CaixaBank

2021 - June 2022

Climate report

Interactive document



CaixaBank

01. PAGE 3
Letter from the Chairman

02. PAGE 5
Executive summary

03. PAGE 7
Climate and environmental commitments

04. PAGE 9
Introduction

- The role of the financial sector in the transition to a decarbonised economy

05. PAGE 13
Strategy

- Global overview
- Strategic Plan 2022-2024
- Sustainability Master Plan 2022-2024
- Key developments in governance and sustainability reporting in 2022
- Environment and climate strategy
- Financing the transition to a net-zero economy
- Risks and opportunities arising from climate change
- Environmental Management Plan 2022-2024
- Transparent reporting

06. PAGE 25
Governance

- Board of Directors
- Board committees
- Internal organisation
- Sustainability-linked remuneration system

07. PAGE 32
Risk management

- ESG materiality assessment
- Climate risk management

08. PAGE 45
Metrics and targets

- Sustainable funding
- Long-term investment and savings
- Activity linked to sustainable business
- EU taxonomy for sustainable activities
- Net-Zero Banking Alliance
- Financed footprint and decarbonisation targets
- Operational footprint and decarbonisation targets

A PAGE 59
Appendix

G PAGE 64
Glossary

01

Letter from the Chairman



Letter from the **Chairman**

Climate change is one of the greatest challenges facing our society. The international scientific community believes that only substantial and sustained reductions in greenhouse gas emissions can limit global warming and reduce the risks and impacts of climate change.

This is why the medium-term goal of decarbonising the economy is accompanied by increasing regulatory activity at all levels and a growing pressure for companies to align their strategies with achieving the 1.5°C target of the Paris Agreement.

At CaixaBank, we consider it a priority to move towards a carbon neutral economy that promotes sustainable development, while being socially inclusive and maintaining excellence in corporate governance. Sustainability is one of the three lines of the Group's new Strategic Plan 2022-2024. Our goal is to be a European benchmark in sustainability, and our new Sustainable Banking Plan 2022-2024 specifies the actions planned to achieve this goal.

As evidence of our commitment to the transition towards a decarbonised economy, CaixaBank is a founding member of the Net-Zero Banking Alliance (NZBA), promoted by the United Nations, committed to achieving carbon neutrality by 2050. Signing the NZBA implies an increase in ambition with respect to CaixaBank's previous commitments, such as the Collective Commitment to Climate Action, as the NZBA requires alignment with the goal of limiting the rise in temperature to 1.5°C compared to pre-industrial levels.

At CaixaBank, since 2018 we have been neutral in our operational carbon footprint and we are working to ensure that our financing portfolio is also neutral in net greenhouse gas emissions by 2050. As proof of this, in 2022 we approved the Corporate Sustainability/ ESG Risk Management Policy, with more restrictive exclusions for activities with an impact on the environment and climate.

To drive the sustainable transition of companies and society as a whole, at CaixaBank we support and advise our customers on environmental and climate issues, offering solutions for all groups, leading positive social impact and promoting financial inclusion. In this regard, in our Strategic Plan 2022-2024, which I mentioned above, we have announced commitments to mobilise €64 billion in sustainable finances.

Last but not least, climate change has such a far-reaching impact that it requires a public-private partnership and a multi-sector approach. At CaixaBank, as a member of the United Nations Global Compact, we actively participate in working groups and associations dedicated to advancing environmental and climate change.

Our goal is to continue supporting society, families and businesses in this process of transformation that we are undergoing.

This climate report is part of our commitment to stakeholder engagement. Our intention is to transmit in a clear, transparent and consistent way all the activity and initiatives that we are undertaking on climate issues from all areas of our organisation.

José Ignacio Goirigolzarri

Chairman



At CaixaBank, we consider it a priority to move towards a carbon neutral economy that promotes sustainable development, while being socially inclusive and maintaining excellence in corporate governance.



02

Executive summary



Executive summary

Strategy

- **Strategic Plan 2022-2024** focused on strengthening the Bank's positioning in all segments and aimed at making CaixaBank a **benchmark in sustainability.**
- **Sustainable Banking Plan 2022-2024**[1] focused on solving challenges such as inequality, climate change and boosting the real economy.
- **An environment and climate strategy** that aims to contribute to the sustainable transition, addressing the challenge of accelerating the transition **to a carbon neutral economy.**
- **Environmental Management Plan 2022-2024** which aims to reduce the direct impact of the Group's activity (operational carbon footprint[2]).
- The most significant **climate risks** identified are related to credit, operational, reputational and business/strategic risks, with market and liquidity risks being less significant.

Governance

- A **sustainability governance** system has been created by the governance and management bodies.
- The Board of Directors has validated, reviewed and approved the **Sustainable Banking Plan 2022-2024.**
- The **environment and climate strategy,** through which CaixaBank pledges to take the necessary measures to contribute to compliance with the Paris Agreement, has been reviewed and approved by the Board of Directors.
- The mission of the **Sustainability Department**, which is part of the Management Committee, is to define, update and monitor the Group's sustainability strategy. Within this department is the **Climate Risk Department,** whose internal control framework is based on the Three Lines of Defence model.





Risk management

- **ESG Materiality Assessment,** with a detailed focus on climate risks.
- **Analysis of climate scenarios** as a key tool for the assessment of climate and environmental risks, which have a greater materiality in the short, medium and long term on the Group's assets.
- CaixaBank applies the **Equator Principles** to specific operations, with potential environmental and social risks, including those related to human rights, climate change and biodiversity.
- The **Corporate Sustainability/ESG Risk Management Policy,** which consolidates the previous Environmental Risk Management Policy and the Corporate Policy on relations with the Defence sector, establishes the principles of risk management, focused on priority sectors for CaixaBank (such as energy, oil and gas) that are among the highest-risk sectors identified.

Metrics and targets

- CaixaBank, as a founding member of the **Net-Zero Banking Alliance,** is committed to achieving net-zero emissions by 2050 and to setting interim decarbonisation targets by 2030.
- A greenhouse gas inventory that measures the emissions resulting from the Group's activity **(operational carbon footprint)** is carried out annually.
- In 2022, the **operational emissions from 2021 have been offset.**
- A calculation has been made of CaixaBank's **financed emissions** for its 2020 loan portfolio, focusing on the electricity and oil and gas sectors, in line with the decarbonisation targets.
- CaixaBank is committed to long-term financing, investment and savings products that contribute to **preventing and mitigating climate change, and promoting both the transition to a carbon-neutral economy and social development.**

[1] Sustainability Master Plan.

[2] The operational carbon footprint is made up of scope 1 (Company's main direct emission sources), scope 2 (indirect emissions associated with the Company's purchase and consumption of electricity) and scope 3 (remaining indirect emissions that are a consequence of the Company's activity but come from sources that are not directly owned or controlled; not taking into account category 15, Investments, which is included in the financed emissions).

03

Climate and environmental commitments



Climate and environmental **commitments**

		2020	2021	2022	2023	2024	2030
Global operational emissions (t CO_2e)[3]			24,886	-12.9%	-15.8%	-19.3%	
Use of renewable energy			98.78%	100%	100%	100%	
Offset operational emissions			100%[4]	100%	100%	100%	
Paper consumption (kg)			1,246,224	-8%	-12%	-15%	
Energy consumption (kWh)			301,271,514	-6%	-8%	-10%	
Mobilisation of sustainable finance[5] (billion)			16.5	19.2	40.2	64	
Financed emissions	Oil and gas (Mt CO_2e)	26.9[6]					-23%
	Electricity (Kg CO_2e/MWh)	136[7]					-30%

Details on the above figures are shown in the chapter on metrics and targets.

From... to... ⇢
Cumulative target



[3] For the calculation of the scope 1 target, CaixaBank's refrigerant gas emissions data will take the average for the period 2019-2021 as the baseline year. For the calculation of the scope 3 target, CaixaBank's corporate travel emissions data will take 2019 (prior to COVID-19 restrictions) as the baseline year. The target is framed within the same perimeter reported in 2021. Scope 3 does not include category 15, Investments. The scope 3 perimeter calculated in 2021 consisted of the sum of the historical scope 3 perimeters of each entity (CaixaBank and Bankia). In order to calculate compliance with the 2022, 2023 and 2024 targets, a new unified perimeter will be used as the basis for calculating compliance with these targets, so it will not be possible to assess compliance with these targets using the 2021 emissions data published in this report as a reference.

[4] Does not include data for category 3.6 of the Group's companies.

[5] Cumulative figure.

[6] Value considering scope 1, 2 and 3 emissions from customers and parts of the value chain within the target setting perimeter and an attribution factor based on committed lines.

[7] Value considering scope 1 emissions from customers and parts of the value chain within the target setting perimeter and an attribution factor based on committed lines.



04

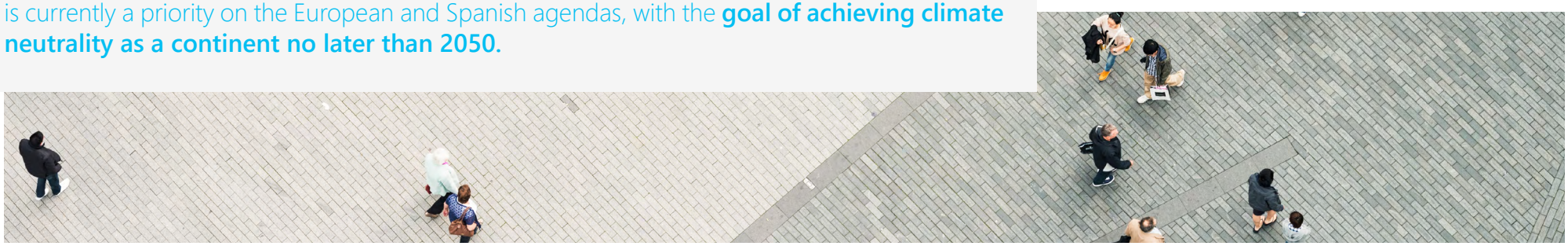
Introduction

- The role of the financial sector in the transition to a decarbonised economy



Introduction

Climate change has become one of the most relevant issues for companies, countries and society in general, given the impact it has and will have, both economically and socially. It is currently a priority on the European and Spanish agendas, with the **goal of achieving climate neutrality as a continent no later than 2050.**



It is scientifically proven that the continued emission of greenhouse gases increases the average global temperature. According to the Intergovernmental Panel on Climate Change (IPCC) in its sixth report (AR6)[8], the global temperature on Earth increased by 1.09°C from 2011 to 2020. In 2019, under pre-COVID-19 pandemic conditions, historic two-million-year highs in atmospheric CO_2 concentration were observed.

In December 2015, around 200 countries agreed during COP21 to strengthen the global response to the threat of climate change by "aiming for a global average temperature increase of no more than 2°C above pre-industrial levels by the end of the 21st century, and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels", as outlined in the Paris Agreement.

As the international scientific community pointed out during the last COP26 held in Glasgow at the end of 2021, it will be difficult to achieve the goals of the Paris Agreement without drastic and immediate action. In any of the five scenarios analysed in the IPCC's sixth report, the temperature increase will exceed 1.5°C by 2050, only remaining below 1.5°C by 2100 in the most optimistic scenario, and rising by as much as 4.4°C in the most pessimistic scenario.

These scenarios stress the need to achieve decarbonisation of the economy as soon as possible and achieve net-zero emissions by 2050 at the latest. The European Green Deal and the Spanish law on climate change and energy transition define the target of reducing European emissions by 55 % by 2030 compared to 1990 levels, and achieving European climate neutrality by 2050. This challenge implies that all companies, regardless of their size and business model, will have to assume emission reduction and greenhouse gas neutrality targets.

Article 32 of the Spanish law on climate change and energy transition also requires companies whose securities are admitted to trading on regulated markets, credit institutions, insurance and reinsurance companies and companies based on their size to integrate climate change risk in their activities. It also includes the obligation to develop and publish an annual report assessing the financial impact on society of the climate change-related risks generated by its activities.

The IPCC defines net-zero emissions as the point where anthropogenic[9] greenhouse gas emissions released into the atmosphere are balanced by anthropogenic removals over a given period of time. CaixaBank's net-zero ambition reflects the commitment that will define the Company's sustainable development over the next 30 years. This, once again, demonstrates CaixaBank's commitment to the Sustainable Development Goals and the recovery of the planet's biodiversity.

[8] Sixth IPCC report (AR6)

[9] Emissions produced as a result of human activities.

The role of the financial sector in the transition to a decarbonised economy

The financial sector is a priority actor in the decarbonisation of the economy, due to its role as a channeller of capital flows; essential for all sectors of the economy to be able to adapt their business models and ensure the transition to net-zero emissions. This role is recognised by the Paris Agreement in Article 2.1 (c) on "making finance flows consistent with a pathway towards low greenhouse gas emission and climate-resilient development".

This is why financial institutions must analyse and manage the climate risk of their operational and investment activities. These activities must be aligned with attaining the goals of the Paris Agreement to achieve a decarbonised economy.

Assuming the role of financial institutions as a driving force in the transition to a decarbonised economy, and being aware of the growing importance that climate risk is taking on for investors, analysts, regulators and supervisors, and non-governmental organisations, CaixaBank is working to accompany this transition, by analysing the impact that its operations and its financing and investment portfolio generate on the climate and by establishing a strategy to ensure that all its activity is aligned with reaching the 1.5°C target of the Paris Agreement. CaixaBank is also aware of the importance of disseminating and reporting on the impact of climate change-related risks and opportunities, and on measures to address these risks and take advantage of these opportunities.

To this end, **CaixaBank has aligned its Climate Report with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD),** developed by the Financial Stability Board (FSB) and focused on integrating disclosures on climate change and climate-related risks and opportunities in its broader financial reporting or in its other relevant reports. These recommendations have been included in the Annual Consolidated Management Report since 2019 and will from now on be included in this Climate Report with a more detailed focus.

This document includes information on CaixaBank's global strategy, the Company's governance with regard to climate-related risks and opportunities, and data on CaixaBank's greenhouse gas operational emissions. It will also gradually incorporate data on emissions related to the financing and investment portfolio – which contribute to the transition to a carbon-neutral economy, sustainable investment and social and environmental risk management, including climate risk.



Main CaixaBank Group climate milestones

2007

Signatory of the **Equator Principles,** CaixaBank

2009

Principles for Responsible Investment (PRI), VidaCaixa

2015

ICMA/The Green Bond Principles, CaixaBank

2016

Spanish Group for the Green Growth, CaixaBank (founding member)

Creation of the **CaixaBank AgroBank Chair of Quality and Innovation** in the agri-food sector by the Universitat de Lleida (UdL)

Principles for Responsible Investment (PRI), CaixaBank Asset Management

2017

Task Force on Climate-related Financial Disclosures (TCFD), CaixaBank

2018

United Nations Environment Programme Finance Initiative (UNEP FI), CaixaBank

Carbon Neutral in operational footprint, CaixaBank

Climate Action 100+, both VidaCaixa and CaixaBank Asset Management

2019

Collective Commitment to Climate Action (CCCA) of UNEP FI, CaixaBank

Principles for Responsible Banking (PRB) of UNEP FI, CaixaBank

First Statement on Climate Change by CaixaBank

Publication of the **CaixaBank Environmental Risk Management Policy**

Publication of the **Framework for the Issuance of Bonds linked to the Sustainable Development Goals** by CaixaBank.

Principles of Responsible Investment (PRI), BPI Gestão de Activos

2020

Green Recovery Call to Action initiative, CaixaBank

Inaugural issuance of **green bond** for €1 billion, CaixaBank

Principles for Sustainable Insurance (PSI), VidaCaixa

2021

Net-Zero Banking Alliance (NZBA), CaixaBank founding member

European Clean Hydrogen Alliance, CaixaBank

Partnership for Carbon Accounting Financials (PCAF), CaixaBank

Issuance of **3 green bonds** for €1 billion, €1 billion and £500 million, CaixaBank

2022

Creation of the **Climate Risk Department** within the Sustainability Department, CaixaBank.

Publication of the **Principles for Action in Sustainability,** CaixaBank

Publication of the **Principles for Action of the Corporate Sustainability/ESG Risk Management Policy,** CaixaBank

Publication of the **Financing Framework linked to the Sustainable Development Goals**, CaixaBank

Issuance of **green bond** of €1 billion, CaixaBank

Poseidon Principles, CaixaBank

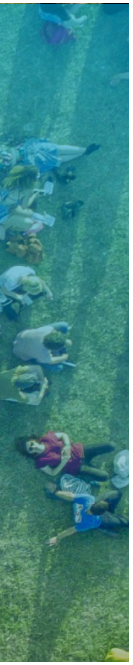
UNEP-FI led pilots in support of **Task force on Nature-related Financial Disclosures** (TNFD), CaixaBank

Net-Zero Asset Owner Alliance, VidaCaixa



05

Strategy



- Global overview
- Strategic Plan 2022-2024
- Sustainability Master Plan 2022-2024
- Key developments in governance and sustainability reporting in 2022
- Environment and climate strategy
- Financing the transition to a net-zero economy
- Risks and opportunities arising from climate change
- Environmental Management Plan 2022-2024
- Transparent reporting



Strategy

Global overview

One of CaixaBank's three strategic priorities within the scope of the Strategic Plan 2022-2024 is to be a **benchmark in sustainability** in Europe, by promoting the sustainable transition of companies and society, positive social impact and financial inclusion, and a responsible culture.

Against this background, CaixaBank considers it essential to move forward in the transition to a carbon-neutral economy that promotes sustainable development and is socially inclusive. Considering that social and governance issues are receiving increasing attention from investors and society as a whole, CaixaBank aims to maintain its leadership in positive social impact through its microfinance and financial inclusion activities, promoting a responsible culture focused on people and best practices in good governance, in order to continue to be a benchmark in European banking. The Bank also channels and promotes hundreds of social initiatives through its branches, thanks to the CaixaBank volunteer network, close collaboration with the "La Caixa" Banking Foundation, the Dualiza Foundation, MicroBank and other social initiatives.

Likewise, through the issuance of social bonds (reaching a total of €4 billion in 4 social bonds issued in the period 2019-2022), the Bank contributes to society's development, fighting poverty and fostering job creation in the most disadvantaged areas.

Strategic Plan 2022-2024

The Strategic Plan 2022-2024[10] maintains CaixaBank's commitment to society, with a unique banking model, and with the aim of offering the best service to each customer profile in order to provide solutions in all areas, promote financial inclusion and lead the way in positive social impact.



[10] Strategic Plan 2022-2024.

CaixaBank wants to support and encourage the transformation that is expected of our economy, both in the progress of digitalisation and in the development of a more sustainable social and environmental situation with greater opportunities for all. And to do so, the Bank wants to lead the transformation process that is taking place in its sector. A transformational ambition that is embodied in its new Strategic Plan 2022-2024, which was announced on 17 May 2022. A Plan that continues to be based on a unique banking project, based on CaixaBank's founding origins.

Through the Strategic Plan 2022-2024, the Group will focus on strengthening its positioning in all segments, maintaining an efficient distribution model, adapted to the customer and offering the best experience, and establishing itself as a benchmark bank in sustainability at European level.

The **Strategic Plan 2022-2024** is based on three strategic lines:

01 **Boosting business growth, developing the best value proposition for our customers.**

02 **Operating an efficient customer service model adapted to customer preferences.**

03 **Consolidating CaixaBank's position as a benchmark in sustainability in Europe.**

The Plan also incorporates two cross-cutting enablers that will support the implementation of these three strategic lines: people and technology.

