The calculation basis has been made on the assets of 24,075,970,633.22 euros.

<p><b>4. Exposure to companies active in the fossil fuel sector</b> (%)</p>	<p>Share of investments in companies active in the fossil fuel sector</p>	<p>9.4</p>	<p>The indicator provides the percentage of assets under management invested in companies active in the fossil fuel sector.</p> <p>Companies active in the fossil fuel sector means companies that derive any revenues from (i) exploration, extraction, distribution or refining of hard coal and lignite; (ii) exploration, extraction, distribution (including transportation, storage and trade) or refining of liquid fossil fuels; and (iii) exploration and extraction of gaseous fossil fuels or their specific distribution (including transport, storage and marketing)</p> <p>Indicator coverage 87%.</p>	<p>the necessary mitigation measures to reduce PAI.</p> <p>In this regard, CaixaBank AM has established or maintained a direct dialogue with 10 companies in 2022 where it has addressed climate change through its specialised provider. CaixaBank AM is also a member of the Climate Action 100+ initiative and participates directly in the open dialogues.</p> <p>In terms of voting, in 2022, the company supported 359 shareholder proposals at the AGMs it attended, 66 of which related to climate change issues. <a href="#">See more details in the 2022 Annual Report on Dialogue and Voting.</a></p> <p>As the next objectives, climate change has been established in the <b>2023 Engagement Plan</b>, as one of the priority issues to be addressed in terms of sustainability and, more specifically, the promotion of the transition towards a sustainable and decarbonised economy model, which limits global warming in accordance with the objectives of the Paris Agreement. See details of the commitment, expectations, criteria and objectives to be achieved through dialogue in the 2023 Engagement Plan.</p>
<p><b>5. Proportion of non-renewable energy production and consumption</b> (%)</p>	<p>Proportion of non-renewable energy consumption and non-renewable energy production of investees from non-renewable energy sources versus renewable energy sources (share of total energy sources)</p>	<p>71.7</p>	<p>The indicator provides the weighted average of the percentages of non-renewable energy production and consumption of the investees.</p> <p>Non-renewable energy sources are sources other than non-fossil renewable sources, i.e. wind energy, solar energy (solar thermal and solar photovoltaic) and geothermal energy, ambient energy, tidal energy, wave energy and other ocean energy, hydropower and energy from biomass, landfill gas, sewage treatment plant gas and biogas.</p> <p>Indicator coverage 79%.</p>	<p><b>Data limitations</b></p> <p>Indicator 6 has a low data coverage. As a result, its value is not representative and does not allow for active management of adverse impacts that may occur in these indicators.</p> <p>CaixaBank AM will work with the data provider to improve the coverage and data quality of this indicator as far as possible, with a view to obtaining greater reliability for subsequent years.</p>

<b>6. Intensity of energy consumption by sector with high climate impact</b> <i>(GWh / Millions of EUR revenue)</i>	Energy consumption in GWh per million EUR revenue of investee companies, by high climate impact sector	<b>Total: 1.6</b>	
		<b>Sector A:</b> Agriculture, stockbreeding, forestry or Fishing	<b>0.9</b>
		<b>Sector B:</b> Mining and quarrying	<b>4.7</b>
		<b>Sector C:</b> Manufacturing industry	<b>2.2</b>
		<b>Sector D:</b> Supply of electricity, gas, steam and air conditioning	<b>8.2</b>
		<b>Sector E:</b> Water supply, sanitation, waste management and decontamination activities	<b>2.3</b>
		<b>Sector F:</b> Buildings	<b>0.2</b>
		<b>Sector G:</b> Wholesale and retail trade; repair of vehicles (...)	<b>0.5</b>
		<b>Sector H:</b> Transport and storage	<b>2.3</b>
		<b>Sector I:</b> Real Estate activities	<b>0.4</b>

The indicator gives the sum of the weighted averages of exposure to sectors with high climate impacts, namely: (A) Agriculture, stockbreeding, forestry and fishing; (B) mining and quarrying; (C) manufacturing; (D) supply of electricity, gas, steam and air conditioning; (E) water supply, sanitation, waste management and decontamination activities (F) construction; (G) wholesale and retail trade; repair of motor vehicles; (H) transportation and storage, and; (L) real estate activities.  
Indicator coverage 55%.

Biodiversity	<b>7. Activities adversely affecting sensitive areas with regard to biodiversity</b> (%)	Proportion of investments in companies with a head office or operations located in or near sensitive biodiversity areas where the activities of such companies adversely affect such areas	<b>0.0</b>	The figure is an estimate by a specialist supplier, based on evidence of the company's involvement in controversial activities related to biodiversity-sensitive areas.  Activities that have an adverse effect on biodiversity are those that involve the degradation of natural habitats and species habitats and disturb the species for which the protected areas have been designated and where none of the findings, mitigation measures or impact assessments have been applied in accordance with the Directives, national provisions or international standards	<b>Integration of ESG factors</b>  CaixaBank AM monitors biodiversity impacts by analysing activities that negatively affect sensitive areas in terms of biodiversity. It does this through an alert system that enables it to identify new serious controversies that could affect portfolio companies.  Before an investment is made, the company's potential exposure to disputes involving, inter alia, significant negative impacts on biodiversity is assessed. The company's ESG assessment carried out by specialised providers is also analysed. Biodiversity risk management indicators are included in this assessment where they are material to the company's sector.
--------------	---	--	------------	--	--