- Firstly, CaixaBank puts a special focus on **people** and aims to be the best bank to work for, fostering an exciting, committed, collaborative and agile team culture that promotes more engaging and motivating leadership.
- The second enabler focuses on **technology**. CaixaBank has excellent technology capabilities, and will continue to invest in them in order to keep driving the business forward and thus facilitate access to the digital economy for all its customers.



Sustainability Master Plan 2022-2024

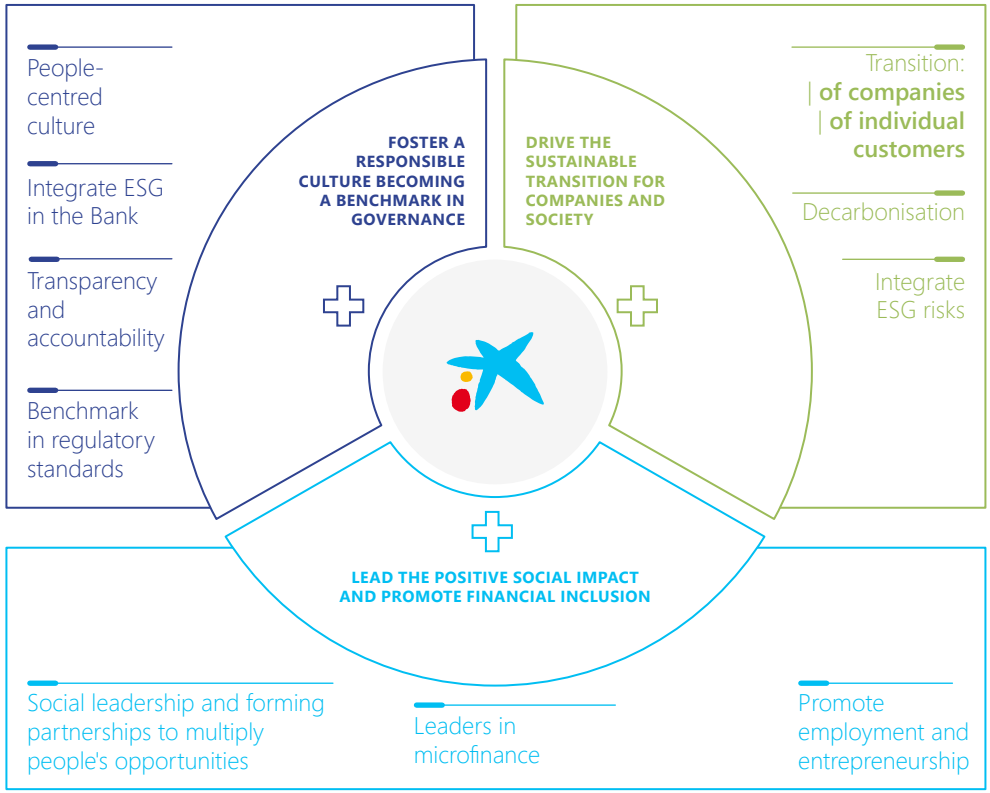
During 2021 CaixaBank worked on a **Sustainability Master Plan** (Sustainable Banking Plan)[11] for the 2022-2024 period. The plan was drawn up with the participation of more than 200 professionals from more than 30 of the Bank's divisions and was approved by the Board of Directors on 15 December 2021. The Master Plan forms part of the Bank's Strategic Plan and is one of the main courses of action, reflecting CaixaBank's ambition to consolidate its position as a benchmark in sustainability.

This Plan is CaixaBank's proposal for the 2022-2024 period to mitigate challenges such as inequality, climate change and boosting the real economy.

CaixaBank is committed to demonstrating, through action, the social value of banking, thereby becoming a **benchmark bank in Europe in terms of sustainability.** To this end, we will allocate more than €64 billion to mobilise resources for sustainable actions, primarily energy transition initiatives and microcredits. Through this sustainable financing and other programmes and partnerships, we aim to generate a positive social impact.

Through **active listening** and **dialogue**, a rigorous methodology for **measuring** and managing **data**, and an ESG **communication** strategy to raise external awareness and understanding, CaixaBank is actively pursuing its sustainable ambitions. In order to make the Bank's commitment to society a reality, the Sustainable Banking Plan 2022-2024 is structured around three ambitions and eleven strategic guidelines:

- **To promote the sustainable transition of companies and society**, offering sustainable solutions in financing and investments, with a focus on energy efficiency, mobility and sustainable housing; and ESG advice, with the commitment to decarbonise the Group's lending and investment portfolio. CaixaBank, as a founding member of the United Nations Net-Zero Banking Alliance (NZBA) initiative, publishes in this report its first 2030 decarbonisation targets for the Bank's most carbon-intensive sectors.
- **To lead the positive social impact and favouring financial inclusion**, thanks to MicroBank, volunteering and social action, promoting microfinance solutions and maintaining the commitment to the rural world, adapting the service channels to the needs of the different customer groups.
- **To promote a responsible culture by being a benchmark in governance** through best practices in responsible culture, reporting and marketing, accompanied by effective and transparent communication on ESG issues.



[11] Sustainable Banking Plan 2022-2024.

SUSTAINABILITY MASTER PLAN COMMITMENTS 2022-2024

GLOBAL

€64 billion mobilised in **sustainable financing**[12].

Maintain **Category "A"** in the synthetic indicator of sustainability[13].

SOCIAL

413,300 beneficiaries of MicroBank, CaixaBank Group's social bank[14].

ENVIRONMENTAL

Advancing the decarbonisation of the portfolio to reach **net-zero emissions by 2050.**

GOOD GOVERNANCE

42 % of **women** in **management** positions[15].



Actions of **engagement with stakeholders**

To ensure the success of this Sustainable Banking Plan 2022-2024, CaixaBank is carrying out various engagement initiatives with its various stakeholders:

Commitment to customers, investors, employees and society as a whole

Customers

- 2022 launch of a new ESG advisory service to help our corporate and institutional customers analyse and establish their sustainable strategy and positioning. This will also boost their transition to carbon neutrality.
- As part of the Bank's commitment to leading positive social impact and promoting financial inclusion, CaixaBank offers its customers a range of projects:
  - **Social Value Project**
  - **Inclusive finance**[16]
  - **MicroBank**
  - **Convenient banking**
  - **Financial culture**
  - **Employment and entrepreneurship**
  - **Social projects**
  - **Social bonds**

Suppliers

- Incorporation, since 2020, of new certifications and sustainability criteria in the supplier registration and approval process.

[12] Mobilisation of sustainable finances is the aggregate amount of the following items:

Sustainable Retail financing, as the sum of the formalised amount from: green mortgages (with "A" or "B" energy efficiency certification), financing for home refurbishment, financing for hybrid/electric vehicles, and microcredits granted by MicroBank.

Sustainable Business financing, as the sum of the formalised amount from sustainable financing to customers in the Business segment, the Developer segment and the CIB (Corporate and Institutional Banking) segment.

Amount of CaixaBank's proportional holding in the issue and placement of sustainable bonds (green, social or mixed) by CaixaBank customers.

Net increase in assets under management (AuM) in CaixaBank Asset Management, in products classified under Art. 8 and Art. 9 under SFDR regulations. Variation includes market effect.

Gross increase in assets under management (AuM) in VidaCaixa, in products classified under Art. 8 and Art. 9 under SFDR regulations. Gross contributions to Pension Funds (FFPP), Voluntary Social Welfare Schemes (EPSV) and Unit Linked are considered for the calculation. In 2023 and 2024 it will also include contributions from long-term care insurance.

[13] Synthetic ESG index created by CaixaBank and using a methodology developed by KPMG, which provides aggregate information from the main ESG analysis firms. The indicator objectively weights the results obtained by the Bank in the scores of the main international ESG analysts (S&P Global-DJSI, Sustainalytics, MSCI and ISS ESG).

[14] Number of holders and co-holders of microcredits granted by MicroBank in the 2022-2024 period.

[15] % of women in management positions starting from deputy director of large branches (category A and B branches).

[16] Consolidated Management Report (See page 250).

Investors and shareholders

- Participation in ESG meetings with institutional investors to share priorities and understand their expectations, as well as with leading sustainability analysts.
- ESG commitments made by VidaCaixa and CaixaBank Asset Management.
- Specific meetings to promote and accompany our retail shareholders and customers in increasing their knowledge of sustainable finance.

Society

- Participation in events as speakers to raise awareness of the importance of sustainability, the Sustainable Development Goals (SDGs) and the goals of the Paris Agreement.
- Publications and outreach activities: publication of Sustainability, socio-economic impact and contribution to the United Nations SDGs[17], CaixaBank Chair in Sustainability and Social Impact with IESE, AgroBank Chair in Quality and Innovation in the agri-food sector with the University of Lleida and CaixaBank Chair in Sustainable Economy with Comillas Pontifical University.
- Active dialogue with non-governmental organisations and other civil society entities.

Employees

- Sustainability training for the CaixaBank Group workforce and regular publication of content on the Intranet or corporate website.



In 2021, 108,517 hours of mandatory sustainability training were given to the Bank's entire workforce.

During the first half of 2022, Sustainable Investment Certification training courses were held for the private banking and premier banking groups:

PRIVATE BANKING

>> 159	>> 3,975	>> 974	>> 93 %
Number of employees trained	Hours completed	Number of employees certified[18]	% of total group

PREMIER BANKING

>> 3,400	>> 85,000	>> 3,041	>> 72 %
Number of employees trained	Hours completed	Number of employees certified	% of total group

Employees in other groups of the Bank who received training on sustainability issues were as follows:

OTHER GROUPS

>> 229	>> 5,777	>> 170
Employees trained	Training hours	Employees certified

Thus, the total number of sustainability trainings in the Bank in the first half of 2022 amounted to:

TOTAL

>> 3,788	>> 94,752	>> 4,185
Employees trained	Training hours	Employees certified

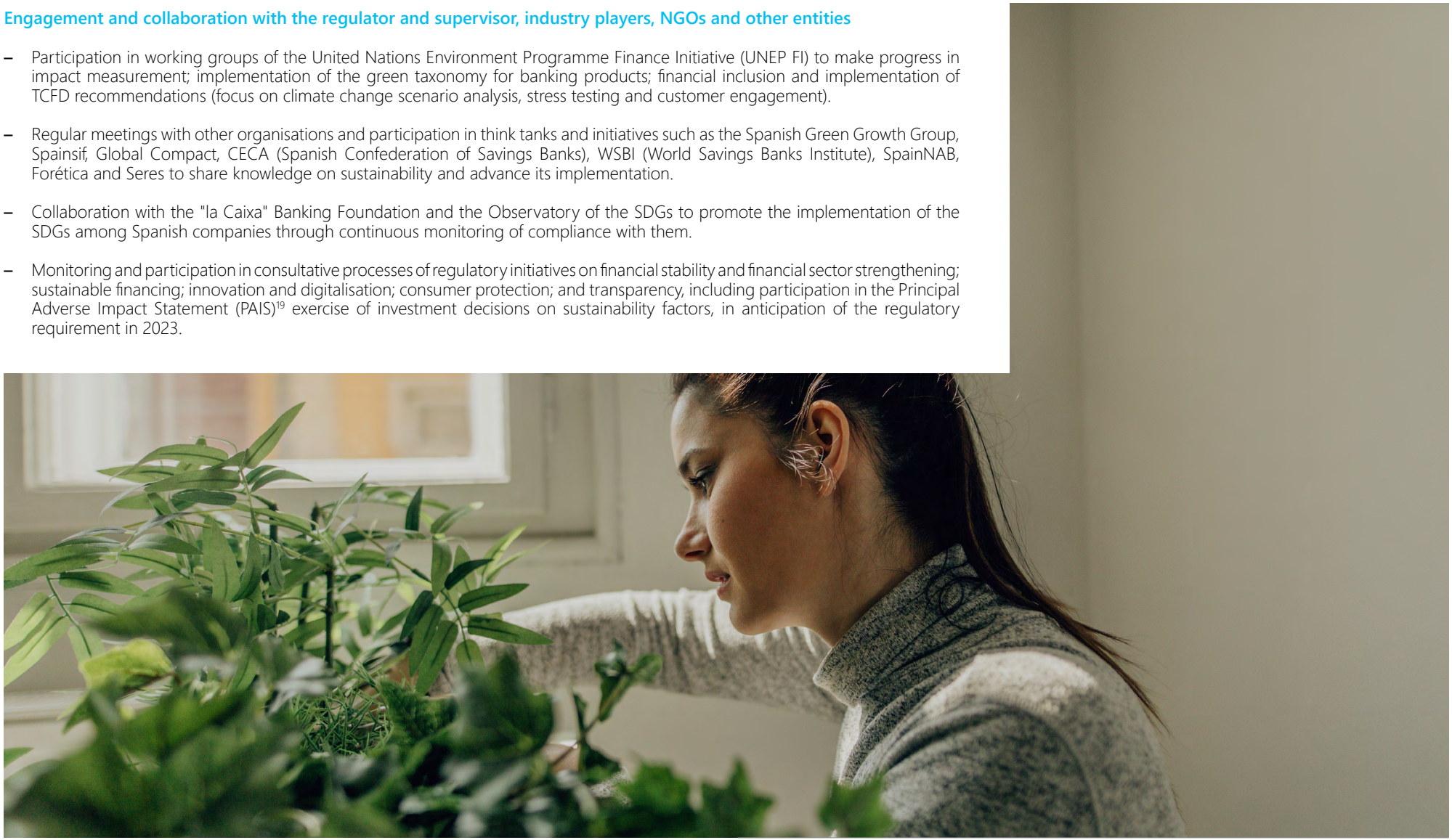
Likewise, in relation to the implementation of the amendment to MiFID II regulations, in the third quarter of 2022 CaixaBank trained 21,959 professionals (53,524 hours) to take into account customers' preferences for products that comply with ESG requirements.

[17] Sustainability, socio-economic impact and contribution to the UN SDGs.

[18] Of the 974 employees certified in 2022, 820 employees were trained in 2021 and 154 were trained in 2022.

Engagement and collaboration with the regulator and supervisor, industry players, NGOs and other entities

- Participation in working groups of the United Nations Environment Programme Finance Initiative (UNEP FI) to make progress in impact measurement; implementation of the green taxonomy for banking products; financial inclusion and implementation of TCFD recommendations (focus on climate change scenario analysis, stress testing and customer engagement).
- Regular meetings with other organisations and participation in think tanks and initiatives such as the Spanish Green Growth Group, Spainsif, Global Compact, CECA (Spanish Confederation of Savings Banks), WSBI (World Savings Banks Institute), SpainNAB, Forética and Seres to share knowledge on sustainability and advance its implementation.
- Collaboration with the "la Caixa" Banking Foundation and the Observatory of the SDGs to promote the implementation of the SDGs among Spanish companies through continuous monitoring of compliance with them.
- Monitoring and participation in consultative processes of regulatory initiatives on financial stability and financial sector strengthening; sustainable financing; innovation and digitalisation; consumer protection; and transparency, including participation in the Principal Adverse Impact Statement (PAIS)[19] exercise of investment decisions on sustainability factors, in anticipation of the regulatory requirement in 2023.



[19] PAIs are understood as those impacts of investment and advisory decisions that may have negative effects on sustainability factors.

Key developments in governance and sustainability reporting in 2022

- Approval of the Sustainability Principles, Principles on Human Rights and the Corporate Sustainability/ESG Risk Management Policy.
  - In January 2022, the Board of Directors approved the CaixaBank **Principles of Human Rights**[20] as an update to the previous Human Rights Policy. These principles demonstrate the Bank's commitment to human rights, in accordance with the highest international standards.
  - In March 2022, the Board of Directors approved the **Sustainability Principles**[21] as an update to the previous Corporate Sustainability/CSR Policy. These principles establish the commitment of the entire CaixaBank Group to an efficient, sustainable and responsible action model characterised by a strong social vocation.
  - In March 2022, the Board of Directors approved the **Operating principles of the Corporate Policy for managing sustainability/ESG risks.**[22], which establishes general and sectoral exclusions linked to the business relationship and financing of companies with activities that have potential adverse impacts on human rights, the environment and climate.

- **Statement of Principal Adverse Impacts of investment decisions on sustainability factors**[23]**.**

  Regulation (EU) 2019/2088, the Sustainable Finance Disclosure Regulation (SFDR), requires financial market participants to ensure transparency on how they take into account Principal Adverse Impacts arising from their investment decisions, advice on sustainability factors and/or the products themselves, by publishing adverse events by 30 June each year.

  In this regard, on 30 June 2022, CaixaBank, CaixaBank Asset Management and VidaCaixa anticipated the regulatory requirement of 2023, when it will be required to provide information on specific and quantitative indicators, publishing as early as this year information on the most relevant indicators for the Group, in order to promote greater transparency in the market and with the aim of becoming a European benchmark in sustainability in accordance with the Strategic Plan.



[20] Principles of Human Rights.

[21] Sustainability Principles.

[22] Operating principles of the Corporate Policy for managing sustainability/ESG risks.

[23] Statement of Principal Adverse Impacts of investment decisions on sustainability factors.

Environment and climate strategy

Environmental protection is one of CaixaBank's priorities and it has an Environment and Climate Strategy that aims to **contribute to the transition to a carbon neutral economy** by financing and investing in sustainable projects, managing environmental and climate risk and reducing the direct impact of its operations.

Considering the way emission reductions complement economic growth, the transition to a carbon neutral economy not only implies risks for companies, but also financial opportunities. To make them a reality, it is necessary to continue offering viable solutions that meet the expectations and needs of our customers and stakeholders. As part of these solutions, for years, CaixaBank has been playing an active role in financing renewable energy, infrastructure and sustainable agriculture projects. Socially responsible investment is also promoted through the asset manager and the pension plan manager.

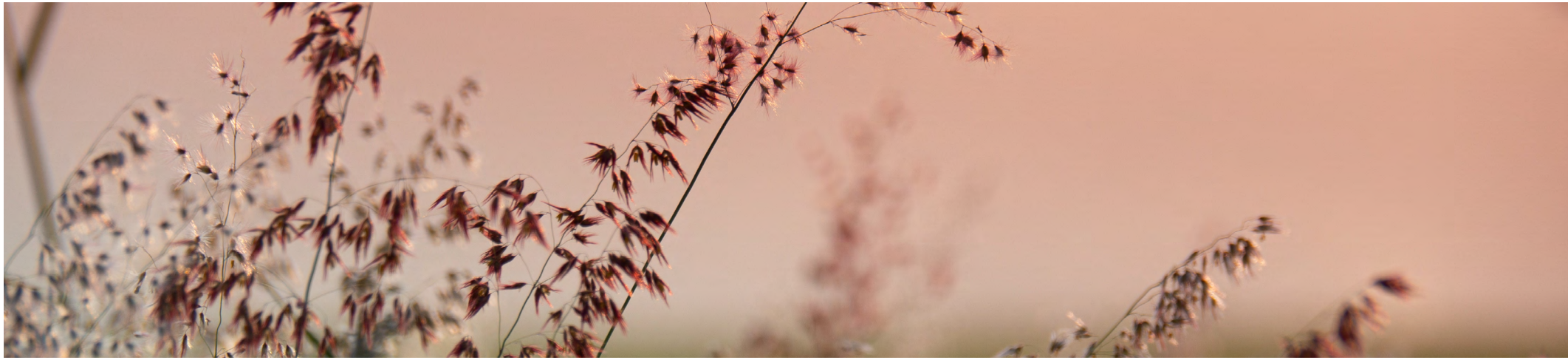
As a founding member of the Net-Zero Banking Alliance (NZBA), promoted by the United Nations, CaixaBank is **committed to becoming carbon neutral by 2050**. Currently, **CaixaBank is operational-carbon-footprint neutral and is working to make its financing portfolio net greenhouse-gas neutral by 2050.**

Climate change has such a far-reaching impact that it requires a public-private partnership and a multi-sector approach. CaixaBank regularly participates in working groups and associations dedicated to driving environmental progress, including UNEP FI and the Spanish Green Growth Group.