		<p>considered equivalent to those Directives by the competent EU bodies.</p> <p>Sensitive areas in terms of biodiversity include the Natura 2000 network of protected areas, Unesco World Heritage sites and Key Biodiversity Areas, as well as other protected areas, as referred to in Appendix D of Annex II to Commission Delegated Regulation (EU) 2021/2139.</p> <p>Indicator coverage 87%.</p>	<p><b>Exclusions and restrictions:</b> In line with the Sustainability Risk Integration Policy, CaixaBank AM will not invest in companies that seriously violate the fundamental principles set out in the United Nations Global Compact on environmental protection, including those that pose a threat to biodiversity.</p> <p><b>Dialogue and voting</b></p> <p>CaixaBank has engaged in dialogue with CaixaBank AM (service provider) to take the necessary mitigation measures to reduce PIAs.</p> <p>In this context, CaixaBank AM initiated 15 dialogue processes related to biodiversity conservation in 2022 through a specialised service provider. Further details can be found in the 2022 Dialogue and Voting Report.</p> <p><b>Data limitations</b></p> <p>The quality of data and an increase in the information received from companies in the coming year could lead to a deterioration of data and changes in the management strategy of this PAI.</p>
Water	<p><b>8. Emissions to water</b></p> <p><i>(Tons of emissions to water / Million EUR invested)</i></p> <p>Tonnes of emissions to water generated by investees per million EUR invested (weighted average)</p> <p><b>42.0</b></p>	<p>The indicator provides the weighted average of tonnes of emissions to water of the invested companies, per million euros invested.</p> <p>Emissions to water are direct emissions of priority pollutants as defined in Article 2(30) of Directive 2000/60/ EC of the European Parliament and of the Council and direct emissions of nitrates, phosphates and pesticides.</p> <p>Indicator coverage 11%.</p>	<p><b>Integration of ESG factors</b></p> <p>CaixaBank AM monitors the impact on water resources by analysing the activities that negatively affect them, in particular by issuing alerts that enable it to identify new disputes that the companies in its portfolio may have.</p> <p>Prior to any purchase, CaixaBank AM assesses the company's potential exposure to disputes involving, among other things, negative impacts on water resources. The company's ESG assessment is also analysed by specialised suppliers, whose assessment takes into account indicators related to exposure to water stress and water resource management, where material in the company's industry.</p> <p><b>Exclusions and restrictions:</b> in accordance with the Sustainability Risk Integration Policy, CaixaBank AM will not invest in companies that seriously violate the fundamental principles of the United Nations Global Compact on environmental protection, including those that pose a threat to water resources of any kind.</p> <p><b>Dialogue and voting</b></p> <p>CaixaBank has engaged in dialogue with CaixaBank AM (service provider) to take the necessary mitigation measures to reduce PIAs.</p> <p>In this context, CaixaBank AM initiated 30 dialogue processes related to water resources management in 2022 through a specialised service provider. Further details can be found in the 2022 Dialogue and Voting Report.</p>

			<p><b>Data limitations</b></p> <p>Greater coverage, higher data quality and an increase in the information received from companies in the coming year could lead to changes in the management strategy of this PAI.</p>
<p>Waste</p>	<p><b>9. Ratio of hazardous and radioactive waste</b> <i>(Tons of hazardous and radioactive waste / Million EUR invested)</i></p>	<p>Tons of hazardous and radioactive waste generated by investee companies per million EUR invested (weighted average)</p> <p><b>13.4</b></p> <p>The indicator provides the weighted average of tonnes of hazardous and radioactive waste generated by invested companies per million euros invested.</p> <p>Hazardous waste as defined in Article 3(2) of Directive 2008/98/EC of the European Parliament and of the Council; and radioactive waste as defined in Article 3(7) of Council Directive 2011/70/Euratom.</p> <p>Indicator coverage 36%.</p>	<p><b>Integration of ESG factors</b></p> <p>CaixaBank AM monitors the impact of its investments in relation to hazardous and radioactive waste, in particular through alerts that enable it to identify new controversies that may affect portfolio companies.</p> <p>Before making any purchase, CaixaBank AM checks whether the company may be exposed to controversies related to, among other things, environmental pollution and poor management of hazardous waste. The company's ESG assessment is also analysed by specialised suppliers, whose assessment takes into account indicators linked to waste management (including hazardous waste), provided that it is material in the company's sector.</p> <p><b>Exclusions and restrictions:</b> in accordance with the Sustainability Risk Integration Policy, CaixaBank AM will not invest in companies that seriously violate the fundamental principles on environmental protection set out in the United Nations Global Compact, including those that cause any type of pollution through poor management of hazardous waste.</p> <p><b>Dialogue and voting</b></p> <p>CaixaBank has engaged in dialogue with CaixaBank AM (service provider) to take the necessary mitigation measures to reduce PIAs.</p> <p>In this regard, during 2022, CaixaBank AM has initiated 6 dialogue processes linked to waste management through a specialised service provider. Further details can be found in the 2022 Dialogue and Voting Report.</p> <p><b>Data limitations</b></p> <p>Increased coverage, data quality and an increase in the information received from companies in the coming year may lead to a worsening of the data and changes in the management strategy of this PAI.</p>



---

**INDICATORS ON SOCIAL AND LABOUR ISSUES, RESPECT FOR HUMAN RIGHTS AND THE FIGHT TO COMBAT CORRUPTION AND BRIBERY**

---

Social and labour issues

**10. Violations of the principles of the UN Global Compact and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises**  
(%)

Proportion of investments in companies that have been associated with violations of the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises

**0.5**

The indicator shows the percentage of investee companies that do not comply with the international standards referred to.

These violations are not reported by the companies. The data provider analyses events or activities carried out by companies that may violate a principle or guideline.

The existing exposure is very low and is mainly due to third party vehicles, or authorised positions after the controversy provided by the data provider has been deemed inaccurate or does not meet the stated level of severity under the procedure set out in the exclusion policy.

Indicator coverage 87%.

**Integration of ESG factors**

CaixaBank AM monitors the level of controversies relating to the United Nations Global Compact Principles, in particular through alerts from our suppliers that enable us to detect new controversies or events that could affect the companies. If a very severe event is detected, it is analysed by the specialised working group and, if necessary, approved by the SRI Committee.

Before any investment, CaixaBank AM checks whether the company may be in breach of the principles of the United Nations Global Compact. This analysis is carried out by specialised suppliers, whose evaluation indicates the controversies regarding defaults of these principles by the companies.