The Statement on Climate Change, approved by the Board of Directors in January 2022, evidences the Bank's environmental and climate commitment through the following lines of action:

- Supporting viable and compatible projects with a carbon-neutral economy and solutions to climate change.
- Managing climate change risks and moving towards emission neutrality in the credit and investment portfolio.
- Minimising and offsetting the operational carbon footprint.
- Promoting dialogue on sustainable transition and collaborating with other organisations to move forward together.
- Reporting progress in a transparent manner.

The deployment of the Environment and Climate Strategy, which is detailed later in this report, is incorporated into the Sustainability Master Plan 2022-2024, with the aim of actively managing environmental and climate change risks and moving towards zero net emissions. CaixaBank has also established an Environmental Management Plan 2022-2024 to reduce the direct operational impact of the Group's activities.



Financing the transition to a net-zero economy

Climate change entails risks, but also offers business opportunities in mobilising capital towards sustainable investments that pursue sustainable and inclusive growth, e.g. by financing and investing in activities that contribute to climate change mitigation or adaptation.

CaixaBank offers its customers products that integrate ESG criteria and promote activities that contribute to the transition to a low-carbon and environmentally sustainable economy.

In addition, in 2021 CaixaBank approved the application of a premium to boost green business. This premium has had a positive impact on generating new operations aligned with CaixaBank's financing framework associated with the SDGs. In this way, the Business Areas are more aware of the positive impacts that can be generated through financing activities in terms of climate change mitigation and adaptation.

In this respect, during the first half of 2022[24] the Bank's financing activity included:

- **Loans referenced to sustainability variables**: granting of 53 loans for an amount of €7.077 billion.
- **Green loans**[25]: granting of 35 loans for an amount of €3.225 billion.
- **Renewable energies**: financing of 15 projects for an amount of €370 million.
- Financing of **energy-efficient developments**, with an expected rating of A or B for an amount of €729 million.
- Financing of €262 million in **green mortgages**, €45.9 million in **solar panels** and €2.6 million in **sustainable vehicles**.
- **Ecofinancing**: financing in consumer and AgroBank ecofinancing lines for an amount of €37.9 million.

Additionally, in terms of green bond activity, in 2022 CaixaBank has issued 1 **green bond** for an amount of €1 billion. The Bank also participated in the issuance of 1 green bond for an amount of €500 million and in the issuance of 4 **sustainable bonds** for a total amount of €3 billion and 3 **sustainability-linked bonds** for a total amount of €2.75 billion.

Risks and opportunities arising from climate change

Climate risks, considered part of environmental risks, are risks associated with climate change that can potentially affect people, natural ecosystems and economic sectors. Conceptually, they are classified into physical and transition risks.

- The **physical risks** are risks linked to weather events, which can be chronic or acute and can lead to physical damage to assets (infrastructure, real estate), disruptions in production or supply chains and/or changes in the productivity of economic activities (agriculture, energy production).
  - **Chronic**: changes in weather patterns, average temperatures, rainfall, rising sea levels, etc.
  - **Acute**: greater extreme events and increase in the intensity and severity of tornadoes, hurricanes, floods, etc.
- The **transition risks** are risks associated with the process of transitioning to a low-carbon economy.
  - **Political-legal**: changes in regulations and standards.
  - **Technological**: energy-efficient alternatives, obsolescence.
  - **Market**: changes in the preferences of consumers and market participants.

These risks will depend on the probability and intensity of the events and the companies' ability to respond to or anticipate them. In this regard, CaixaBank incorporates best management practices and robust measurement systems.

The risk management chapter presents the materiality analysis, which focuses on the qualitative assessment of the main impacts that ESG factors may have on the traditional risks (credit, liquidity, market, operational, reputational and business/strategic) for the various portfolios.

All these risks, once identified and properly managed, provide opportunities for mitigation and control, as well as for investment with a long-term and transformational vision.

[24] Sustainable activity throughout 2021 is detailed in the Metrics and Targets chapter.

[25] Green loans ICMA (International Capital Market Association).

The following is a summary of the main risks and opportunities for CaixaBank arising from climate change.

RISKS	PHYSICAL RISK	TRANSITION RISK
Credit	– **Probability of default:** physical risk can result in damage to assets (fixed, productive, material, etc.), productivity downturns, non-viability of business models, disruption of supply chains or trade routes, etc. which can increase the probability of customer defaults. – **Value of collateral:** may also affect the value of assets received as collateral by affecting the recovery rate in the event of default.	– **Probability of default:** the most carbon-intensive sectors and/or those affected by energy transition policies will be less profitable and/or will have greater investment needs. Technological obsolescence, carbon prices or rates, changing market/consumer preferences may also have an impact. Companies that do not adapt to the new environment will see their medium/long-term viability compromised. Stranded assets will be generated that cannot be exploited/consumed, thus affecting companies' profitability. – **Value of collateral:** depreciation of collateral as a result of being stranded and/or directly or indirectly affected by the transition, reducing the recovery rate in the event of default.
Market	– **Prices:** extreme weather events may result in a change in market expectations and generate changes in prices of assets, commodities, etc. – **Maturities:** physical events may cause changes in debt maturity expectations, altering repayment terms.	– **Prices:** transition risks may involve price changes in derivatives and securities, e.g. due to stranded assets.
Operational	– **Interruption of services:** physical risks may directly impact the Bank's ability to conduct all of its services normally. – **Damage to own assets.** – **Other:** may exacerbate errors made in monitoring, reporting or data management.	– **Legal and compliance risk** associated with perceived non-compliance with obligations to adapt, disclose or market sustainable products, which could result in customer complaints, legal proceedings or third-party sanctions.
Liquidity	– **The increase in adverse weather events** may result in a need for customers to withdraw money from their accounts to cope with the potential impact of these events. – This increase may also lead to **losses in the value of liquid assets or problems in the reinvestment of debt.**	– A lack of alignment with the sustainable transition goals on the part of the Bank may lead to possible **divestments or capital outflows** by the Bank's shareholders.
	– **Liquidity buffers may be affected by a reduction in the value of highly liquid coal-related assets** due to an increase in temperatures or a tightening of policies.	
Reputational	– **The impact of poor management** in monitoring or mitigating extreme weather events can impact the Bank's reputation.	– **Possible instances of malpractice in the achievement of climate transition goals** by the Bank or its counterparties may result in reputational impacts for the Bank. – **Failure to meet expectations** could also result in reputational risks that lead consumer preferences to shift to other entities.
Business/Strategic	– **Factors such as changes in policies, legislation and regulation aimed at decarbonising the economy and market sentiment have an impact on the business environment, profitability and resilience of the strategy in the long term.**	– **Impact from extreme or chronic physical events** may affect the value of owned or financed physical assets. – **Impact on performance due to GDP declines in a particular region following a physical event.**

OPPORTUNITIES ARISING FROM CLIMATE CHANGE

- **Offers new avenues for financing sustainable projects:** loans linked to sustainability variables, green loans, renewable energies, financing of energy-efficient buildings and renovations that improve the energy efficiency of buildings and homes, ecofinancing and sustainable mobility.
- **Broadening the investor base,** with a specific mandate to make a positive contribution to the fight against climate change, investing in green bonds.
- **Channelling savings and investment** of individual customers into investment products, funds and plans that promote a positive contribution to the fight against climate change.
- **Positive reputational impact** derived from proper climate risk management (positive investor and consumer sentiment).
- **Public commitment and transparency in reporting to the market** (adaptation to the development of the regulatory framework, social sensitivity to these risks and best market practices).

Environmental Management Plan 2022-2024

CaixaBank's Sustainable Banking Plan 2022-2024 includes an Environmental Management Plan 2022-2024, with eight lines of action **aimed at reducing the direct impact** of the CaixaBank Group's activities:

01 Governance in environmental management.

02 Climate change: operational carbon footprint, renewable energy consumption and emission offsets.

03 Environmentalisation of procurement and contracting.

04 Environmentalisation of the catalogue of non-financial products.

05 Commitment to the circular economy.

06 Sustainable Mobility Plan.

07 Promoting efficiency.

08 Renewal of voluntary certifications and extension of scope.

To achieve this, goals with specific indicators have been defined for each year of the Plan, which are detailed in the Metrics and Targets chapter of this report.

Transparent reporting

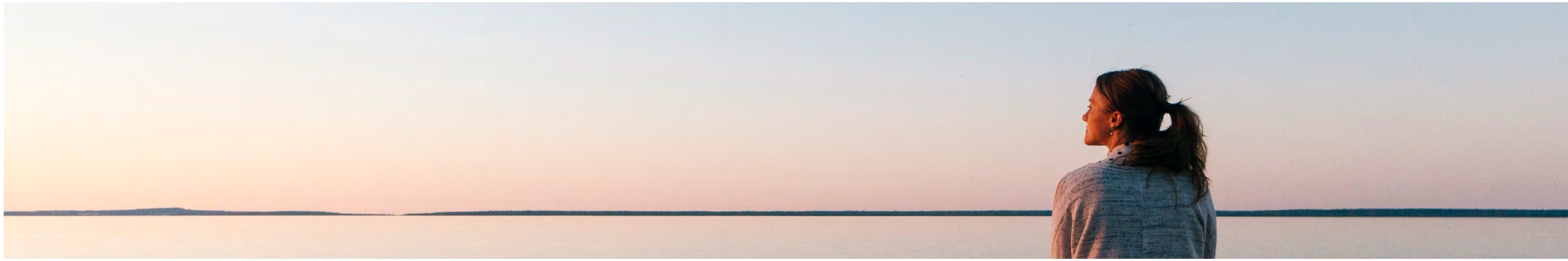
The Task Force on Climate-related Financial Disclosures (TCFD) was commissioned by the Financial Stability Board (FSB) to develop a reporting framework that would help the market to **assess companies' performance with respect to climate change** and **contribute to stakeholder decision-making.**

The initiative recommends that the disclosure of financial information related to climate change should address 4 main categories: **governance, strategy, risk management and metrics and targets.**

In this regard, CaixaBank has made progress in the management and analysis of climate risks in accordance with the regulatory framework, committing to comply with the transparency recommendations of the TCFD, with the aim of increasing the relevance of climate risks and opportunities by reporting them in order to encourage financial market participants to take them into account.

Since 2019, CaixaBank has actively participated in UNEP FI projects to implement the TCFD recommendations in the banking sector (TCFD Banking Pilot Phase II and Phase III).

The preparation of this report ensures the transparency, reliability and exhaustiveness of the information reported, in line with the CaixaBank Group's commitment to a **model of transparent corporate communication of the highest quality and scope for its stakeholders.**





06

Governance

- Board of Directors
- Board committees
- Internal organisation
- Sustainability-linked remuneration system



Governance

Sustainability governance in general, specifically as it relates to **climate change**, is one of **CaixaBank's priorities**. For this reason, the Board of Directors is ultimately responsible for approving the sustainability strategy and Business Principles, as well as supervising their correct implementation.

To this end, a sustainability governance system has been implemented by the **governance bodies** (Board of Directors, Appointments and Sustainability Committee, Risk Committee and Audit and Control Committee) and **management** (Management Committee), complemented by **other internal committees and areas of the Bank** (Global Risk Committee, Sustainability Committee and Sustainability Department).

In addition, this governance system will also enable CaixaBank to meet its goal of implementing a coherent, efficient and adaptable environmental and climate change risk management governance model that oversees the achievement of the CaixaBank Group's goals as a framework for managing climate and environmental risk, in line with the ECB's expectations[26] and with best market practices.

GOVERNANCE BODIES

Appointments and Sustainability Committee

Oversees compliance with the Bank's environmental and social policies and rules

Risk Committee

Proposes the Group's risk policy to the Board, including ESG issues

BOTH ARE PART OF THE **BOARD OF DIRECTORS**

In addition, the **Audit and Control Committee** has duties related to non-financial information and the effectiveness of internal control systems.

MANAGEMENT BODIES

Management Committee

Approves the lines of action in the area of sustainability

Sustainability Committee

Ensures that the sustainability strategy is successfully implemented and promoted in the organisation

Sustainability Department

Defines, updates and monitors the sustainability strategy and updates CaixaBank's Sustainability Principles

The **Global Risk Committee** manages, controls and supervises the risks that the Group may incur.

[26] ECB guide on climate-related and environmental risks.

Consolidated corporate governance enables companies to maintain strong corporate principles and practices by means of an efficient and methodical decision-making process, introducing clarity in the allocation of roles and responsibilities and, at the same time, fostering proper risk management and the efficiency of internal control, which promotes transparency and limits potential conflicts of interest. All this promotes management excellence, which results in a greater contribution of value for the Company and its stakeholders.

Board of Directors

The Board of Directors is the highest representative, management and administrative body of the Company, competent to adopt resolutions on all kinds of matters except those reserved for the Annual General Meeting (AGM). The Board of Directors approves and supervises the strategic and management guidelines established in the interest of all Group companies and ensures compliance with regulations and the application of good practices in the performance of their activities and the observance of additional, voluntarily accepted principles of social responsibility. Its duties include approving and overseeing the sustainability and climate change management and strategy.

The Board of Directors has always been very involved in matters of sustainability and climate change. The most recent amendments to the By-laws and the Regulations of the Board of Directors in this area are set out below:

- The Board of Directors resolved to amend the Regulations of the Board at its meeting on 17 December 2020, among other items, in order to supplement the duties of the current Appointments Committee in matters of sustainability with those provided for in Recommendation 54 of the Good Governance Code.



- In 2021, the Board of Directors resolved to amend both the By-laws, which were approved by the Annual General Meeting in May 2021, and the Regulations of the Board. In particular:
  - Amendment of Article 15 of the Regulations of the Board and, in connection with said article, of Articles 7, 8, 9, 10, 11, 12, 16, 18, 19 and 32 of the Regulations, renaming the Appointments Committee "Appointments and Sustainability Committee" in order to include the two essential areas of competence of this Committee.
  - Therefore, the competences in the area of sustainability provided for in Article 15.2 of the Appointments and Sustainability Committee were strengthened, supplementing those provided for in section (XVI) with the duty of "submitting the sustainability/ corporate responsibility policy for approval", and including the new sections (XVII), according to which the committee must notify, prior to their submission to the Board of Directors, the reports made public by the Company in matters of sustainability, and (XVIII), which establishes that the committee shall receive and analyse the periodic reports submitted to it by the different areas on matters of sustainability, keeping informed of the main developments and advances in this field.
- The Board of Directors led, reviewed and approved in December 2021 the **Sustainable Banking Plan 2022-2024.**
- In March 2022, the Board of Directors approved the Sustainability Principles, as an update to the previous **Corporate Sustainability/ CSR Policy.**
- The Environmental and Climate Strategy includes a public commitment **Statement on Climate Change**, in which CaixaBank commits to take the necessary measures to comply with the Paris Agreement. This statement was reviewed and approved by the Board of Directors in January 2022.
- The Board of Directors approved the **Corporate Sustainability/ESG Risk Management Policy** in March 2022. This Policy combines the previous Environmental Risk Management Policy and Corporate Policy on Relations with the Defence sector, establishing criteria for ESG analysis in the Bank's customer admission and credit approval processes. The Policy establishes general and sector exclusions linked to activities that may have a significant impact on human rights, the environment and the climate. CaixaBank will not assume credit risk in activity involving these exclusions. General exclusions apply to all customers, while sectoral exclusions apply to certain activities in the defence, energy, mining, infrastructure and agriculture, fishery, livestock and forestry sectors.
- With regard to the training provided to the Bank's directors, progress continued to be made in **training the Board, especially in environmental, social and governance (ESG) issues**, which reinforces its robust collective aptitude in terms of knowledge, competence, experience and diversity, as well as that of its individual members.

Board committees

As part of its self-organising function, the Board has various committees specialised by subject, with supervisory and advisory powers, as well as an Executive Committee. There are no specific regulations for the Board committees, which are governed by law, the By-laws and the Regulations of the Board, which set out the details of the composition, powers and functioning of the various committees.

In the area of sustainability, there are two committees that stand out for their involvement in sustainability and climate change.



Appointments and Sustainability Committee

The Committee is composed of five non-executive directors. Four of its members (John S. Reed, Francisco Javier Campo, María Amparo Moraleda and Eduardo Javier Sanchiz) are considered independent directors and one (Fernando María Ulrich) is considered an external director.

The Committee regulates its own functioning and meets whenever it is advisable for the performance of its duties or whenever the Board or its Chairman requests the issuance of a report or the adoption of a proposal.

The main duties of the Appointments and Sustainability Committee in the area of sustainability include:

- Supervising compliance with the Company's environmental and social policies and rules, evaluating and reviewing them periodically so that they fulfil their mission of promoting social interest and take into account, as appropriate, the legitimate interests of the remaining stakeholders, as well as submitting the proposals it deems appropriate in this area to the Board.
- Submitting the Sustainability Principles to the Board for approval.
- Communicating, prior to their submission to the Board of Directors, the reports that the Company makes public in the area of sustainability, including the review of the non-financial information contained in its annual management report, as well as the publication Sustainability, socio-economic impact and contribution to the UN SDGs and the Sustainable Banking Plan, ensuring the integrity of their content and compliance with applicable legislation and international benchmarks.
- Overseeing the Company's actions in the realm of sustainability and submititng the Sustainability/Corporate Responsibility Policy to the Board for approval.

Risk Committee

The Committee is made up of six (6) directors, all of whom are non-executive directors, Eduardo Javier Sanchiz, Joaquín Ayuso, María Verónica Fisas and Koro Usarraga are independent directors, Tomás Muniesa is a proprietary director and Fernando María Ulrich is an external director.

The Committee meets whenever it is advisable for the performance of its duties or whenever the Board or its Chairman requests the issuance of a report or the adoption of a proposal.

The main duties of the Risk Committee include proposing to the Board the Group's risk policy, including ESG risks and, more specifically, climate risks.



Internal organisation

The Chief Executive Officer, the Management Committee and the main Company committees are responsible for the day-to-day management, implementation and development of the decisions taken by the governance bodies.

Management Committee

The Management Committee is the highest management body responsible for approving the main lines of action in matters of sustainability. In view of the growing importance of all aspects of sustainability, a new Sustainability Department was created in 2021, the head of which is a member of the Management Committee.

Sustainability Committee

The creation of this committee was approved in April 2021 by the Management Committee, which grew out of the Environmental Risk Management Committee, created in 2019, and also took over the sustainability/CSR-related duties of the Corporate Responsibility and Reputation Committee in 2015. Its **mission is to help CaixaBank to be recognised for its excellent sustainability management**, taking charge of implementing the sustainability strategy and driving it forward in the organisation.