**Exclusions and restrictions:**

According to its Sustainability Risk Integration Policy, in the area of international treaties and standards, CaixaBank AM establishes a series of exclusions, not investing in companies that seriously violate the fundamental principles set out in the United Nations Global Compact: specifically, in the areas of human rights, labour rights, the environment and corruption.

**Dialogue and voting**

CaixaBank has engaged in dialogue with CaixaBank AM (service provider) to take the necessary mitigation measures to reduce PIAs.

In this context, CaixaBank AM carries out dialogue and voting actions related to possible violations of international principles and treaties in this area: these actions are carried out, inter alia, by joining and directly participating in dialogues of the "Advance" initiatives promoted by the Principles for Responsible Investment (PRI) and the Climate Action100+ initiative to improve human rights and environmental performance.

In FY2022, 110 dialogues were opened with companies regarding possible violations of major international treaties through a specialised service provider. Further details can be found in the 2022 Dialogue and Voting Report.

**Data limitations**

The coverage and quality of the data are adequate for active management of the indicator.

<p><b>11. No compliance processes and mechanisms to monitor compliance with the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises</b></p> <p>(%)</p>	<p>Proportion of investments in companies with no policies to monitor compliance with the principles of the UN Global Compact or the OECD Guidelines for Multinational Enterprises or with no complaints or grievance handling mechanisms to address breaches of the principles of the UN Global Compact or the OECD Guidelines for Multinational Enterprises</p>	<p><b>39.7</b></p>	<p>The indicator provides the percentage of investees that do not have policies in place to monitor the standards referred to.</p> <p>The data provider considers non-compliance with the OECD Guidelines when no public policy is in place.</p> <p>Indicator coverage 86%.</p>	<p><b>Integration of ESG factors</b></p> <p>In the event that an adverse impact is identified in PAI 10, the company's policies and processes are further analysed to ensure compliance with the Global Compact Principles.</p> <p><b>Data limitation</b></p> <p>The quality of the data due to the limited publication of this information by companies means that it is not yet possible to manage this adverse impact systematically, but only when an adverse impact has been previously detected in the PAI 10 indicator. An increase in the information published by companies may lead to changes in the management strategy of this PAI in the future.</p>
<p><b>12. Gender pay gap, unadjusted</b></p> <p>(%)</p>	<p>Unadjusted average gender pay gap of investee companies</p>	<p><b>12.8</b></p>	<p>The indicator provides the weighted average of the unadjusted pay gap of investee companies.</p> <p>The unadjusted pay gap is the difference between the average gross hourly earnings of male and female wage earners as a percentage of the average gross hourly earnings of male wage earners.</p> <p>This indicator does not take into account segmentations by professional category, age, seniority or type of contract.</p> <p>Indicator coverage 24%.</p>	<p><b>Integration of ESG factors</b></p> <p>The coverage of the indicator is low and the limited information published by companies on the pay gap does not allow for a systematic inclusion of this adverse impact on investment processes.</p> <p><b>Dialogue and voting</b></p> <p>CaixaBank has engaged in dialogue with CaixaBank AM (service provider) to take the necessary mitigation measures to reduce PIAs.</p> <p>In this respect, CaixaBank AM, in dialogue with companies, will encourage companies to improve the quality of information and data. The 2023 Engagement Plan identified good governance and good social practises as a priority issue in the area of sustainability. Priority targets for establishing dialogue actions include transparency of pay gaps through the publication of a pay gap report. For more details, see the 2023 Engagement Plan.</p> <p>In terms of voting, CaixaBank AM has supported 3 shareholder resolutions in 2022 calling for greater transparency on the pay gap in the company. Further details can be found in the 2022 Dialogue and Voting Report.</p>

#### Data limitations

Greater coverage, higher data quality and an increase in the information received from companies in the coming year could lead to changes in the management strategy of this PAI.

#### Integration of ESG factors

CaixaBank AM assesses gender diversity on the board of directors of companies and actively participates with its vote at general shareholders' meetings with the aim of promoting gender diversity on the board of directors. The company's ESG assessment by specialised providers, which includes gender diversity indicators, is also analysed under the governance pillar.

#### Dialogue and voting

CaixaBank has engaged in dialogue with CaixaBank AM (service provider) to take the necessary mitigation measures to reduce PIAs.

In this context, CaixaBank AM launched two dialogue processes on gender diversity in 2022. In terms of votes, CaixaBank AM voted against 98 items on this topic at the general meetings of 48 companies in 2022.

Regarding voting, in 2022, CaixaBank AM voted against the re-election of directors and in particular against the re-election of Appointment Committee members at 40 AGMs due to the lack of diversity on the board of directors.

Sustainability priority areas identified in the 2023 Engagement Plan include good governance and good social practises. In particular, the priority targets for establishing dialogue actions include meeting the most demanding market standards in terms of minimum representation of women on boards of directors.

#### Data limitations

The coverage and quality of the data are adequate for active management of the indicator.

#### Integration of ESG factors

CaixaBank AM systematically monitors its exposure to controversial weapons through investee companies. Prior to any purchase, CaixaBank AM assesses the potential exposure of the company or investment vehicle to controversial weapons, including anti-personnel mines, cluster bombs, chemical and biological weapons.

#### Exclusions and restrictions

In accordance with the Sustainability Risk Integration Policy, CaixaBank AM will not invest in companies involved in the development, production, maintenance or trade of controversial weapons. In other words, companies:

### 13. Gender diversity of the board of directors

(%)

Proportion between the number of women on the board of directors and the total number of board members (men and women) of investee companies

34.0

The indicator provides the weighted average of the percentage of women on the boards of directors of investee companies

Indicator coverage 85%.

### 14. Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)

(%)

Proportion of investments in companies engaged in the manufacture or sale of controversial weapons

0.1

The indicator shows the percentage of assets under management invested in companies involved in the production or sale of controversial weapons.

The existing exposure is very low and is based solely on investments through third-party vehicles.

Indicator coverage 87%.

- Which are involved in the production of controversial weapons,
- Which provide both essential and non-essential components or services,
- Which take part in the aforementioned activities directly, or indirectly if they own more than 50% of companies that produce controversial weapons or provide components or services, both essential and non-essential. In the case of exposure to controversial weapons through third party investment vehicles, CaixaBank AM will set a maximum exposure threshold based on the characteristics of that asset. In the case of direct exposure to a company linked to controversial weapons, CaixaBank AM will sell the position.

#### **Dialogue and voting**

CaixaBank has engaged in dialogue with CaixaBank AM (service provider) to take the necessary mitigation measures to reduce PIAs.

In this context, CaixaBank AM will initiate a dialogue with third party managers to reduce its exposure to weapons when the established thresholds are exceeded.

#### **Data limitations**

The coverage and quality of the data are adequate for active management of the indicator.

---

## INDICATORS APPLICABLE TO INVESTMENTS IN SOVEREIGN AND SUPRANATIONAL ENTITIES<sup>7</sup>

<sup>7</sup> The calculation basis was based on assets of 17,153,040,796.63 euros.

Environmental	<p><b>15. GHG intensity</b> (tCO<sub>2</sub>and / Billion GDP)</p>	<p>GHG intensity of investment host countries</p> <p><b>252.5</b></p>	<p>The indicator gives the weighted average of the GHG emission intensity in relation to the gross domestic product (GDP) of the invested countries.</p> <p>Indicator coverage 97%.</p>	<p><b>Integration of ESG factors</b></p> <p>The transition towards a model of economy sustainable and descarbonizada is one of the great overall challenges. The transition to a sustainable and decarbonised economic model is one of the greatest challenges that governments face. CaixaBank AM aims to contribute to this challenge by reducing the impact of its operations and investing in sustainable projects.</p> <p>To manage these PAI, CaixaBank AM integrates climate metrics into its investment decision-making processes. CaixaBank AM takes into account GHG emissions indicators of the states and also assesses the ESG quality of the states in which it invests.</p> <p><b>Dialogue and voting</b></p> <p>CaixaBank has engaged in dialogue with CaixaBank AM (service provider) to take the necessary mitigation measures to reduce PIAs.</p> <p>In this context, CaixaBank AM has joined the Investor Agenda initiative in 2022, which aims to encourage governments around the world to adopt climate policies that, among other things, bring their greenhouse gas emissions in line with the 2030 target of limiting the global temperature increase to 1.5°C.</p> <p><b>Data limitations</b></p> <p>The coverage and quality of the data are adequate for active management of the indicator.</p>
Socials	<p><b>16. Investment host countries subject to social breaches</b> (% and No.)</p>	<p>Number of investment host countries where social legislation has been violated (absolute number and relative number, divided by all host countries of the investment) covered by international treaties and conventions, UN principles and, where applicable, national laws.</p> <p><b>Absolute: 0.0</b> <b>Relative: 0%</b></p>	<p>The indicator provides the number of investment host countries subject to social breaches and the % they represent of the total number of investment host countries.</p> <p>Indicator coverage 86%.</p>	<p><b>Integration of ESG factors</b></p> <p>Before each purchase, CaixaBank AM checks whether the state may be in breach of the most important social aspects provided for in international treaties or national regulations.</p> <p>CaixaBank AM monitors the severity of social breaches and the development of the ESG rating.</p> <p><b>Exclusions and restrictions:</b></p> <p>According to the ESG Risk Integration Policy, in the area of human rights, the Management Company establishes a series of exclusions, not investing in states that seriously violate human rights.</p> <p><b>Data limitations</b></p> <p>For this indicator in this statement, the data corresponds exclusively to live positions, due to the lack of coverage of this data for third party funds.</p>

## INDICATORS WHICH APPLY TO INVESTMENTS IN PROPERTY ASSETS

Fossil fuels	<b>17. Exposure to fossil fuels through real estate assets</b>	Proportion of investments in real estate related to the extraction, storage, transport or production of fossil fuels	-	CaixaBank had no exposure to this type of asset during the reporting period.	Not applicable
Energy efficiency	<b>18. Exposure to energy inefficient real estate assets</b>	Percentage of investments in energy inefficient real estate assets	-	CaixaBank had no exposure to this type of asset during the reporting period.	Not applicable

## OTHER INDICATORS OF THE PRINCIPAL ADVERSE IMPACTS ON THE SUSTAINABILITY FACTORS<sup>8</sup>

### INDICATORS RELATED TO CLIMATE CHANGE AND OTHER ADDITIONAL ENVIRONMENT-RELATED INDICATORS

Emissions	<b>4. Investments in companies with no carbon reduction initiatives</b> (%)	Percentage of investments in companies with no carbon reduction initiatives to fulfil the Paris Agreement	<b>34.6</b>	<p>The indicator shows the percentage of assets under management invested in companies that have no initiatives to reduce carbon emissions.</p> <p>Indicator coverage 85%.</p>	<p><b>Integration of ESG factors</b></p> <p>In line with the Sustainability Strategy and Climate Change Statement of the CaixaBank Group, of which CaixaBank AM is a part (see PAI 1, 2, 3, 4, 5 and 6), as well as the CaixaBank AM Engagement Policy and the CaixaBank AM Engagement Policy, this indicator complements the management of the other PAI indicators on climate change.</p> <p>CaixaBank AM monitors the climate change impact of the companies in which it invests by analysing and monitoring the greenhouse gas emissions generated by these companies.</p> <p><b>Exclusions and restrictions:</b></p> <p>In accordance with the ESG Risk Integration Policy, CaixaBank AM may decide not to invest in companies that could pose a material risk to CaixaBank AM of not meeting its climate change and decarbonisation commitments of their portfolio. In addition to this general restriction, CaixaBank AM restricts investments in companies where more than 25% of turnover is dependent on coal-fired power generation and the extraction of thermal coal, in companies where more than 10% of turnover is related to the exploration, extraction or transportation of oil sands or the exploration, extraction or transportation of oil and gas in the Arctic, and in companies where more than 50% of group turnover is oil and gas and which do not promote the energy transition.</p>
-----------	--	---	-------------	--	---

<sup>8</sup> The calculation basis has been made on the assets of 24,075,970,633.22 euros.