The Sustainability Committee is a delegated body of the Management Committee, to which it reports directly, which in turn reports, where appropriate, to the Appointments and Sustainability Committee, and the latter to the Board of Directors. In addition, for sustainability risk policies, the Sustainability Committee reports to the Global Risk Committee, which forwards these policies to the Risk Committee and the latter to the Board of Directors.

This committee is chaired by the Sustainability Director, a member of the Management Committee, and is made up of executives from different areas of the Bank: Sustainability, Chief Executive Management, Corporate and Institutional Banking (CIB) and International Banking, Compliance and Control, General Risks Division, Communication and Institutional Relations, Finance, Accounting, Management Control and Capital, General Secretary's Office, Media, Head of Human Resources, Internal Audit, CaixaBank Asset Management, VidaCaixa and BPI.

The Sustainability Committee meets on a monthly basis, and among its main duties in the area of sustainability and climate change, it is responsible for:

- Approving CaixaBank's sustainability strategy and practices and monitoring them, as well as proposing and submitting the general policies for sustainability management for approval by the corresponding governance bodies.
- Overseeing the Sustainability Master Plan (Sustainable Banking Plan), approved in December 2021 as a development of the Socially Responsible Banking Plan (2019-2021) and monitoring projects and initiatives for the deployment of the Master Plan.
- Promoting the integration of sustainability criteria in the Bank's business management.
- Understanding and analysing regulatory requirements, trends and best practices in the sustainability sector.
- Reviewing and approving the information to be issued regarding sustainability.
- Reporting to the Management Committee on the resolutions of the Sustainability Committee.
- Raising to the Global Risk Committee issues related to sustainability risk management policies, reporting and monitoring of assigned Risk Appetite Framework (RAF) metrics, and periodic reporting related to sustainability risks.
- Validating the reasonableness of non-financial ESG indicators.

Global Risk Committee

It is responsible for the overall management, control and monitoring of the risks that the Group may incur (including sustainability risk, environmental risk and climate risk), as well as assessing their implications for liquidity management, solvency and the consumption of regulatory and economic capital.

The Committee therefore analyses the Group's global risk position and sets a policy in place to optimise risk management, monitoring and control within the framework of the Group's strategic goals.

In this regard, as mentioned above, the Sustainability Committee reports sustainability risk policies to the Global Risk Committee for assessment and subsequent proposal to the governance bodies.

This Committee's specific purpose is to bring the risk strategy in line with the Risk Appetite Framework (RAF) established by the Board of Directors, to coordinate measures for mitigating non-compliance and to react to early warnings, as well as to keep the CaixaBank Board informed.

Sustainability Department

As part of the organisational restructuring resulting from the merger with Bankia, in March 2021 a new department was created within the Bank's Management Committee, the Sustainability Department, with four subordinate departments, expanding to a fifth in 2022. The duties of this department include coordinating the definition, updating and monitoring of the Group's sustainability strategy, as well as updating CaixaBank's Sustainability Principles, which will be applicable to all employees, executives and members of the governance bodies to ensure the Bank's transparency, independence and good governance in order to safeguard the interests of people and the region.

Within the Sustainability Department, the Sustainability Risk Department takes over the duties that, since 2018, have been carried out by the Corporate Environmental Risk Management Department. The Sustainability Risk Department is responsible for defining the principles of action in relation to ESG risk management, as well as advising on their application criteria, validating said criteria and transposing them into the corresponding analysis tools. To strengthen climate risk management, the Climate Risk Department was created in January 2022 under the Sustainability Department.

Sustainability risk is included in the Corporate Risk Catalogue as a transversal factor in several of its risks (credit, reputational, other operational risks). Thus, since 2020, climate risk has been incorporated as a level 2 credit risk, and since 2018, environmental risk has been maintained as a level 2 reputational risk. Additionally, since 2021, climate risk has been incorporated as a level 2 operational risk, and as level 2 legal/regulatory risk since 2022.



Sustainability-linked **remuneration system**

The growing importance of sustainability to investors and other stakeholders has made companies aware of the importance of being able to demonstrate appropriate ESG credentials. This requires, among other things, that companies have set formal targets in this regard. ESG goals should also be among the incentives of the Company's top executives.

The requirements of investors, analysts and proxy advisors have become more comprehensive in this regard, with an emphasis on the inclusion of ESG targets or metrics in compensation systems.

Once ESG factors are part of the strategy and operating model, it is considered essential to include ESG metrics in the variable remuneration of executive directors and senior management, weighting these factors according to their relevance to the Company's strategy.

CaixaBank's Board of Directors approved in 2014 a General Remuneration Policy for CaixaBank, which details the main characteristics of each remuneration element. The Policy has been updated since then and is available to all employees through the corporate intranet.

CaixaBank designs its Remuneration Policy based on general remuneration principles aimed at achieving a market positioning that attracts and retains the necessary talent and promotes behaviours that ensure long-term value generation and sustainability.

The principles of the General Remuneration Policy are applicable to all employees of the CaixaBank Group and, among other goals, mainly seek to encourage behaviour that ensures the generation of long-term value and the sustainability of results over time. Additionally, the Policy bases its strategy of attracting and retaining talent on providing professional people with a distinctive corporate business project, the possibility of professional development and enjoyment of competitive overall remuneration.

In December 2021, the General Remuneration Policy was amended to include regulatory developments referring to sustainability risks understood as environmental, social and governance (ESG), and specifically to comply with the requirements arising from Regulation 2019/2088, which establishes the obligation for financial market participants and financial advisors to include in their remuneration policies information on the consistency of such policies with the integration of sustainability risks and to publish the information on their websites. In this regard, the Bank has set **specific sustainability goals, the achievement of which influences the variable remuneration of the Private Banking managers** involved in investment advisory activities.

The 2021 amendment to the Remuneration Policy reflects the linking of ESG risk remuneration to the sustainability risk management carried out by the Bank, incorporating linked variable remuneration metrics, and taking into account the responsibilities and duties assigned.

In order to align variable remuneration with sustainability and good corporate governance goals, **the weighting of metrics linked to ESG factors** (such as sustainability, quality and conduct and compliance) **in both annual and long-term variable remuneration schemes has been increased in 2022.** This greater weight of ESG factors affects both executive directors and senior management, as well as a significant part of the workforce. All of the Bank's senior management and Central Services workforce have sustainability criteria incorporated into their variable remuneration. These criteria are focused on contributing to the **alignment of CaixaBank's loan portfolio with a low-carbon and climate-resilient economy** in accordance with the commitments undertaken by the Bank within the framework of the United Nations Environmental Programme Finance Initiative (UNEP FI) - Principles for Responsible Banking Collective Commitment to Climate Action and NZBA.

For the Chief Executive Officer, one of the individual challenges of variable remuneration is to promote sustainability, carrying out the function within the Management Committee and promoting the implementation of a Sustainability Master Plan for the entire CaixaBank Group.

How does **sustainability** integrate into **variable remuneration?**

The multi-year variable remuneration scheme in place starting in 2022 (for the Management Committee, the Identified Staff[27] and the Bank's main executives) includes short- and long-term sustainability criteria among its metrics. This allows for promoting prudent risk management in the short and long term (long-term metrics measure 3-year goals).

Sustainability is incorporated as one of the metrics for measuring annual corporate non-financial factors, and as one of the metrics for measuring multi-year factors. This is associated with the mobilisation of sustainable finance and measures the new production of sustainable finance. For the purpose of determining the variable remuneration for annual factors (financial and non-financial), and the adjustment for multi-year factors, calculation is made according to the weighting associated with each indicator. For more details, please see the Consolidated Management Report 2021[28].

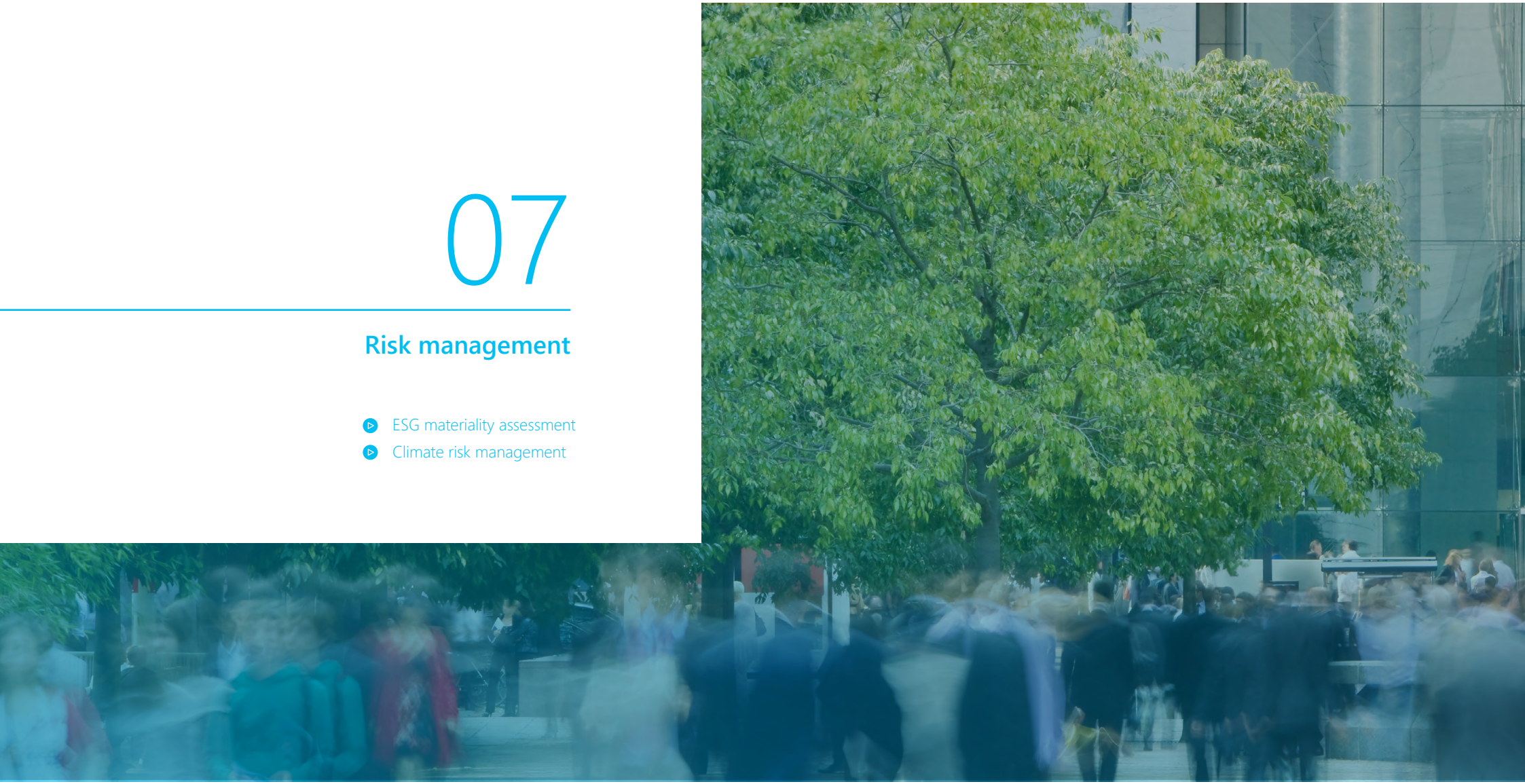
[27] Identified Staff is made up of directors, senior managers or employees whose professional activities have a significant impact on the risk profile of an entity.

[28] Consolidated Management Report (See page 494).

07

Risk management

- ESG materiality assessment
- Climate risk management



Risk management

Environmental, social and governance (ESG) risks involve financial and reputational impacts from factors not traditionally considered to be financial. The most significant of these in the short, medium and long term are, potentially, those related to climate change (physical risks) and the fight to avoid it (transition risks).



There are ESG risk factors (especially climate risks) that transfer to traditional risks (credit, operational, market, liquidity and business/strategic) which support their treatment as part of traditional risks rather than as stand-alone or independent risks. This is also the approach adopted by the majority of financial institutions and regulators/supervisors.

Acute or chronic climatic/meteorological events, changes in regulation, technological development, changes in market preferences, etc. are transposed both micro- and macro-economically through asset values, damages, purchasing power, productivity, prices, etc. to credit, market, liquidity, operational, reputational, business environment and strategic risks.

ESG risks, and climate risks in particular, have specific characteristics that make them difficult to measure and quantify:

01 Increased uncertainty as to the timing of possible events or actions.

02 Time horizons generally longer in their materialisation than those considered in financial risk assessment and strategic planning.

03 Lack of key indicators to support the analysis.

04 Methodological limitations due to the fact that historical data are not usually useful for the analysis of possible future events.

05 Lack of linearity of their effects.

There is a growing expectation from regulators and supervisors for entities to integrate ESG and, in particular, climate and environmental factors into their risk management processes.

CaixaBank aims to ensure that procedures and tools for the identification, assessment and monitoring of climate risks are applied and integrated into its standard risk, compliance and operational processes.

The Board of Directors approved the **Corporate sustainability/ESG risk management policy**[29] in March 2022. This Policy combines the previous Environmental Risk Management Policy and Corporate Policy on Relations with the Defence sector.

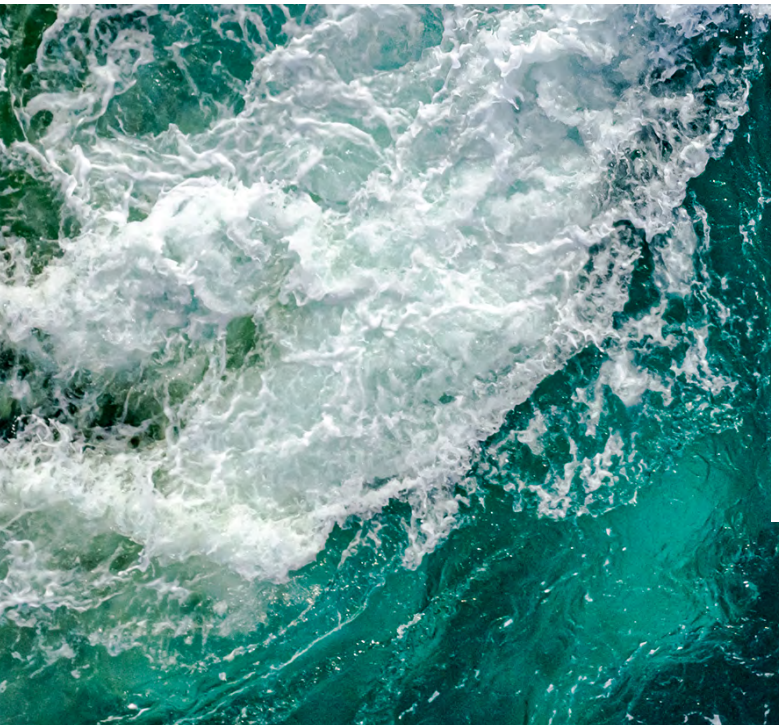
[29] Operating principles of the Corporate Policy for managing sustainability/ESG risks.

ESG materiality assessment

ESG materiality assessment provides the basis for proportionate deployment of ESG risk management processes, and feeds into strategic risk processes and risk calibration.

Our materiality assessment initially focused on qualitative assessment of the main impacts ESG factors might have on the traditional risks (credit, liquidity, market, operational, reputational and business/ strategic) of our portfolios.

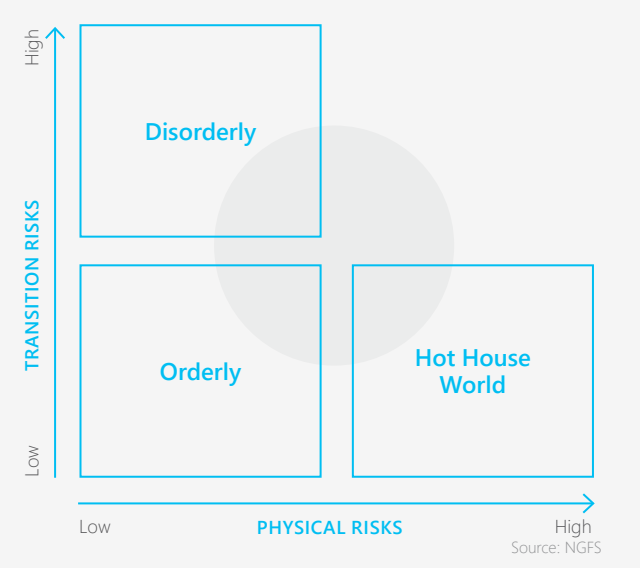
From the point of view of **double materiality**, the assessment focuses on financial materiality from the **outside-in[30].**



Identification and assessment of **climate risk**

Due to its special characteristics, climate risk is assessed using **climate change scenarios over various time horizons.**

The Network for Greening the Financial System (NGFS) has defined climate scenarios that provide a common starting point for analysing the risks of climate change for the financial system and the economy.



Source: NGFS

In line with supervisory expectations, CaixaBank has considered the following NGFS climate scenarios in its materiality assessment:

Orderly transition:

An orderly transition scenario involves the early introduction of climate policies, with increasing scope and depth, resulting in the 1.5°C target being achieved[31]. Physical and transition risks are both relatively moderate.

Disorderly transition:

The disorderly transition scenario involves a significant increase in transition risks due to delays in climate policies or divergences between countries or sectors. This involves measures being adopted from 2030 or at a relatively late stage with respect to the schedules in current climate and environmental regulations. While this increases the transition risk, the physical risk remains relatively low, as the 1.5°C target is achieved[29].

Hot House World (high level of global warming):

This involves the application of very limited climate policies in just a few countries, areas or sectors, so that the global efforts are insufficient to avoid global warming, with resulting incremental and significant physical climate effects. The transition risk is limited in this scenario, but the physical risk is very high, with irreversible impacts.

[30] The inside-out approach focuses on the impact of financial activity on the environment, particularly through the carbon footprint financed. The Metrics and Targets section provides information on the footprint financed and decarbonisation targets.

[31] Objective of limiting the temperature increase to 1.5°C above preindustrial levels by 2100.

Of these three scenarios, the **orderly transition** scenario has been chosen as the base case scenario for the materiality assessment, as it is consistent with CaixaBank's commitments and is currently still the most likely within the European Union. In terms of physical effects, this scenario is equivalent to scenario SSP1-2.6 of low emissions of greenhouse gasses and high political ambition proposed by the Intergovernmental Panel on Climate Change (IPCC)[32].

In the orderly transition scenario, the main climate risk impacts are concentrated in the credit portfolios of legal persons in the long term, as shown in the heat map in Table 1. The following risks are considered in this analysis:

Credit risk:

This is the prudential risk that may be most impacted by climate factors - particularly transition factors - in the short, medium and long term:

- **Transition risk:** the macro sectors with the greatest potential to be impacted in the medium and long term are agriculture, energy/services, oil and gas, transport, materials, and mining and metallurgy. CaixaBank has identified the coal (energy subsector) and oil and gas sectors as the highest priority sectors in terms of transition risk. Real estate is one of the leading sectors with medium impact. The impact is considered lower in the short term. This top-down sector view is complemented by a bottom-up approach, based on:
  - The segments of activity in each macro sector (value chain).
  - The term structure of finance.
  - The characteristics and positioning of the main customers, the impact of which may vary considerably, depending on how they incorporate these risks into their strategic vision. More individualised analysis that takes these aspects into account is already being applied in risk admission processes.
- **Physical risk:** Spain is one of the regions in Europe with the greatest potential to be impacted by the physical risks of climate change. Of the risks analysed, meteorological events involving fires and floods are the most significant. The impact on the mortgage portfolio is not considered material in the short and medium term, based on the geographical location of the assets. This assessment is complemented by more granular analysis of the areas with the potential to be most affected, and of the legal persons portfolio (location of infrastructure and sector-specific characteristics such as energy/services, agriculture, oil and gas, and mining).

Liquidity risk:

The impact on liquidity risk is not considered material in the short term. There may be some additional impact on the Bank's liabilities in the medium/long term (if companies or households are impacted by climate risks that affect their generation of cash flows and result in lower deposits with financial institutions). This is not currently considered material.

Market risk:

CaixaBank's market risk profile is low. The main objective of the trading portfolio is to manage the risk of customer transactions in the market, mainly derivatives with underlying market assets. The portfolio of bonds and equities is very small and has a very high turnover.

Operational risk:

The residual risk of damage to the bank's physical assets or impacts affecting service continuity is considered low. The transition climate risk from legal and compliance risk associated with carbon-intensive investments and businesses, and the definition and marketing of sustainable products, may be higher in the medium term due to increased expectations, requirements and market sensitivity, although this should decrease over the longer term with standardisation of the associated processes.



Reputational risk:

Reputational risk mainly relates to stakeholder perceptions of CaixaBank's failure to make a significant contribution to the decarbonisation of the economy, or financing sectors or companies with major ESG controversies. Reputational risk is unique in that isolated events - such as a story in the media - can have a disproportionate impact.

Business/strategic risk:

CaixaBank's business environment and profitability may mainly be affected by transition risk (changes in policies, legislation and regulation relating to decarbonisation of the economy, changes in market sentiment, loss of market share to the detriment of environmentally sustainable financial products, etc.). CaixaBank is actively managing this risk through its strategic positioning under its Sustainability Master Plan and by searching out business opportunities related to the transition.

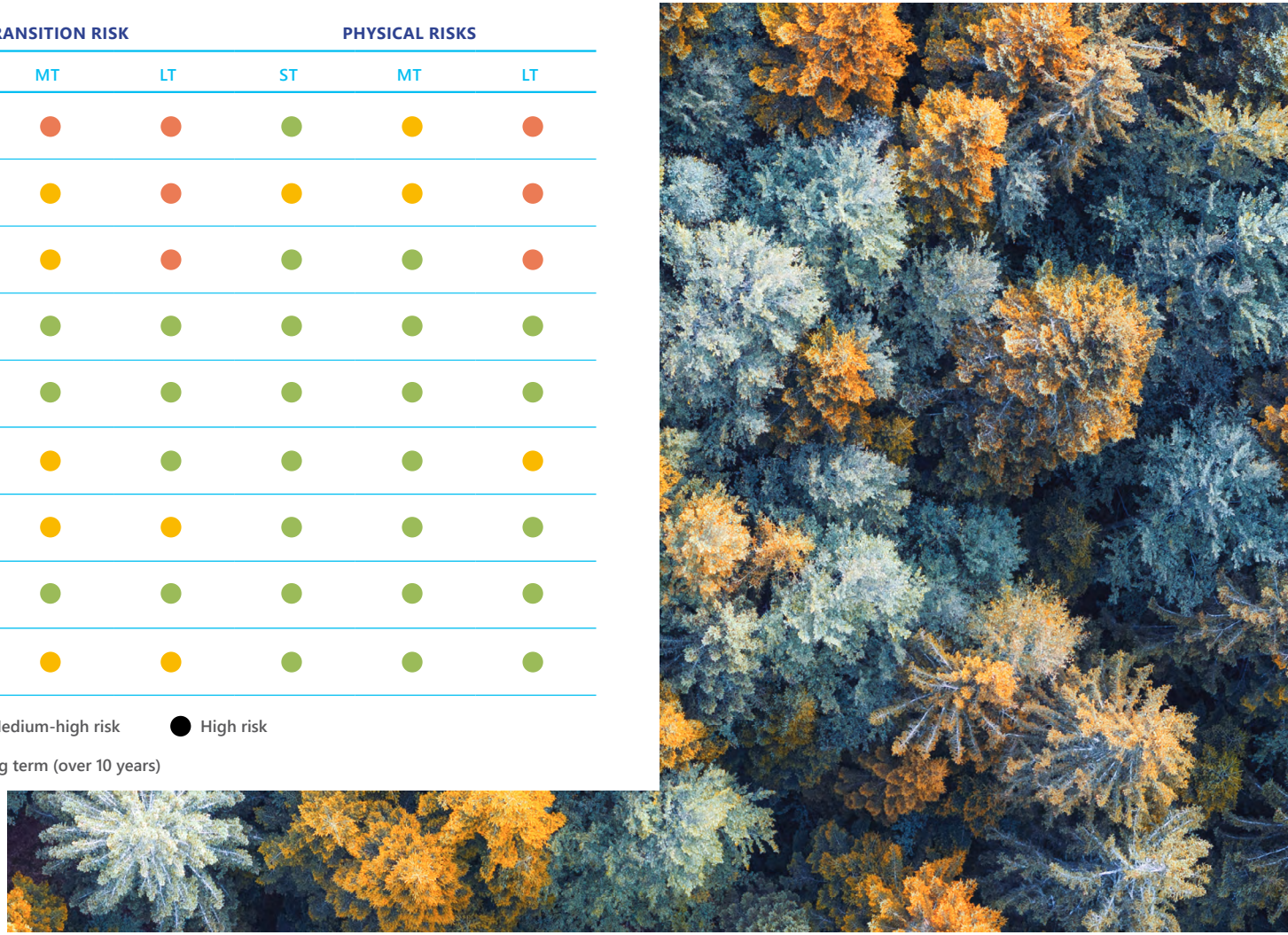
[32] Climate Change 2021: The Physical Science Basis - IPCC, The Summary for Policymakers (SPM).

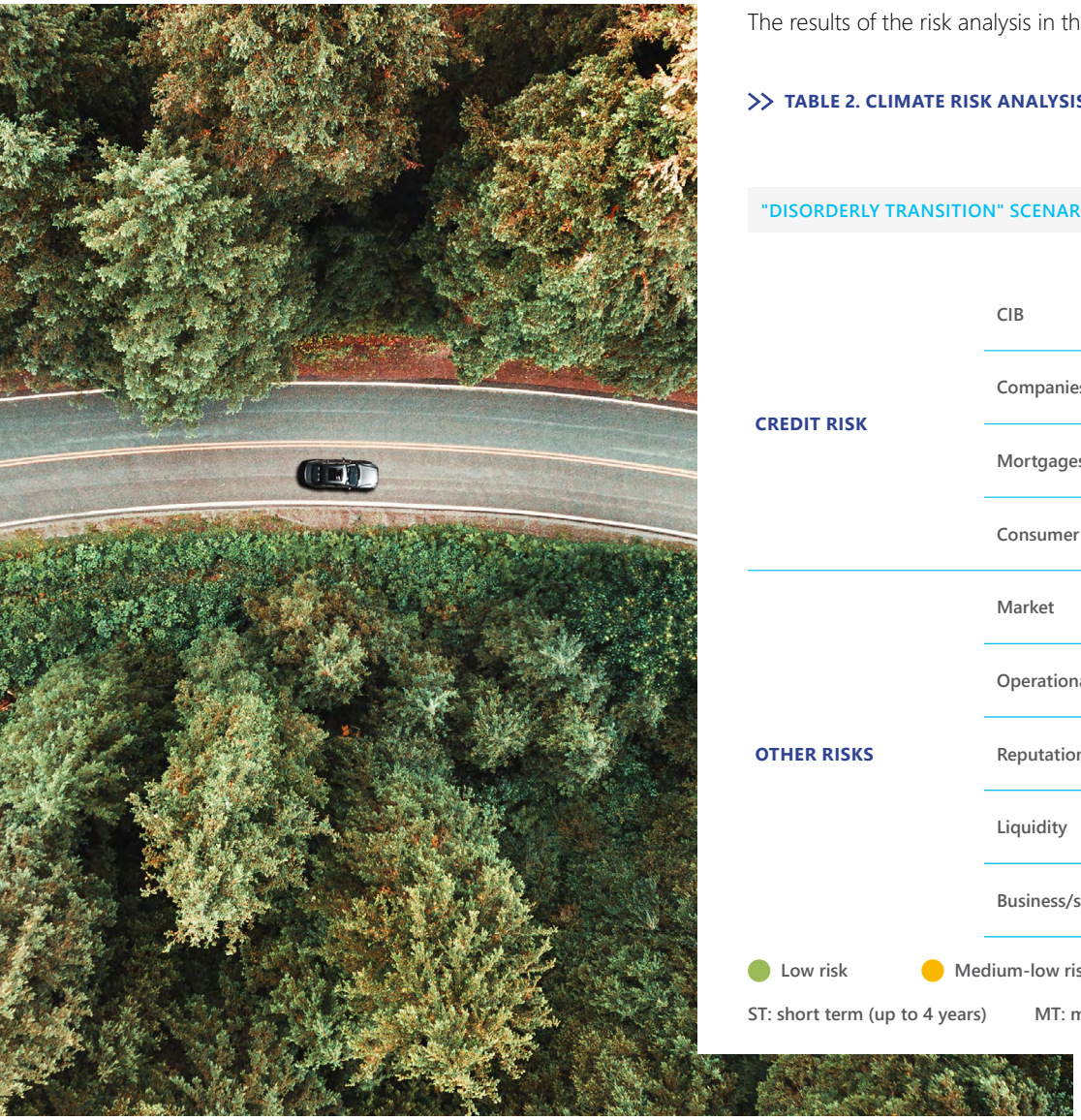
>> TABLE 1. CLIMATE RISK ANALYSIS MATRIX - ORDERLY TRANSITION SCENARIO

"ORDERLY TRANSITION" SCENARIO		TRANSITION RISK			PHYSICAL RISKS		
		ST	MT	LT	ST	MT	LT
CREDIT RISK	CIB	🟡	🟠	🟠	🟢	🟡	🟠
	Companies	🟡	🟡	🟠	🟡	🟡	🟠
	Mortgages	🟢	🟡	🟠	🟢	🟢	🟠
	Consumer	🟢	🟢	🟢	🟢	🟢	🟢
OTHER RISKS	Market	🟢	🟢	🟢	🟢	🟢	🟢
	Operational	🟢	🟡	🟢	🟢	🟢	🟡
	Reputational	🟢	🟡	🟡	🟢	🟢	🟢
	Liquidity	🟢	🟢	🟢	🟢	🟢	🟢
	Business/strategic	🟡	🟡	🟡	🟢	🟢	🟢

🟢 Low risk 🟡 Medium-low risk 🟠 Medium risk 🔴 Medium-high risk ⚫ High risk

ST: short term (up to 4 years) MT: medium term (4 to 10 years) LT: long term (over 10 years)





The results of the risk analysis in the disorderly transition and Hot House World scenarios are shown below.

>> TABLE 2. CLIMATE RISK ANALYSIS MATRIX - DISORDERLY TRANSITION SCENARIO

"DISORDERLY TRANSITION" SCENARIO		TRANSITION RISK			PHYSICAL RISKS		
		ST	MT	LT	ST	MT	LT
CREDIT RISK	CIB	Medium-low risk	Medium-high risk	Medium-high risk	Low risk	Medium-low risk	Medium risk
	Companies	Medium-low risk	Medium-high risk	Medium-high risk	Medium-low risk	Medium-low risk	Medium risk
	Mortgages	Low risk	Medium-low risk	Medium-low risk	Low risk	Low risk	Medium risk
	Consumer	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk
OTHER RISKS	Market	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk
	Operational	Low risk	Medium-low risk	Low risk	Low risk	Low risk	Medium-low risk
	Reputational	Low risk	Medium risk	Medium risk	Low risk	Low risk	Low risk
	Liquidity	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk
	Business/strategic	Medium-low risk	Medium risk	Medium risk	Low risk	Low risk	Low risk

Low risk · Medium-low risk · Medium risk · Medium-high risk · High risk

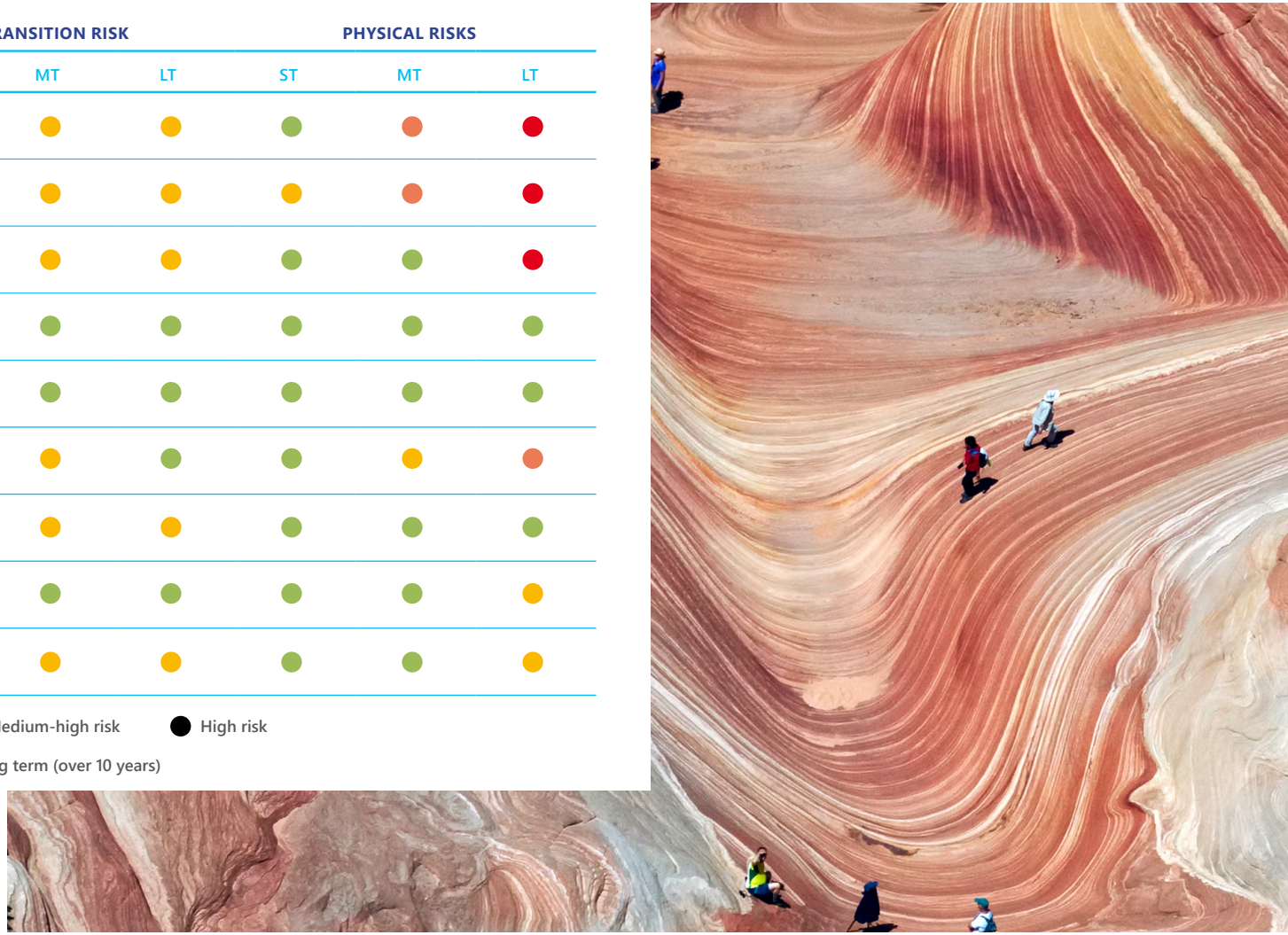
ST: short term (up to 4 years) MT: medium term (4 to 10 years) LT: long term (over 10 years)

>> TABLE 3. CLIMATE RISK ANALYSIS MATRIX - HOT HOUSE WORLD TRANSITION SCENARIO

"HOT HOUSE WORLD" TRANSITION SCENARIO		TRANSITION RISK			PHYSICAL RISKS		
		ST	MT	LT	ST	MT	LT
CREDIT RISK	CIB	🟢	🟡	🟡	🟢	🟠	🔴
	Companies	🟢	🟡	🟡	🟡	🟠	🔴
	Mortgages	🟢	🟡	🟡	🟢	🟢	🔴
	Consumer	🟢	🟢	🟢	🟢	🟢	🟢
OTHER RISKS	Market	🟢	🟢	🟢	🟢	🟢	🟢
	Operational	🟢	🟡	🟢	🟢	🟡	🟠
	Reputational	🟢	🟡	🟡	🟢	🟢	🟢
	Liquidity	🟢	🟢	🟢	🟢	🟢	🟡
	Business/strategic	🟢	🟡	🟡	🟢	🟢	🟡

🟢 Low risk 🟡 Medium-low risk 🟠 Medium risk 🔴 Medium-high risk ⚫ High risk

ST: short term (up to 4 years) MT: medium term (4 to 10 years) LT: long term (over 10 years)



Identification and assessment of other **environmental risks not related to climate change**

We have also assessed the materiality of non-climate-related environmental risks arising from environmental degradation, such as **air and water pollution, water stress, soil contamination, deforestation and biodiversity loss.**



The main impacts of these other environmental risks are concentrated in the medium and long term in the legal persons portfolio, and in reputational risks.

Credit risk:

Credit risk is impacted by environmental degradation (air and water pollution, water stress, soil contamination, biodiversity loss and deforestation), especially in the corporate banking and companies portfolios. The impact on mortgage portfolios and the consumer segment is considered to be more limited.

Market risk:

The impact on market risk is not considered material given the composition of CaixaBank's portfolio, to which no significant changes are currently expected in the future.

Operational risk:

Environmental risk can result in legal and compliance risk related to investments and businesses involving environmental controversies. This is not considered material in the short term because the expectations of the relevant stakeholders in this area are still limited. A slight increase in this risk is envisaged in the medium term, due to increasing environmental requirements and commitments.

Reputational risk:

This is impacted by potential events involving environmental controversies related to counterparties. This risk exists over all time horizons, as stakeholders are likely to have a poor perception of environmental issues with negative impacts, even if these are isolated events.

Unlike climate risk, the impact of environmental risk on reputational risk is also important in the short term because of its visibility and the immediacy of its consequences (e.g. environmental catastrophes such as spills into a river are more visible than factors that exacerbate climate change, where the consequences manifest themselves over longer periods and more indirectly), and because it is watched more closely by society.

Liquidity risk:

The impact of environmental risk on liquidity risk is not considered material, because the possibility of environmental risk impacting the value of particular assets or collateral, or involving significant losses of liquidity, is considered limited.

Business risk:

Business risk can be affected by environmental risk, as failure to reflect environmental factors in business strategy (such as policies to limit environmental impact and changes in market sentiment) could increase the risk of underperforming market expectations.