### Dialogue and voting

CaixaBank has engaged in dialogue with CaixaBank AM (service provider) to take the necessary mitigation measures to reduce PIAs.

In terms of voting, in 2022, at the AGMs it attended, in this regard, CaixaBank AM initiated 114 dialogue processes in 2022, 11 of which addressed climate change through its specialised provider. CaixaBank AM is also a member of the Climate Action 100+ initiative and actively participates in the open dialogues within this initiative.

In terms of voting, in 2022, at the AGMs it attended, it supported 359 shareholder resolutions, 66 of which related to climate change. Further details can be found in the 2022 Dialogue and Voting Report.

For next objectives, climate change has been identified as one of the priority issues to be addressed in the dialogues with business on sustainability. More specifically, it is about promoting the transition to a sustainable and decarbonised economic model that limits global warming in line with the goals of the Paris Agreement, setting expectations and targets to be achieved through the dialogue. See the 2023 Engagement Plan for details of the commitment, criteria and objectives to be achieved with the dialogue.

### Data limitations

The coverage and quality of the data are adequate for active management of the indicator.

---

ADDITIONAL INDICATORS ON SOCIAL AND LABOUR ISSUES, RESPECT FOR HUMAN RIGHTS, AND THE FIGHT TO COMBAT CORRUPTION AND BRIBERY

---

Human rights	<p><b>14. Number of detected cases of serious human rights issues and incidents</b> (No.)</p>	<p>Number of cases of serious human rights issues and incidents linked to companies invested in on a weighted-average basis</p>	<p><b>0.0</b></p>	<p>The indicator provides the number of assets under management invested in companies in which cases of serious human rights problems and incidents have been identified.</p> <p>Indicator coverage 87%.</p>	<p><b>Integration of ESG factors</b></p> <p>In line with the Sustainability Strategy and Human Rights Principles of the CaixaBank Group, of which CaixaBank AM is a part, as well as with the respective CaixaBank and CaixaBank AM Engagement Policies; and with a high level of coverage.</p> <p>Before any purchase, CaixaBank AM assesses whether the company may be committing serious human rights violations. This violation is made by specialised suppliers, whose evaluation indicates impacts regarding human rights by the companies.</p> <p>CaixaBank AM monitors these breaches based on the level of controversy, in particular through alerts that allow it to identify new controversies or changes in portfolio companies. If a very severe event is detected, it is analysed by the specialised working group and, if necessary, approved by the SRI Committee.</p> <p><b>Exclusions and restrictions:</b></p> <p>In accordance with the ESG Risk Integration Policy, CaixaBank AM sets a number of exclusions in the area of human rights and does not invest in companies that seriously violate the fundamental principles set out in the United Nations Global Compact, particularly in the area of human rights.</p> <p><b>Dialogue and voting</b></p> <p>CaixaBank has engaged in dialogue with CaixaBank AM (service provider) to take the necessary mitigation measures to reduce PIAs.</p> <p>This commitment is channelled by CaixaBank AM through various channels. These include participation in the "Advance" initiative promoted by the Principles for Responsible Investment (PRI), through which the Entity has participated directly in dialogues with companies to address performance in this area.</p> <p>In FY2022, 110 dialogues were opened with companies on violations of key international treaties, with a focus on human rights violations, among others, through a specialised human rights compliance service provider. Further details can be found in the 2022 Dialogue and Voting Report.</p> <p><b>Data limitations</b></p> <p>The coverage and quality of the data are adequate for active management of the indicator.</p>

### 3. Description of policies to identify and prioritise the impact of Principal Adverse Impacts on Sustainability

The following briefly contextualises how the investment framework is established, how ESG factors are integrated into the investment analysis, the due diligence process followed, and the methodology for identifying PAI (methodology for selecting additional indicators and identifying and assessing key negative impacts), including the additional PAI, so that the transversality of the process and the inclusion of all areas of the company can be observed.

The policies described in this document are kept up to date. They are regularly reviewed, monitored and adapted according to legal requirements and progress in the field of sustainability and submitted to the governing bodies for approval. In the future, the adaptation of these guidelines may also be considered depending on the development and performance of the PAI indicators.

#### 3.1 Sustainable investment framework

CaixaBank has a set of policies (see sections 3.2 and 4 for more details) to identify and prioritise PAI on sustainability factors. Below is a contextualisation of the approach underlying these policies are framed and a description of how they are applied and kept up to date. For each policy, the date on which it was approved by the governing bodies is indicated. As regards the allocation of responsibility for the application of policies within the framework of organisational policies and procedures, both CaixaBank and CaixaBank AM apply the three lines of defence model, in which the first line of defence is responsible for the application of policies, the second for monitoring their application and the third for auditing them. This is a cross-cutting task in each of the aforementioned lines and the policies are applied from the outset.

The CaixaBank Group has developed a corporate framework<sup>9</sup> for investment operations applicable to the provision of discretionary portfolio management or investment advisory services, based on three main pillars:

1. **The integration of ESG investment factors (including controversy monitoring)** in addition to traditional financial criteria into investment decisions and analysis in the context of investment advice and discretionary portfolio management, as described in the Sustainability Risk Integration Policy:
  - Among other factors, key ESG indicators for the sector or company as well as sustainability ratings are taken into account in the investment selection and analysis. These indicators and ratings take into account in their construction the adverse impacts of issuers and their performance on issues such as climate change, good governance practices, etc.
  - CaixaBank AM also actively monitors potential serious sustainability controversies that may be associated with an issuer in its portfolio or investment universe (which may include biodiversity or human rights issues).
  - PAI related to greenhouse gas emissions (PAI 1 - PAI 6; PAI 15 and additional environmental PAI 4), biodiversity (PAI 7), water (PAI 8) and waste (PAI 9) are managed.