>> TABLE 4. ANALYSIS MATRIX FOR OTHER ENVIRONMENTAL RISKS

		OTHER ENVIRONMENTAL RISKS		
		ST	MT	LT
CREDIT RISK	CIB	🟡	🟡	🟡
	Companies	🟡	🟡	🟡
	Mortgages	🟢	🟢	🟢
	Consumers	🟢	🟢	🟢
OTHER RISKS	Market	🟢	🟢	🟢
	Operational	🟢	🟡	🟡
	Reputational	🟡	🟡	🟡
	Liquidity	🟢	🟢	🟢
	Business/strategic	🟡	🟡	🟡

🟢 Low risk 🟡 Medium-low risk 🟠 Medium risk 🔴 Medium-high risk ⚫ High risk

ST: short term (up to 4 years) MT: medium term (4 to 10 years) LT: long term (over 10 years)

Following the assessment of these risks and given their limited materiality, CaixaBank's phased management of ESG risks prioritises climate risks. However, environmental risks are already incorporated into risk admission processes through application of the Corporate sustainability/ESG risk management policy.



Climate risk management

CaixaBank is implementing climate risk management and analysis in accordance with best market practices, the regulatory framework, the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and the European Commission's Non-Financial Reporting Directive (NFRD).

The supervisory expectations for risk management and communication contained in the November 2020 European Central Bank (ECB) Guidance on Climate-Related and Environmental Risks are particularly relevant, with action plans and implementation schedules to ensure alignment of processes with supervisory expectations.

>> **TABLES 5 AND 6. EVALUATION OF THE IMPACT OF TRANSITION AND PHYSICAL CLIMATE RISKS IN THE SECTORS DEFINED**

	TRANSITION RISK			PHYSICAL RISKS		
SECTORS	ST	MT	LT	ST	MT	LT
Farming, livestock and fishing	🟡	🔴	🔴	🟡	🔴	🔴
Consumer	🟢	🟢	🟢	🟢	🟢	🟢
Consumer discretionary	🟢	🟢	🟢	🟢	🟡	🟡
Energy/utilities	🟡	🔴	🔴	🟢	🟡	🔴
Health	🟢	🟢	🟢	🟢	🟢	🟢
Manufacturing and industry	🟢	🟢	🟢	🟢	🟡	🟡
Infrastructure	🟢	🟡	🟡	🟢	🟡	🟡
Materials	🟡	🔴	🔴	🟢	🟡	🟡
Mining and metallurgy (excl. oil and gas)	🟡	🔴	🔴	🟢	🟡	🔴

	TRANSITION RISK			PHYSICAL RISKS		
SECTORS	ST	MT	LT	ST	MT	LT
Oil and gas	🟡	🔴	🔴	🟢	🟡	🔴
Real estate	🟢	🟡	🟡	🟢	🟡	🟡
Services	🟢	🟡	🟡	🟢	🟢	🟢
Technology and communication	🟢	🟢	🟢	🟢	🟢	🟢
Transport	🟡	🔴	🔴	🟢	🟡	🟡
Tourism	🟢	🟡	🟡	🟢	🟡	🟡
Cement	🟡	🔴	🔴	🟢	🟡	🔴
Iron and steel	🟡	🔴	🔴	🟢	🟡	🔴
Coal	🟡	🔴	🔴	🟢	🟡	🔴

🟢 Low risk 🟡 Medium risk 🔴 High risk

ST: short term (up to 4 years) MT: medium term (4 to 10 years) LT: long term (over 10 years)

Corporate sustainability/ESG risk management policy

The Board of Directors approved the **Corporate Sustainability/ESG Risk Management Policy** in March 2022. This Policy combines the previous Environmental Risk Management Policy and Corporate Policy on Relations with the Defence sector, establishing criteria for ESG analysis in the Entity's customer admission and lending approval processes.

The Corporate ESG/Sustainability Risk Management Policy regulates the management of ESG risks, including climate risks, in admission and monitoring processes. The Policy includes the following lines of action:

01
Define and manage an internal ESG risk management plan in line with Group strategy.

02
Define and manage implementation of a framework of admission, monitoring and mitigation policies to maintain a risk profile in line with this strategy.

03
Develop the analysis tools for ESG risks needed for decision-making in customer and risk admission processes, for both corporate and project formats.

04
Monitor actions and operations with a potential significant impact on ESG risks.

05
Incentivise practices to mitigate ESG risks in portfolios within the scope of application of this Policy, and other types of actions (such as issuance of green and social bonds).

06
Promote the implementation of systems to identify, score and measure exposure to ESG risks, in accordance with developments in the regulatory framework, social sensitivity to these risks and best practices in the market.

07
Assign roles linked to ESG risk management in the current organisational structure, with the necessary segregation of functions to maintain independence between the areas responsible for the processes of defining strategy, analysis and approval of operations, and the monitoring and control of these risks.

08
Establish a system of powers for the admission of ESG risks that enables incorporation in an agile but robust manner into ordinary decision-making processes, in accordance with the scope of this document.

The Policy establishes general and sector exclusions linked to activities that may have a significant impact on human rights, the environment and the climate. CaixaBank will not assume credit risk in activities involving these exclusions. General exclusions apply to all customers, while sectoral exclusions apply to certain activities in the defence, energy, mining, infrastructure and agriculture, fishery, livestock and forestry sectors.

The following **restrictions on finance** are significant in the **energy sector**:

Coal	Oil	Gas
Companies with >25% of revenue from coal-fired power generation or mining of thermal coal.	Companies with >50% of revenue from exploration, extraction, transportation, refining, cokeries and power generation from oil, unless they are promoting the energy transition through a robust transition strategy or their operations are geared towards financing renewable energies.	Companies with >50% of revenue from exploration, extraction/ production, liquefaction, transportation, regasification, storage and electricity generation from natural gas, unless they are promoting the energy transition through a robust transition strategy or their operations are geared towards financing renewable energies.
Specific projects involving construction, development or expansion of coal-fired power plants and projects related to coal mining.	Medium-term lending requested by new or existing customers for exploration, extraction, transportation, refining, cokeries or oil-fired electricity generation.	Long-term lending requested by new or existing customers for exploration, production, liquefaction, transport, regasification, storage or generation of electricity from natural gas.

CaixaBank will not accept credit risk in new projects related to: oil and gas exploration or production in the Arctic region; tar sands; fracking; construction, development or expansion of coal-fired power plants; coal mining involving mountaintop removal; or construction, development or expansion of nuclear power plants.

The scope of this new Policy includes: **(i)** the admission of new loans and guarantees; **(ii)** purchasing of fixed-income and equity securities; and **(iii)** investment in companies through the investee portfolio.

This analysis process also includes issues relating to categorisation and compliance in relation to the Equator Principles, to which CaixaBank became a signatory in 2007.

Equator Principles

The Equator Principles were established to identify, assess and manage potential environmental and social risks, including those related to human rights, climate change and biodiversity.

Scope

- Project financing and financial advice services for projects with minimum investment of US$10 million.
- Corporate loans linked to investment projects where the aggregate amount is at least US$50 million, CaixaBank's individual commitment is at least US$50 million and the term of the loan is 2 years or more.
- Bonds linked to projects with a value of US$10 million or more.
- Bridging loans with a term of less than 2 years to be refinanced through project finance or a corporate loan linked to a project that meets the above criteria.
- Refinancing and acquisition of projects that meet certain requirements (the original project was financed under the Equator Principles, there have been no material changes to the scope of the project, and the project has not been completed at the time of arrangement of the finance).

CaixaBank voluntarily applies this procedure to syndicated operations with a term of 3 years or more in which its individual commitment is between €7 million and €35 million. This procedure applies to other operations to finance investment projects with a minimum term of 3 years for a minimum of €5 million when the borrower is a medium-large, large or very large legal person.

Scope of application

- Projects entailing potentially significant and irreversible risks or impacts for which no viable action plan can be envisaged, or that conflict with corporate values, are rejected.
- In other instances, an independent expert is appointed to evaluate each borrower's social and environmental management plan and system. Projects are classified into categories A, B and C depending on the potential risks and impacts detected during the due diligence process, which involves teams from the sales and risk areas, and independent external experts.

In 2021, CaixaBank financed **10 projects with total investment of €9,526 million, with its share being €843 million.** The assessment for the classification of the projects is performed with an independent expert.

The operations financed are shown in the following table:

	2020		2021	
	Units	€M	Units	€M
Category A[33]	2	225	0	0
Category B[34]	14 (BPI)	1,042 (54 BPI)	10	843
Category C[35]	3	163	0	0
Total	**19**	**1,430**	**10**	**843**

[33] Projects with potentially material environmental/social impacts.

[34] Projects with limited and easily mitigated potential ESG impact.

[35] Projects with minimal or no adverse social or environmental impacts, including certain financial intermediary projects with minimal or no risk.



Risk metrics and scenario analysis

Carbon intensity

Management of the loan portfolio seeks to align indirect impact on climate change with our risk appetite and commitment to sustainability objectives. To this end, **we have been measuring credit exposure to CO_2 emission intense businesses since 2018.**

The main metric is based on the definition suggested by the TCFD. This facilitates comparability and includes exposure to assets linked to the energy and utilities sectors, excluding water and renewables (Carbon Related Assets, as defined in the implementation of the TCFD recommendations). In 2018, 2019 and 2020, this exposure represented around 2% of our total portfolio of financial instruments. Following the incorporation of the assets of the Bankia portfolio after the merger, **exposure to CO_2 intensive sectors remained at around 2% of the total portfolio in 2021.**

Scenario analysis and climate stress exercises

CaixaBank also performs scenario analysis for climate risks at the qualitative and quantitative levels.

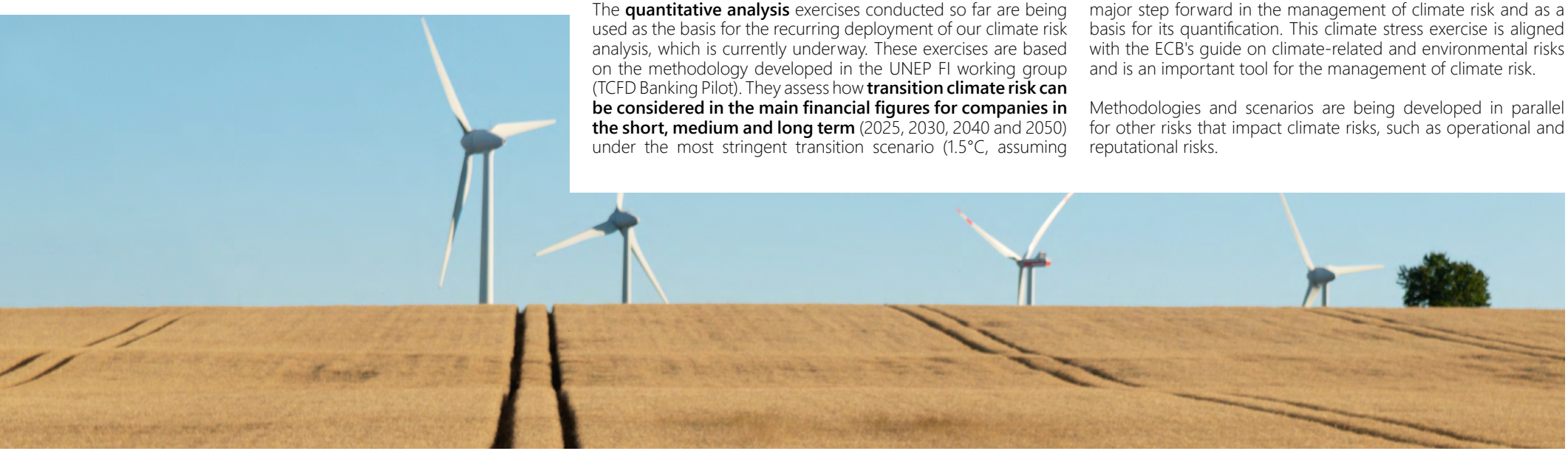
The **qualitative analysis** for transition risk focused initially on identifying the segments potentially most affected by such risk in the sectors with material risks in the portfolio. **To date, this analysis has focused on the energy (oil and gas, and electricity), transport and construction sectors.** This has involved identifying the greatest impacts by studying the main risk variables and establishing heat maps over various time horizons (2025, 2030, 2040 and 2050) for transition scenarios compatible with our decarbonisation commitments (1.5°C scenarios in geographies committed to net-zero emissions in 2050). The heat maps for these sectors include granular analysis by activity at the level of Spain's CNAE economic activity codes.

The **quantitative analysis** exercises conducted so far are being used as the basis for the recurring deployment of our climate risk analysis, which is currently underway. These exercises are based on the methodology developed in the UNEP FI working group (TCFD Banking Pilot). They assess how **transition climate risk can be considered in the main financial figures for companies in the short, medium and long term** (2025, 2030, 2040 and 2050) under the most stringent transition scenario (1.5°C, assuming limited use of carbon capture technologies). The predictions of the REMIND model of the Potsdam Institute for Climate Impact Research (PIK), IAM model (Integrated Assessment Models), are used as a basis for this purpose.

The initial focus of analysis for the **physical risks deriving from climate change** is the **mortgage portfolio in Spain**, because of its size. Qualitative analyses have been performed to identify the exposure by geographical risk areas under various climate scenarios for the main physical risks affecting the portfolio (rising sea levels, flooding from rainfall, and fires caused by higher temperatures). This analysis found that the exposure of our portfolio to these three risks is limited.

In terms of **credit risk**, CaixaBank took part in the ECB **climate stress test** conducted in the first half of 2022. This exercise is a major step forward in the management of climate risk and as a basis for its quantification. This climate stress exercise is aligned with the ECB's guide on climate-related and environmental risks and is an important tool for the management of climate risk.

Methodologies and scenarios are being developed in parallel for other risks that impact climate risks, such as operational and reputational risks.



08

Metrics and targets



- Sustainable funding
- Long-term investment and savings
- Activity linked to sustainable business
- EU taxonomy for sustainable activities
- Net-Zero Banking Alliance
- Financed footprint and decarbonisation targets
- Operational footprint and decarbonisation targets



Metrics and targets

Sustainable funding

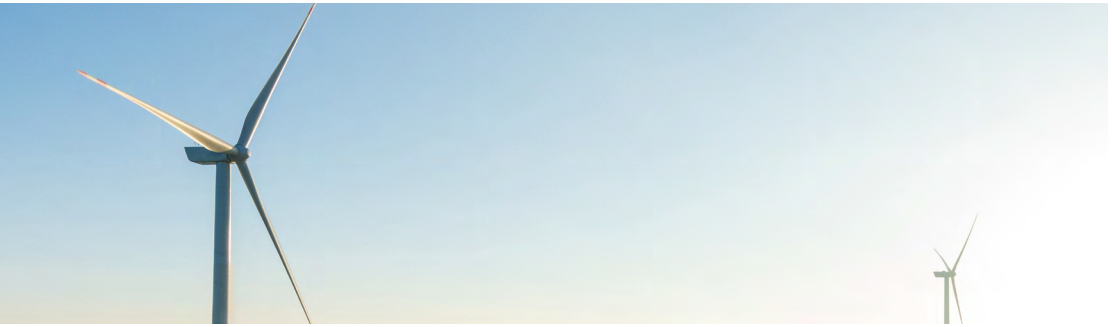
Integration of ESG (environmental, social and governance) criteria into our activity, together with traditional financial and risk criteria, enables us to offer our customers long-term financing, investment and savings products that contribute to **preventing and mitigating climate change, and to driving the transition to a carbon-neutral economy and social development**, in line with our sustainable banking model.

Loans referenced to sustainability variables

These loans are linked to ESG criteria, with the price of the finance being conditional on achieving sustainability objectives and metrics. External consultants assess compliance with the objectives in accordance with the Sustainability Linked Loan Principles. CaixaBank has led major transactions such as those of Acciona Energía and Roca, standing out for innovation in the incorporation of ESG criteria into short-term financing, such as Gestamp's sustainable reverse factoring facility and Arval's sustainable renting.

At the end of 2021, **92 transactions had been arranged** (32 in 2020), **totalling €10,832 million** (€2,997 million in 2020).

During the first half of 2022, **53 loans linked to sustainability variables were agreed.** These are linked to good performance in ESG criteria by the companies and **amounted to €7,077 million** (51 loans totalling €7,784 million in the same period in 2021).



Green loans (Loan Market Association Green Loan Principles)

These loans provide a positive environmental impact and have eligible projects or assets as their underlying assets, including renewable energy, energy efficiency, sustainable transport, waste treatment, emission reduction and sustainable building that comply with the Loan Market Association Green Loan Principles (GLP).

At the end of 2021, **36 transactions had been agreed** (24 in 2020), **totalling €1,625 million** (€2,021 million in 2020).

During the first half of 2022, **35 green loans** were granted, **for an amount of €3,225 million** (12 loans for €335 million in the first half of 2021). Of this total, €**986 million was allocated to 12 commercial real estate projects with energy certification A or B.**

Renewable energies

As part of its commitment to the fight against climate change, CaixaBank supports the financing of renewable energy projects to move towards decarbonisation of the economy.

In 2021, CaixaBank was involved in the **financing of 29 new projects totalling €1,706 million and involving 6,350 MW of installed renewable energy capacity** (€3,163 million and 5,730 MW in 2020). Photovoltaic projects accounted for 47 % of the total investment in the year, consolidating the distribution of the renewable energy portfolio.

Fifteen renewable energy projects were financed in the first half of 2022, amounting to €370 million (€1,170 million in the first half of 2021).

Financing of **energy efficient buildings**

Operations are considered environmentally sustainable if there is documentary evidence of an energy efficiency certificate with an A or B rating. CaixaBank collects information and documents related to energy certification when transactions are being arranged.

At year-end 2021, **€1,151 million in developments** (€1,001 million in 2020) and **€280 million of real estate financing (commercial real estate)** (€306 million in 2020) had been arranged.

During the first half of 2022, **energy efficient developments were financed in the amount of €729 million** (€534 million in the first half of 2021).

Ecofinancing

CaixaBank has specific financing facilities to help borrowers purchase the most environmentally-friendly vehicles and household appliances, and for home refurbishments to make them more energy efficient. It also fosters investments that improve the efficiency of resources or lower environmental impact.

CaixaBank offers a specific ecofinancing (ecoFinanciación) facility for agricultural projects related to energy efficiency, efficient use of water, organic farming, renewable energies, waste management and development of rural communities.

In 2021, **919 loans were granted (788 in 2020) totalling €61 million** (€54 million in 2020). During the first half of 2022, consumer and AgroBank **ecofinancing totalled €37.9 million** (€36 million in the first half of 2021).

Other products

This is complemented by the financing of **€262 million in green mortgages, €45.9 million for solar panels, and €2.6 million for sustainable vehicles during the first half of 2022.**

SDG bonds

SDG bonds are green, social and sustainable bonds. The funds from these bonds have a positive environmental or social impact, respectively.

In July 2019, CaixaBank's Board of Directors approved the Framework for Bond Issuances linked to the Sustainable Development Goals (SDG), which is aligned with the Sustainable, Green and Social Bond Principles. CaixaBank updated this framework in 2022, with publication of the SDG Funding Framework.

CaixaBank issued its first green bond in November 2020, amounting to €1,000 million.