In this context, sustainability risks and the impact of the corresponding negative events that may occur in the investment processes in the discretionary management portfolios of CaixaBank's customers, such as the

<sup>9</sup> [https://www.caixabank.com/deployedfiles/caixabank.com/Estaticos/PDFs/Sostenibilidad/Marco\\_Integracion\\_ASG\\_Publica\\_es.pdf](https://www.caixabank.com/deployedfiles/caixabank.com/Estaticos/PDFs/Sostenibilidad/Marco_Integracion_ASG_Publica_es.pdf)

funds managed by CaixaBank AM, which are considered PAI, are taken into account.

**2. Sector exclusions and restrictions:** in addition, CaixaBank AM's Sustainability Risk Integration Policy establishes the following:

CaixaBank AM may decide not to invest in companies that pose a material risk of not meeting their climate change and decarbonisation commitments of their portfolio. Specific exclusions are also set in relation to activities related to coal, oil and gas, weapons and tar sands.

The following social PAI are managed in relation to violations of the Global Compact (PAI 10), countries subject to social breaches (PAI 16), companies with human rights violations (additional PAI 14) and controversial weapons (PAI 14).

**3. Long-term engagement** (including dialogue with issuers and third-party managers via CaixaBank AM, as specified in the CaixaBank Discretionary Portfolio Management Engagement Policy):

- The purpose of the dialogue actions carried out through CaixaBank AM (within the framework of the aforementioned delegation) is to improve and change the behaviour of companies on certain relevant matters, including, when discovered, negative incidents or ways to improve the management of their impact, both positive and negative. Potentially applies to all PAI.

CaixaBank AM (as part of CaixaBank's discretionary portfolio management) systematically analyses and monitors the principal adverse impacts on sustainability factors and takes the necessary remedial action. These measures may consist of not investing, divesting, reducing exposure or placing it under observation and, if necessary, taking whatever action is deemed necessary.

### Details on **ESG integration** in investment analysis

ESG integration is the explicit and systematic incorporation of ESG considerations into the analysis of investments in the underlying assets of portfolios managed by CaixaBank AM in the discretionary portfolio

management delegated by CaixaBank. In addition, as indicated in point 1 of the preceding section, the analysis and/or investment decision will take into account both the sustainability risks and the main negative events (if any), as defined below:

- Sustainability risks are any environmental, social or governance event or condition that, if it occurred, could have an actual or potential material adverse effect on the value of the investment.
- Key negative impacts are those resulting from investment decisions that may have a negative impact on sustainability factors.

The ESG integration process ultimately seeks to decrease the effects of sustainability risks and principal adverse impacts, without losing sight of the goal of profit generation.

## Due diligence process

The CaixaBank Group has established due diligence processes based on the risk to identify, prevent, mitigate and explain how these adverse impacts are addressed. Therefore, voluntarily, CaixaBank actively participates in facilitating and channelling change through dialogue and proxy voting policies implemented by CaixaBank AM (except for discretionary portfolio management, where the Voting Policy is not applicable) and through the offer of financial products and assets managed by the companies of the Group.

The following principles are followed in the investment decision-making processes carried out by CaixaBank AM:

- Identifying actual or potential adverse impacts.
- Taking measures to stop, prevent or mitigate these adverse impacts.
- Monitoring the implementation and results of these measures.
- Reporting on how the principal adverse impacts are addressed.

In that regard, CaixaBank AM has implemented a specific procedure in order to adequately monitor compliance with these principles with recurring frequency. In practice, the due diligence process is continuous, iterative and not necessarily sequential, since different stages can take place simultaneously with outcomes feeding back into each other.

## Methodology for the identification of principal adverse impacts

The PAI identification process is integrated into the investment decision-making process carried out by CaixaBank AM in the discretionary portfolio management delegated by CaixaBank.

CaixaBank AM uses a proprietary methodology to analyse, assess and monitor adverse impacts on sustainability generated through investments made.

To determine the existence of possible adverse impacts, CaixaBank AM will assess the performance of the indicators of PAI compared to the results of the

immediately preceding year. An adverse impact on sustainability factors may be deemed to exist when there is evidence of a material deterioration in the performance of these indicators; or, for some indicators, when certain thresholds established through CaixaBank Group policies or procedures, which include restrictions on investment in certain activities or sectors, are exceeded.

In particular, the Group has policies in place to exclude or restrict investments in companies found to be in breach of the principles of the UN Global Compact (following a process of case analysis and remediation assessment), in breach of key international treaties and standards, or which have exposure to controversial sectors.

In any case, should an adverse impact be identified, CaixaBank AM will assess it in accordance with the criteria set out in the policy, application procedure and the Engagement Plan for the relevant financial year.

These measures may take the form of not investing, divesting, reducing exposure or placing exposure under observation. These measures may consist of not investing, divesting, reducing exposure or placing under observation. These measures may be complemented, where appropriate, by the exercise of active ownership through engagement measures such as dialogue and/or the exercise of voting rights to which CaixaBank AM is entitled in proportion to its shareholding in the investee company (excluding discretionary portfolio management, as there is no delegation of the exercise of voting rights by the client).

In the defined methodology, no scenario analysis, probability of occurrence or margins of error are applied.

With regard to data sources, as mentioned above, MSCI is used<sup>10</sup> as the main data provider. When, for some indicators, the lack of coverage or data quality does not allow for active management of any adverse impacts that may occur, CaixaBank AM will work with the data provider to improve the coverage and quality of the data as much as possible to obtain greater reliability for subsequent years, and will also review data sources from other providers.

### Criteria for the selection of additional indicators

In order to select the additional PAI indicators to be reported on, an analysis was carried out prioritising the following factors

- The availability and coverage of the indicator by the data provider.
- The alignment of the indicator with the CaixaBank Group's policies, as set out in point 3.2. of this statement.
- The possible margin of error associated with the calculation process performed by the data provider.

As a result of this analysis, the additional PAI indicators listed in point 2 above have been selected and are set out below:

- Table 2, indicator 4: Investments in companies without carbon reduction initiatives.
- Table 3, indicator 14: Number of detected cases of serious human rights problems and incidents.

## 3.2 Sustainability policies

CaixaBank's investment advisory, analytical and management processes, including those associated with the discretionary management portfolio delegated to CaixaBank AM, take into account various policies adopted by the Group in this area. These policies make up a framework of control to avoid events that can lead to adverse impacts on sustainability, as well as to minimise and mitigate them to the extent possible, including the following:

### Principles of action of the **Corporate Sustainability Risk Management Policy/ ESG** [March 2022]

The purpose of this policy is to establish the principles, premises and mechanisms to ensure that the ESG risks associated with customers and proprietary investments are governed, managed and controlled such that they comply with the expectations of the Group's stakeholders. The contents contained in the policy include: a regulatory framework, a control framework and the corporate strategy on ESG risks, among others.

<sup>10</sup> MSCI Inc. (LEI: 549300HTIN2PD78UB763) is an American provider of data, tools, and support services for investment decision-making with over 50 years of experience in research, data, and technology. For more information on MSCI, see its website: <https://www.msci.com/>



## General Principles of the **Corporate Anti-Corruption Policy** [September 2021]

The General Principles of the Corporate Anti-corruption Policy are corporate in nature and, therefore, apply to all CaixaBank Group companies, their employees, executives and members of the Governing Bodies. This document establishes the Group's commitment to fighting against corruption in all its forms, including extortion and bribery, setting forth general principles that include a regulatory framework and a standard of conduct, general principles governing corruption risk management and a reporting and whistleblowing channel. The objectives include:

- Transmitting the corporate values and principles of action, ensuring compliance with these at Group level and by employees, executives or members of the Governing Bodies or Group companies.
- Setting up due diligence measures for contractual relations with third parties.
- Ensuring that measures are taken to prevent or reduce the risk of corruption crimes being committed in all levels of its activity.

## **Human Rights Principles** [January 2022]

The principles of action are the guide with regard to human rights within the relationships that CaixaBank establishes with its employees, customers, shareholders, suppliers, commercial partners and the communities where it performs its business and activities. These Principles apply to employees, executives and members of CaixaBank's governing bodies.

In addition, the Company periodically analyses human rights affairs in association with its activity and introduces due diligence processes to assess the risk of non-compliance, followed by proposals of measures to prevent or remedy detrimental impacts and measures to maximise positive effects.

## Declaration on **Climate Change** [January 2022]

This Statement sets out the following lines of action, among others:

- Supporting feasible projects that are compatible with a carbon neutral economy and climate change solutions.
- Managing climate change risks and progressing towards the emission neutrality of the lending and investment portfolio.
- Minimising and offsetting our carbon footprint.
- Fostering dialogue on sustainable transition and collaborating with other organisations to progress together.
- Reporting on our progress transparently.

In light of this, CaixaBank considers that, as a financial institution, it has a key role to play in implementing these goals, with a view to stressing the need to accelerate the transition to a carbon-neutral economy by financing sustainable projects; supporting the sustainable transition; minimising and compensating for the impact of business activities and dialogue with the CaixaBank Group's stakeholders.



## 4. Engagement Policy

In its investment advisory, analysis and management processes, CaixaBank takes into account the main ESG guidelines, either its own or those adopted by the CaixaBank Group. These policies make up a framework of control to avoid, foresee or mitigate events that can lead to adverse impacts on sustainability. The most relevant policies are listed below:

### 4.1 Policy on involvement in discretionary portfolio management [May 2022]

The Engagement Policy is applicable to the provision of discretionary portfolio management services, which it has delegated to CaixaBank AM. This Policy sets the principles followed to participate in the decisions of the companies and issuers it invests in, considering environmental, social and governance criteria.

This policy has the following goals:

- To encourage the engagement of intermediaries and asset managers in the governance of investee companies.
- To improve the transparency of investment strategies, engagement policies and the process for exercising voting rights, especially when using proxy advisors.

The Engagement Policy establishes engagement actions and exercising voting rights:

#### Dialogue Actions:

CaixaBank engages in dialogue with the public and private issuers in which it invests with a view to understanding how ESG risks are managed and how they take advantage of the business opportunities associated with sustainability challenges. This process of active dialogue begins when a need for engagement is identified, i.e. a specific goal for improvement, and the goals of the various dialogue actions may vary depending on the need identified. In short, the goal

is to bring about a change in the behaviour of companies on certain material issues through persistence on relevant aspects.

CaixaBank is aware that active dialogue with companies and issuers of financial products, whether public or private, serves as a tool for enhancing the sustainability of the entities and institutions in which it invests. In that regard, CaixaBank has entrusted CaixaBank AM with the management of discretionary portfolios and the exercise of dialogue actions.



### Exercise of voting rights:

In general, customers of the discretionary portfolio management service do not delegate to CaixaBank the vote or exercise of the voting rights inherent in the shares they hold. Accordingly, CaixaBank will not exercise the voting or political rights arising from the shares held by its customers under the discretionary mandates managed, insofar as customers retain the exercise of voting rights under the provisions of the discretionary portfolio management contract.

For those contracts where discretionary portfolio management is primarily carried out with funds managed by CaixaBank AM, clients adhere to the voting policy of this institution.

### 2023 Engagement Plan:

CaixaBank believes that the transition to a more sustainable economy and the long-term profitability of investments can be achieved through both investment decisions and long-term engagement with the companies in which it invests, through constructive dialogue and active voting.