CaixaBank issued **three green bonds in 2021, totalling €2,582 million**, which were used to finance projects that foster two of the SDGs: SDG 7, affordable and clean energy; and SDG 9, innovation and infrastructure. A further green bond was issued in **September 2022, amounting to €1,000 million.** In total, **five green bond issues were issued in 2020-2022, with a value of €4,582 million.**

In 2021, CaixaBank was actively involved in the placement of nine green bond issues for investment in environmentally sustainable assets, totalling €5,536 million (6 issues totalling €4,700 million in 2020).



Madrid Regional Government
Green Bond
€500 million
Maturity 30/7/2028
ISIN ES0001010G6

ADIF
Green Bond
€600 million
Maturity 31/10/2031
ISIN ES0200002063

PKN Orlen
Green Bond
€500 million
Maturity 27/5/2028
ISIN XS2346125573

Vía Célere
Green Bond
€300 million
Maturity 1/4/2026
ISIN XS2321651031

Acciona Energía
Green Bond
€500 million
Maturity 7/10/2027
ISIN XS2388941077

Virgin
Green Bond
€786 million
Maturity 22/6/2031
ISIN XS2358483258

REE
Green Bond
€600 million
Maturity 24/5/2033
ISIN XS2343540519

EDP
Green Bond
€750 million
Maturity 60NC5.5
ISIN PTEDPROM0029

Madrid Regional Government
Green Bond
€1,000 million
Maturity 30/4/2031
ISIN ES0001010B7

CaixaBank was also involved in the placement of **5 sustainable bond issues, amounting to €5,000 million** (4 issues totalling €1,700 million in 2020).

Andalusia
Sustainable
€1,000 million
Maturity 30/4/2031
ISIN ES0000090847

Government of the Basque Country
Sustainable
€1,000 million
Maturity 30/4/2032
ISIN ES0000106726

Telefónica
Sustainable
€1,000 million
Maturity PNC8.25
ISIN XS2293060658

Iberdrola
Sustainable
€1,000 million
Maturity PNC7
ISIN XS2295333988

Caja Rural de Navarra
Sustainable
€1,000 million
Maturity PNC6
ISIN XS2295335413

During the first half of 2022, CaixaBank was involved in the placement of **one green bond issue for an amount of €500 million**, placement of **four sustainable bonds issues amounting to €3,000 million, and three sustainability linked bond issues, totalling €2,750 million.**

Banco BPI (Banco Portugués de Investimento)

Banco BPI is a CaixaBank Group financial institution with activity centred in Portugal. Aware of the importance of adopting measures to ensure environmental sustainability in its products, it offers a range of credit facilities to promote energy efficiency and supports several renewable energy investment projects. In 2021, total **sustainable financing amounted to €248 million, of which €50 million went to renewable energies, €60 million to urban rehabilitation, €3 million to the ECB facility[36], and €135 million to green/ESG bonds.**

BPI granted **€232 million in environmentally sustainable financing during the first half of 2022, and was involved in the placement of ESG bond issues totalling €25 million.**

Long-term **investment and savings**

The CaixaBank Group is committed to sustainable investment, which it understands to mean not only offering financial returns, but also pursuing management consistent with creating value for society as a whole.

Through our asset manager, CaixaBank Asset Management, and our insurance company and pension fund manager, VidaCaixa, we are the **first group in Spain to receive Sustainable Finance Certification under ESG criteria from AENOR.** In 2021, both of these companies maintained **the highest possible rating (A+)** in the Strategy and Good Governance section of the **United Nations Principles for Responsible Investment** (PRI). **VidaCaixa also joined the Net-Zero Asset Owner Alliance** in 2022.

The figures for the asset managers' products were very positive in 2021: **net subscriptions doubled and assets under management reached €226,684 million, representing a combined market share of 29.4 % in Spain.**

The entry into force of the Sustainable Finance Disclosure Regulation (SFDR) on 10 March 2021 provided additional impetus to improve communication of the incorporation of ESG criteria into decision-making processes. In accordance with this new regulatory framework, in 2021 we adjusted the design and communication of our mutual funds, pension plans and savings insurance, classifying our products and services into two categories based on their degree of sustainability:

Impulsa range: financial products and services that promote environmental and/or social characteristics. These are classified under Article 8 of the SFDR.

Impacto range: financial products and services that pursue sustainable investment objectives. These are classified under Article 9 of the SFDR. Within this classification, CaixaBank has launched a new range of mutual funds and pension plans - the SI Soluciones de Impacto range. This is a solution with a positive and measurable impact on people and the environment, contributing to achieving the 17 United Nations Sustainable Development Goals. This range combines the capabilities of CaixaBank Asset Management and VidaCaixa with advice from BlackRock on the equity impact strategy.

The European Supervisory Authorities (ESAs) develop regulatory technical standards (RTS). The latest version of these was published in 2022, on the disclosure of consideration of the **main adverse impacts** of investment decisions on sustainability factors.

CaixaBank has developed a holistic framework[37] for sustainable investment that applies to the provision of investment advisory and discretionary portfolio management services. This sustainable investment framework is based on the following core pillars:

- **Integration of ESG factors,** in addition to traditional financial criteria, into investment decision-making and analysis relating to investment advisory and discretionary portfolio management services.

- **Compliance with the Engagement Policy**[38], which includes engagement measures such as dialogue with the issuers in which it invests.

[36] Company energy efficiency.

[37] Corporate framework for the integration of ESG risks into the provision of investment services and asset management.

[38] Engagement policy for Discretionary Portfolio Management.



Activity linked to **sustainable business**

CaixaBank is **committed to sustainability through the design and marketing of products and services** that integrate environmental, social and governance criteria and foster the transition to a carbon neutral economy and social development.

ESG advice for companies

CaixaBank offers ESG advice to help its customers develop comprehensive sustainability plans and tailor their financing to the specific needs of their decarbonisation pathways, through CIB's Structured Finance - Sustainable Finance area.

Social value in Private Banking project

CaixaBank has a specialist unit that offers Private Banking customers a comprehensive solution for their philanthropy needs.

Inclusive finance

In line with CaixaBank's social responsibility and vocation, it has designed financial products and services adapted to the needs of the most vulnerable. At the close of 2021, there were 211,432 social accounts (68 % more than in 2020), giving access to basic financial services, facilitating direct debit payments of social benefits, and fostering access to employment.

Awards and recognition

CaixaBank's commitment to mobilising funds for sustainable financing to drive the transition to a carbon neutral and socially equitable economy has resulted in it receiving the following awards:

REFINITIV

REFINITIV RECOGNISES CAIXABANK IN ITS LEAGUE TABLE AS:

- **14th** bank in the world – Global Top Tier Green & ESG Loans
- **1st** EMEA bank - EMEA Top Tier Green & ESG Loans

Bloomberg

BLOOMBERG RECOGNISES CAIXABANK IN ITS LEAGUE TABLE AS:

- **2nd** bank in the world - Top Tier Green Use of Proceeds
- **1st** EMEA bank - EMEA Top Tier Green & ESG Loans

Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA

THE DOW JONES SUSTAINABILITY INDEX (DJSI) RECOGNISES CAIXABANK IN ITS INDEX OF THE WORLD'S MOST SUSTAINABLE BANKS:

90 points for Sustainable Finance (percentile 99)

EU taxonomy for sustainable activities

In 2020, the European Parliament and the Council of the European Union approved Regulation (EU) 2020/852 of the European Parliament and of the Council, known as the Taxonomy Regulation, which sets out **transparency requirements in relation to environmentally sustainable economic activities.**

At present, Delegated Regulation 2021/2139 supplementing the EU sustainability regulation is limited to the objectives of: **i)** mitigating climate change (avoidance and/or reduction of greenhouse gas emissions); and **ii)** adapting to the effects of climate change.

The figures for 31 December 2021 were prepared based on best efforts to apply the applicable regulations. They will develop in future as more information becomes available from counterparties and new regulatory developments are introduced. The ratios presented below have been prepared with figures for the largest CaixaBank Group entities, which together account for 95 % of its total assets. They are presented separately to enable easier interpretation of the data:

	CaixaBank, S.A.	Banco BPI	VidaCaixa, S.A.
% exposure to eligible economic activities under the taxonomy out of total assets covered by the Green Asset Ratio (GAR)	47.12 %	58.90 %	0.00 %
% exposure to non-eligible economic activities under the taxonomy over total assets covered by the GAR	34.32 %	13.65 %	79.40 %
% exposure to companies not required to publish non-financial information under the NFRD over total assets covered by the GAR	17.33 %	25.98 %	17.84 %
% interbank call loans portfolio exposure over total assets covered by the GAR	0.14 %	0.35 %	0.00 %
% exposure to derivatives over total assets covered by the GAR	0.29 %	0.09 %	0.00 %
% exposure to central governments, central banks and supranational issuers as a percentage of total assets subject to the Taxonomy Regulation	33.14 %	29.20 %	78.95 %
% exposure of trading portfolio over total assets subject to the Taxonomy Regulation	3.29 %	0.26 %	0.00 %
Assets covered by the GAR in millions of euros	347,434	12,668	28,439

Net-Zero Banking Alliance

In April 2021, CaixaBank signed up to the Net-Zero Banking Alliance (NZBA) as a founding member. The NZBA is an alliance promoted by the United Nations Environment Programme Finance Initiative (UNEP FI), through which **the Entity has committed to achieving net-zero emissions by 2050, and to publish interim decarbonisation targets by October 2022**, supporting customers in their transition to a carbon neutral economy.

Signing the NZBA is an increase in climate ambition with respect to our previous commitments, such as the Collective Commitment to Climate Action, as it requires alignment with the objective of limiting temperature increases to 1.5°C above preindustrial levels.

Under the NZBA commitment, decarbonisation targets will be set in phases, starting with the most intensive sectors, following the UNEP FI Guidelines for Target Setting[39]. Among these sectors, **CaixaBank has prioritised the electricity and oil and gas sectors, which are globally the most important in terms of greenhouse gas (GHG) emissions.** The first decarbonisation targets for these sectors to 2030 were released in October 2022. These are detailed in the next section of the report.

The following milestones were achieved before - and in a complementary manner to - setting the targets:

- **ESG risk materiality assessment**, focusing on the climate risks of the sectors potentially most affected based on detailed heatmaps. These can be consulted in the chapter on risk management. Together with the calculation of emissions and their sector breakdown, this analysis enabled us to select the sector portfolios to be prioritised.
- **Membership of the Partnership for Carbon Accounting Financials (PCAF).** This is a global alliance of financial institutions with the objective of developing and implementing an internationally harmonised approach to measuring and disclosing the GHG emissions financed.
- **Estimation of financed emissions (scope 3, category 15 of the GHG Protocol).** We have made progress on estimating the financed emissions for the entire portfolio based on the PCAF methodology.

[39] Intensive sectors under the NZBA: agriculture, aluminium, cement, coal, real estate, iron and steel, oil and gas, power generation, and transport.

Financed footprint and decarbonisation targets

CaixaBank has calculated the financed emissions (scope 3, category 15 under the definition of the GHG Protocol[40]) **at 31 December 2020 for its loan portfolio[41]**, using the Global GHG accounting & reporting standard for the financial industry guidelines defined by PCAF as a reference for its accounting and reporting. **These efforts focused on publishing data for the oil and gas and electricity sectors.**

The calculation was based on the carbon footprint information (scopes 1, 2 and 3 for oil and gas, and scope 1 for the electricity sector) reported by the companies financed, or for sector proxies when such data is not available[42]. The allocation of emissions financed by CaixaBank was based on the attribution factors defined by PCAF for each type of asset[43].



>> GHG EMISSIONS FROM THE FINANCING PORTFOLIO

CaixaBank. 2020	Committed lines (in €m)	Balance covered by the analysis (%)	Absolute emissions ($MtCO_2e$)[44]	Emission intensity ($ktCO_2e/€m$)[44]	Data quality (Score)	
			Scope 1+2+3	Scope 1+2	Scope 1+2	Scope 3
Oil and gas	5,179	99.8%	26.9	0.5	1.7	2.1

CaixaBank. 2020	Committed lines (in €m)	Balance covered by the analysis (%)	Absolute emissions ($MtCO_2e$)[44]	Emission intensity ($ktCO_2e/€m$)[44]	Data quality (Score)
			Scope 1	Scope 1	Scope 1
Electricity sector	17,111	99.5%	4.0	0.2	2.0

- The calculation used an operational control approach following the methodology developed by PCAF, as described in the Global GHG Accounting and reporting Standard for the Financial Industry for corporate finance (not including SMEs) and project finance, using the committed lines for calculation of the attribution factor.
- The figures for "Committed lines" include information for CaixaBank, S.A. and Bankia at 31/12/2020. The investment portfolio (fixed income and equities) is not included. At the end of 2020, equity and private fixed income exposures represented less than 5% of total assets.
- The information on emissions and financial data for the companies in the Bank's portfolio corresponds to the end of 2020.
- Exclusions: the calculation does not include assets for which financial data was not available from the companies.
- PwC performed limited assurance of the calculation based on the International Standard on Assurance Engagements 3410 (ISAE 4310) "Assurance Engagements on Greenhouse Gases".
- The financed emissions included in the table only include companies within the scope of the decarbonisation targets in the NZBA framework.
- Data quality is calculated as the weighted average of the PCAF DQ Score for Project Finance and corporate finance.

[40] More information is available in Chapter 15 (ghgprotocol.org).

[41] The committed lines are used rather than the amount drawn in calculating the attribution factor.

[42] Detailed information on the methodology for calculating emissions financed is available in the Appendix.

[43] See note 42.

[44] CO_2e = CO_2 equivalent. This includes the following greenhouse gases, in line with the PCAF methodology: CO_2, CH_4, N_2O, HFCs, PFCs, SF_6 and NF_3.



PCAF has established a classification for the quality of the data used in calculating financed emissions, assigning a score of 1 to the highest quality data and a score of 5 to the lowest quality data.

In line with CaixaBank's commitment under the NZBA, decarbonisation targets have been set for the corporate loan portfolio in the electricity and oil and gas sectors, as:

- These two sectors account for approximately 70 % of total CO_2 emissions.
- Both sectors have a material presence in CaixaBank's corporate portfolio.
- Data availability is comparatively high and there is a methodology for calculating emissions and determining the portfolio alignment.
- The Entity's action in these sectors has greater impact given the importance of energy sectors as drivers of decarbonisation in other sectors.

The International Energy Agency (IEA) Net Zero Scenario was used as a reference for calculating decarbonisation targets in both sectors. This scenario[45] ensures that total CO_2 emissions by the sector in 2050 are in line with the emissions-reduction path required to keep the increase in global temperatures below 1.5°C[46]. To achieve the 1.5°C objective, the IEA NZE 2050 assumes increasing development of policies and technological changes to achieve net zero in 2050, limiting the possibility of offsetting, eliminating or capturing CO_2 emissions. This scenario is based on the science, is peer-reviewed, and is widely accepted and used as a benchmark.

[45] Scenario available in the IEA "Net Zero by 2050 - Analysis - IEA" report.

[46] See note 31.

The IEA NZE 2050 scenario proposes that the **electricity sector** should achieve net-zero emissions between 2035 and 2040[47], supported by the investment made in renewable energies and new technologies.

The following decisions were made in order to define the targets for the sector:

>> KEY DESIGN DECISIONS

01 Value chain	Integrated companies: Generation; Transport; Distribution and marketing
02 Emissions scope	1 (2, 3)
03 Emission metrics	**Physical intensity of emissions** (Kg CO_2e/MWh)
04 Selection of the path	**IEA Net Zero**

CaixaBank's target for this sector focuses on scope 1 emissions by generation and integrated companies. Generation is the part of the value chain where decarbonisation actions have the greatest impact in terms of reducing the sector's overall emissions. This scope (the committed lines) covers 92 % of the total exposure of the sector portfolio, and 99 % of its scope 1 emissions. Following the recommendations of the UNEP FI Guidelines for Target Setting, the emissions reduction target has been set using the physical intensity of the portfolio (tCO_2e/MWh) metric, based on the total committed lines.

This metric supports the sector's transition in line with CaixaBank's Strategic Plan.

CaixaBank is proposing a decarbonisation target for the **oil and gas sector**, through an absolute emissions metric, in line with industry expectations. Decarbonisation of the oil and gas sector is expected to be driven by both improvements in energy efficiency and by direct replacement of these fuels as inputs for other processes (demand effect).

>> KEY DESIGN DECISIONS

01 Value chain	Integrated companies: Exploration and production; Transport; Distribution and refining
02 Emissions scope	1 2 3
03 Emission metrics	**Absolute emissions** (based on the committed lines)
04 Selection of the path	**IEA Net Zero**



[47] The IEA NZE 2050 projects that emissions from the electricity sector will reach net-zero by 2035 in advanced economies, and by 2040 globally.

The segments of the value chain within the scope of the decarbonisation targets include the companies mainly active in upstream (exploration and production) and downstream (mainly refining, distribution and marketing) activities, and integrated companies (active throughout the value chain), which represent around 60 % of the total committed lines in CaixaBank's loan portfolio for this sector, and approximately 96 %[48] of the scope 1, 2 and 3 emissions financed. The scope does not include transport, storage and trading, which represent around 4 % of the emissions financed.

Details of the **2030 targets are shown below:**

Sector	Emissions scope	Metric	Scenario	Base year (2020)	Target (2030)	Metric target (2030)
Electricity	1	Physical intensity	IEA Net Zero 2050	136 $kgCO_2e$/MWh	-30 %	95 $kgCO_2e$/MWh
Oil and gas	1, 2, 3	Total financed emissions	IEA Net Zero 2050	26.9 $MtCO_2e$	-23 %	20.7 $MtCO_2e$

These targets are based on current best practices and available data. However, climate science and methodologies are continuing to develop. CaixaBank may, therefore, revise its targets to incorporate methodological advances in line with target setting standards. In accordance with its commitment under the NZBA, in 2023 and early 2024 CaixaBank plans to establish additional alignment targets for other greenhouse gas intensive sectors, in both its lending and investment portfolios, and for subsidiaries with material exposures in the sectors prioritised.

The commitment acquired by signing up to the Net-Zero Banking Alliance is ambitious, and this is reflected in CaixaBank's initial sector targets. In order to achieve these targets, CaixaBank will have to leverage changes derived from government policies and environmental and climate regulations, in addition to changes in consumer behaviour, scientific developments and new technologies, as it is part of, and contributes to, the collective effort needed for the transition to a net-zero economy.

Contextualisation of the **targets**

2020 has been chosen as the base year for the decarbonisation targets set by CaixaBank, in order to set demanding targets based on robust data. There is a significant time lag between the end of the financial year and data reported by companies becoming available, especially for non-financial data (emissions). As a result, data availability for 2021 is currently lower than for 2020. This, therefore, has to be based on estimates and proxies to a larger extent.

However, using 2020 as the base year introduces an additional challenge for decarbonisation ambition, as 2020 was an atypical year for economic activity and carbon intensity due to COVID-19. Also, releasing targets in October 2022 using 2020 as the base implies that 2021 (completed) and 2022 cannot be materially affected.

The ambition of CaixaBank's decarbonisation commitment is reflected in the **broad base on which the decarbonisation targets have been set**, covering approximately 99 % of scope 1 emissions financed in the electricity sector, and 96 % of scope 1, 2 and 3 emissions financed in the oil and gas sector.