For CaixaBank AM's own funds, which make up the discretionary management portfolios, CaixaBank adheres to the measures CaixaBank AM takes through its involvement in corporate governance decisions, both by actively voting at general meetings and by regularly engaging in open dialogue with companies and issuers, whether public or private, on material issues related to ESG factors, in order to promote value creation and long-term profitable business in the companies in which it invests.



## 5. References to international standards

CaixaBank takes into account the following international standards in its framework of control to prevent events that could lead to adverse impacts on sustainability, and has signed up to various initiatives in this area that strengthen its management of ESG risks and factors.

The Principles on Human Rights establish the Entity's commitment to uphold the following international declarations:

- The United Nations International Bill of Human Rights, which includes:
  - The Universal Declaration of Human Rights.
  - The International Covenant on Civil and Political Rights.
  - The International Covenant on Economic, Social and Cultural Rights.
- The International Labour Organisation Declaration on Fundamental Principles and Rights at Work and the Eight Core Conventions established by it.
- The United Nations Global Compact, incorporating both its ten principles and the 17 Sustainable Development Goals ("SDGs").
- The EU Charter of Fundamental Rights.
- The Guiding Principles on Business and Human Rights of the United Nations.
- The OECD Guidelines for Multinational Enterprises.

CaixaBank also endorses achieving the objectives of the Paris Agreement through its support for the Task Force on Climate-related Financial Disclosures (TCFD).

In addition to adherence to international standards and codes of business conduct, CaixaBank has made the following commitments in relation to sustainability as a sign of its willingness to prevent and address negative impacts:

### Adherence to the United Nations Global Compact (the "Global Compact")

CaixaBank is a member of the Spanish Global Compact Network, which is the largest voluntary corporate social responsibility initiative in the world and pursues two main objectives:

- Incorporate the 10 universal principles based on human rights, labour rights, respect for the environment and combatting corruption in its strategies and operations.
- To channel actions towards a supporting plan for the broader UN goals, including the 17 Sustainable Development Goals ("SDGs"). In that regard, although CaixaBank incorporates the 17 SDGs in its sustainability strategy, contributing to all of them through its activity, social action and strategic partnerships, it focuses its actions on four priority goals:
  - SDG 1 - No poverty,
  - SDG 8 - Decent work and economic growth,
  - SDG 12 - Responsible production and consumption, and;
  - SDG 17 - Partnerships for the goals.

### Adherence to the Responsible Banking Principles

This is the United Nations Environment Programme Finance Initiative (UNEP FI), to which CaixaBank has been a signatory since 2019. These Principles aim to advance in the integration of the UN Sustainable Development Goals and the Paris Agreement into the business model and strategy of the signing entities and involve a commitment of annually reporting the degree of progress of their implementation. In the area of climate action and as part of the Principles for Responsible Banking, CaixaBank is a founding member of the Net-Zero Banking Alliance, with a commitment that its lending and investment portfolios will be net zero in greenhouse gas emissions by 2050.



## Principles for Responsible Investment (PRI)

CaixaBank AM is a signatory to this initiative, which fosters collective dialogues with the world's largest corporate emitters of greenhouse gases, in order to reduce emissions, improve climate governance and enhance climate transparency.

## Membership of the Climate Action 100+ initiative

In the area of climate action, CaixaBank AM is a member of this initiative, with the aim of promoting dialogue with corporate issuers with the highest levels of greenhouse gases so that they take critical measures to align themselves with the objectives of the Paris Agreement; CaixaBank AM is related to CaixaBank inasmuch as it is entrusted with its portfolio management.

Corporate behaviour criteria is established via the Group's commitments with various international guidelines. These standards cover the Group's responsibilities in its activity and the regulations applicable to its operations, with the aim of mitigating the risk of events that can lead to adverse impacts on sustainability. Because of these references to international standards, we monitor all PIAs referred to in the regulations, but the most important are as follows:

- PIAs in the environmental domain for indicators 1, 2, 3, 4, 5, 6 and 15 in Table 1; as well as indicator 4 in Table 2 of Annex I of the RTS).
- PIAs in the social domain for indicators 10, 11, 12, 13, 14 and 16 in Table 1; as well as indicator 14 in Table 2 of Annex I of the RTS.

No forward-looking climate scenarios have been used in the management of the PAI indicators in the current year. Although the currently available ones have been assessed, the results they provide are considered unreliable and of insufficient quality for the time being, as they are still under development.

With regard to the commitments, CaixaBank regularly carries out the following measures to monitor compliance with the policies and commitments:

- Periodic review of policies/memberships by governing bodies.
- Monitoring of compliance by the relevant bodies.
- Establishment of objectives and action plans, where applicable
- Inclusion of control measures to ensure compliance.
- Progress report, where applicable.

## 6. Historical comparison

As indicated in point 1 of this Statement, the results of the PAI indicators provided for the 2022 financial year are not comparable to the results published in the "Statement of Principal Adverse Impacts of Investment Decisions on Sustainability Factors" for the previous financial year.

Prior to the development and entry into force of the technical standards setting out the specific PAI indicators to be taken into account by companies, CaixaBank published the indicators considered material in the 2021 statement on the main adverse effects of its investment decisions on sustainability factors. Specifically, the indicators of GHG emissions of scope 1 and 2, carbon footprint, carbon intensity, exposure to companies active in the fossil fuel sector, gender diversity and exposure to controversial weapons were published. In relation to investments in sovereign entities and supranational bodies, the carbon footprint indicator was published.

These indicators are not comparable with those published for the year 2022, for the following reasons:

- Developments in regulations and methodology for calculating PAI indicators.
- Changes in the coverage and quality of data provided by data providers.
- Finally, due to the change in the scope and reporting coverage of the measurement of PAI indicators, as in the previous year only the positions related to investments in direct assets (fixed income corporate bonds, public debt and equities) of the Asset Plus Portfolios and the funds managed by CaixaBank AM of the Master Portfolios investing directly in the same assets at the end of 2021 were reported.