A number of sector-specific aspects have been considered:

- **Electricity sector:** the starting point for this sector (136 kg CO_2e/MWh based on the committed lines) is much lower than the starting point used by practically all the other entities that have disclosed targets for this sector to date. This is because CaixaBank has been financing renewable energy projects in a very significant way for many years. This has enabled it, for example, to issue five green bonds (for a total of over €4,582 million) since 2020. However, this low starting point represents a challenge to setting additional decarbonisation targets. The 30 % reduction from a comparatively very low starting point reflects CaixaBank's ambition to continue leading the way in financing renewable energy.
- **Oil and gas (O&G):** 2022 is proving to be a particularly atypical year for the energy sector, due to the impact of the global geopolitical situation on energy security. From the standpoint of lending activity, in 2022 this is reflected in an increase in exposure to O&G sectors focused on securing short/medium term energy supply. This increase in O&G financing in response to the current extraordinary situation does not alter CaixaBank's commitment to decarbonisation in the medium and long term. However, it is likely that this increase will result in the metric deteriorating at the end of 2022. This means that the alignment target of 23 % using 2020 as the baseline is actually much more ambitious than the 2020 starting point reflects.

[48] The scope includes exploration and production, refining and distribution. The scope does not include transportation, storage and marketing.

Operational footprint and decarbonisation targets

CaixaBank, S.A. has been calculating its carbon footprint since 2009, as part of its commitment to minimising and offsetting its CO_2 emissions.

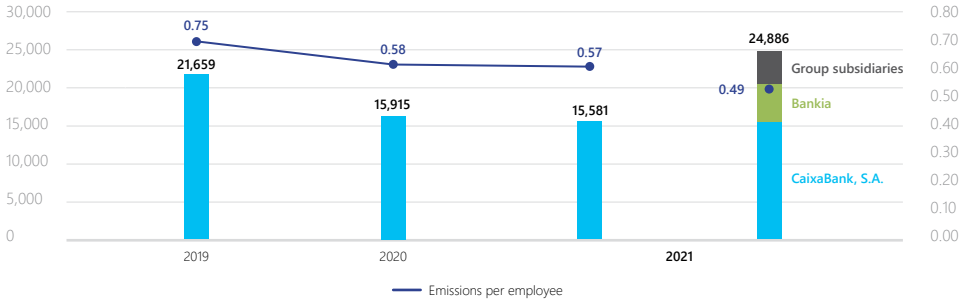
CaixaBank prepares an annual inventory of the greenhouse gas (GHG) emissions generated from its activities. This is used to calculate its carbon footprint and establish actions to gradually reduce it. CaixaBank's carbon footprint calculation is verified by an external, independent firm in accordance with International Standard ISAE 3410, on Greenhouse Gas Assurance Engagements.

Following the merger with Bankia, since 2021 this calculation has been extended to the entire CaixaBank Group, incorporating the scope 1 and 2 emissions of subsidiaries.

	CaixaBank, S.A. pre-merger			CaixaBank Group
	2019	**2020**	**2021**	**2021**
t CO_2 eq scope 1	5,511	3,482	3,262	9,633
t CO_2 eq scope 2	411	266	280	1,025
t CO_2 eq scope 3[49]	15,737	12,167	12,039	14,228
t CO_2 eq total	21,659	15,915	15,581	24,886
t CO_2 eq per employee	0.75	0.58	0.57	0.49

Note: more detailed information by scope can be found in the Appendix, together with details of the methodology for calculating operating emissions.

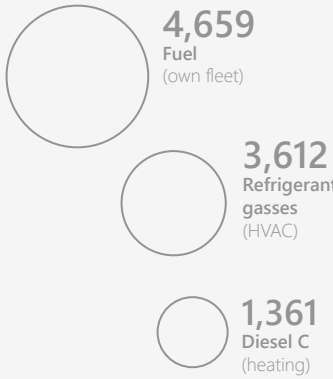
The chart below shows the calculation of the **operational carbon footprint** for 2019, 2020 and 2021 for CaixaBank's pre-merger scope, and also 2021 data including CaixaBank following the Bankia merger and the scope 1 and 2 emissions of the other Group companies.





[49] Scope 3 does not include category 15, Investments.

There will be an effective reduction in these CO_2 emissions through the implementation of technological improvements and environmental best practices.



Total SCOPE 1 emissions

9,633 tCO_2eq

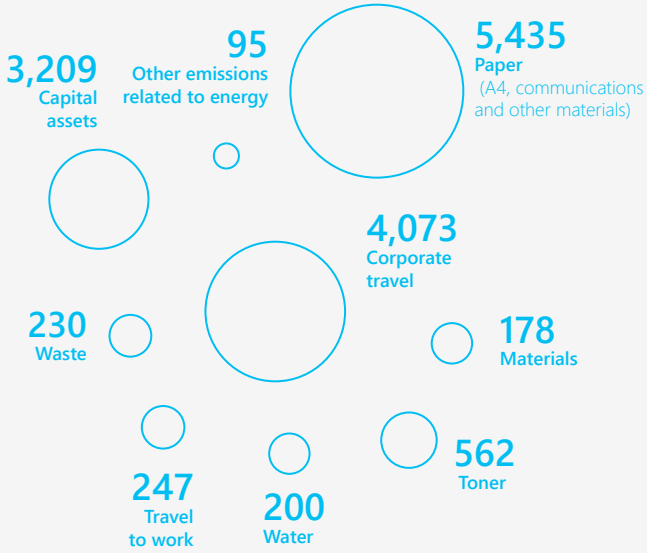
Direct emissions
Fuel and refrigerants



Total SCOPE 2 emissions

1,025 tCO_2eq

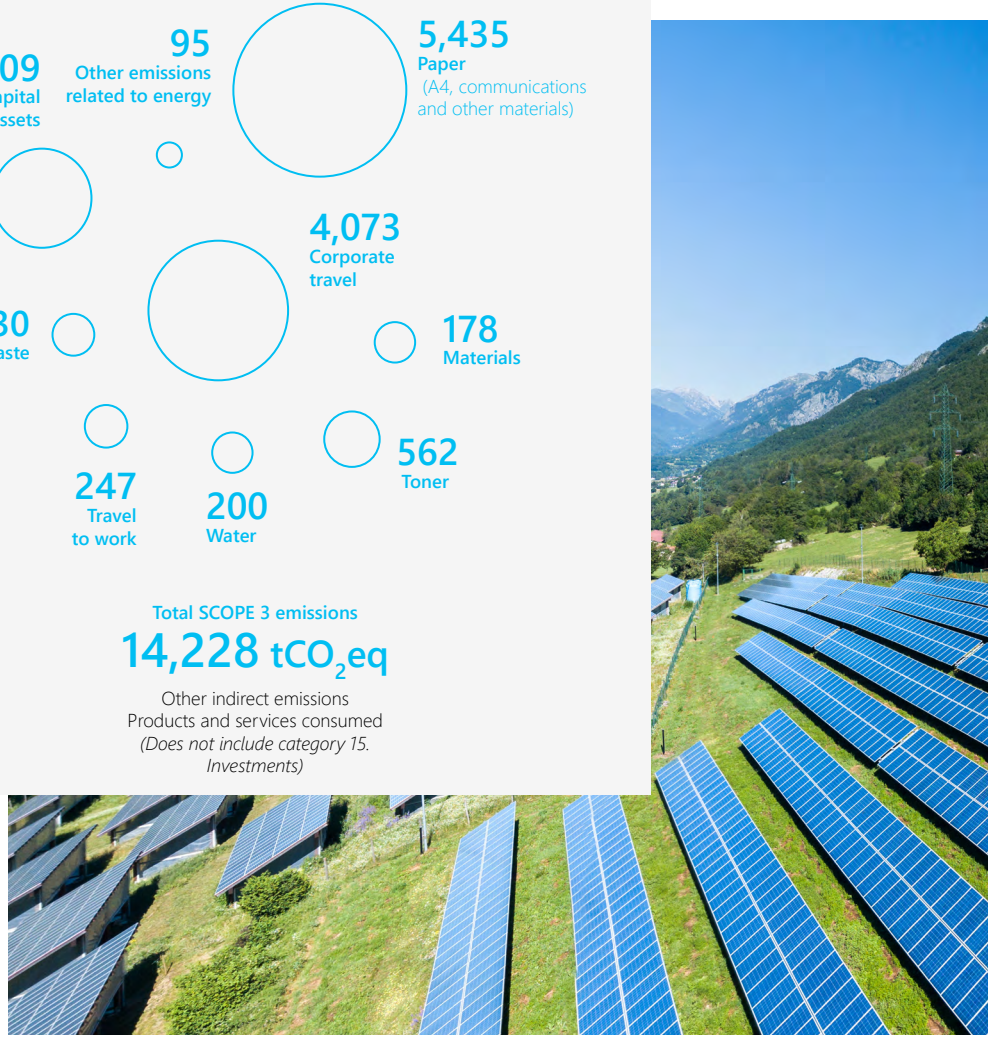
Indirect emissions
Purchases of energy for own use



Total SCOPE 3 emissions

14,228 tCO_2eq

Other indirect emissions
Products and services consumed
(Does not include category 15. Investments)



>> TOTAL EMISSIONS BY THE CAIXABANK GROUP IN 2021 AMOUNTED TO 24,886 T CO_2 EQ

	CO_2	CH_4	N_2O	HFCs
CaixaBank, S.A. pre-merger	1,604	13	49	1,596
CaixaBank Group	5,949	31	124	3,612

Scope 1 emissions by type of gas.

CaixaBank, S.A. has been carbon neutral since 2018. In 2022, CaixaBank has offset 100 % of its 2021 operating emissions that could not be eliminated, with the exception of category 15 emissions, through:

- **The Primavera Small Hydroelectric Project in Brazil**, developed by Electro-Primavera Ltda. This project involves the installation of a small hydroelectric power plant with an installed capacity of 19,192 MW, in the municipalities of Pimenta Bueno and Primavera de Rondônia, in Rondônia state. The plant is intended to provide renewable electricity to the municipalities of Pimenta Bueno Espigão d'Oeste and Cacoal.

- **Wind power in Tirunelveli and Coimbatore, India**, where the main objective is to generate clean electricity from wind. The project consists of a package of 250 wind turbines (WTG), with total installed capacity of 56.25 MW. This project has been recognised by the Verified Carbon Standard (VCS).

CaixaBank is continuing its CO_2 absorption projects through reforestation of two areas destroyed by fire in the **Montserrat** mountain range in Barcelona and in **Ejulve**, Teruel.

In 2021, emissions were reduced by 27.9 % compared to 2019 within the CaixaBank, S.A. scope prior to the merger, remaining at similar levels to 2020. 2020 (with respect to which there has been an increase in consumption) is not used as the benchmark for interpreting the data due to the uniqueness of that year as a result of COVID-19 impacting working in the office.

A materiality assessment of scope 3 of the carbon footprint was performed in 2022 for CaixaBank, S.A. and the other Group companies, to determine the most significant categories of emissions, so they can be calculated fully in future years.

The Entity's strategy to achieve emissions neutrality is based on measuring and reducing its emissions, and offsetting those that it cannot avoid.

The 2022-2024 Sustainable Banking Plan includes a 2022-2024 Environmental Management Plan, featuring eight action plans aimed at reducing the direct impact of our activity as a group. To achieve this, **we have defined targets with indicators for each year of the Plan, with the scope being the CaixaBank Group:**



	2021	2022	2023	2024
Scope 1[50] (t CO_2e)	9,633	-7 %	-10 %	-15 %
Scope 2 (t CO_2e)	1,025	-100 %	-100 %	-100 %
Scope 3[51] (t CO_2e)	14,228	-12 %	-15 %	-18 %
Total emissions (t CO_2e)	24,886	-12.9 %	-15.8 %	-19.3 %
Consumption of renewable energy	98.78 %	100 %	100 %	100 %
Emissions offset	100 %[52]	100 %	100 %	100 %
Paper consumption (kg)	1,246,224	-8 %	-12 %	-15 %
Electricity consumption (kWh)	301,271,514	-6 %	-8 %	-10 %
Environmental certification in main buildings	11	13	14	15

[50] For the calculation of the scope 1 target, CaixaBank's refrigerant gas emissions data will take the average for the period 2019-2021 as the baseline year.

[51] For the calculation of the scope 3 target, CaixaBank's corporate travel emissions data will take 2019 (prior to COVID-19 restrictions) as the baseline year. In order to calculate compliance with the 2022, 2023 and 2024 targets, a new unified perimeter will be used as the basis for calculating compliance with these targets. This means it will not be possible to assess compliance with these targets using the 2021 emissions data published in this report as a reference.

[52] Does not include data for category 3.6 of the Group's companies.

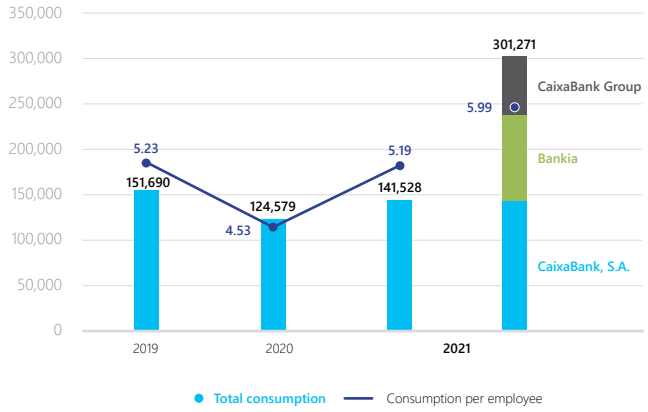
Environmental efficiency

Reduction of operational emissions will be achieved through implementation of **environmental efficiency measures**, **monitoring of indicators** and **implementation of an environmental and energy management system** in accordance with ISO 14001, ISO 50001 and the European EMAS Regulation. This will enable us to perform our activity while protecting the environment. In addition to CaixaBank's own certification, other group companies, such as CaixaBank Facilities Management and CaixaBank Tech, also have environmental management systems certified under the ISO 14001 umbrella, and two BPI centres also achieved this certification in 2021.

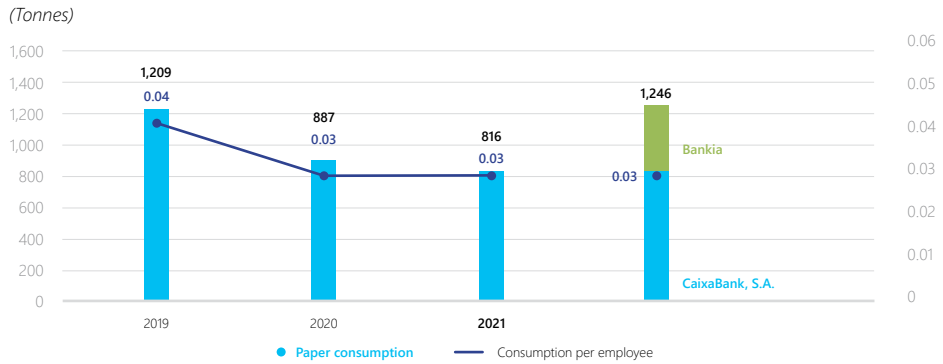
CaixaBank currently has 685 monitored branches, 22 corporate buildings and 410 remotely managed stores, to increase the energy efficiency of its activity.

Prior to the CaixaBank Group merger, 99.21% of the electricity consumed was certified to be of renewable origin (99.3 % in 2020), having achieved a 24.4 % reduction in electricity consumption since 2015.

Electricity consumption is shown below (in MWh):



Consumption of paper (DIN A4) is shown in the following graph (in metric tonnes):



Before the CaixaBank Group merger, 96.7 % of total paper consumed was recycled (97.5 % in 2020). Consumption of paper was reduced by 8 % in 2021 compared to 2020, with consumption of 815,865 kg.

Consumption of water is shown in the table below:

	2019	2020	2021	CaixaBank	Bankia
Total consumption (m^3)	312,098	319,439	298,413	298,413	208,434
Consumption per employee (m^3)	12.19	11.64	10.93	11.89	

With regard to managing waste, CaixaBank prioritises action to minimise waste production through savings in the consumption of resources.

Selective collection is performed to recover and recycle the waste generated. Waste is accounted for and managed by authorised waste management companies in our corporate buildings. In addition, our corporate services cafeterias are single-use plastic-free centres.

In our branch network, municipal selective collection containers are used for non-hazardous waste (paper, plastic, organic and other waste), while hazardous waste is managed by authorised waste managers through our maintenance companies (light bulbs, refrigerant gases, electronic waste, toner, etc.).

CaixaBank runs regular campaigns to raise awareness among staff of reducing waste generation, and collects obsolete cards in the branch network for subsequent recycling.

The cards marketed are made from recycled PVC and biodegradable material. CaixaBank runs the ReUtilízame (Reuse me) programme to encourage companies to donate surplus material that is in good condition to non-profit social organisations.

This programme is also open to customers. In 2021, 15,873 items were donated, with 25 companies taking part, in addition to CaixaBank, and 141 entities benefitting. This programme aims to create a charitable business network connecting companies with unused or discontinued items with social entities that can make use of them.

A

Appendix



Appendix

Methodology for **calculating the financed emissions**

CaixaBank has selected the methodology in the Global GHG Accounting and Reporting Standard for the Financial Industry (the Standard), developed by Partnership for Carbon Accounting Financials (PCAF), to estimate the financed emissions.

This methodology establishes that financed emissions should be calculated by multiplying the emissions of the borrower, investee or financed asset by an attribution factor specific to each asset class:

>> EQUATION 1 - EMISSIONS FINANCED

$$Financed\ emissions = \sum Attribution\ factor * Emissions$$

Where: **the attribution factor** is the part of the borrower's annual CO_2 emissions attributed to the Bank. **Emissions** are the annual emissions by the borrower.

The information on emissions and financial data for companies in CaixaBank's portfolio is for the end of the fiscal year (in this case 2020).

Business financing. Methodology and calculation

The emissions calculation for this category includes all loans and credit facilities on the Bank's balance sheet for general corporate purposes granted to companies, non-profit and other types of organisations (not including SMEs). The calculation is performed on a group basis.

Calculation of the attribution factor

The attribution factor represents the weight of the financing granted to the customer by the Entity. Following the PCAF standard, this is calculated as follows:

>> EQUATION 2 - GENERAL LENDING ATTRIBUTION FACTOR

$$Attribution\ factor_o = \frac{Amount\ granted_o}{Enterprise\ Value\ Including\ Cash_e\ (EVIC)}$$

The Enterprise Value Including Cash (EVIC) is calculated using the carrying amount of the corresponding items (this prevents market volatility from interfering with management and achievement of decarbonisation commitments). The balance sheet information for the companies is taken from internal databases and from their balance sheets. The financed emissions cannot be calculated when financial information is not available for the company.

Calculation of emissions

The calculation of financed emissions follows two approaches, depending on the available information:

a) **Top-down:** when information on emissions published by the Group is available.

b) **Bottom-up:** when information on emissions published by the Group is not available, this is estimated on the basis of the information available (at the sector level) for the counterparties comprising the Group.

Project Finance (PF). Methodology and calculation

The Project Finance portfolio includes all loans to projects with specific purposes on the Entity's balance sheet at year end. The calculation of PF emissions only includes emissions financed over the life of the transaction contracted with the Entity.

Calculation of the attribution factor

The attribution factor for this segment is calculated as follows:

>> EQUATION 3 - PROJECT FINANCE ATTRIBUTION FACTOR

$$Attribution\ factor = \frac{Amount\ granted}{Equity_e + Debt_e}$$

Calculation of emissions

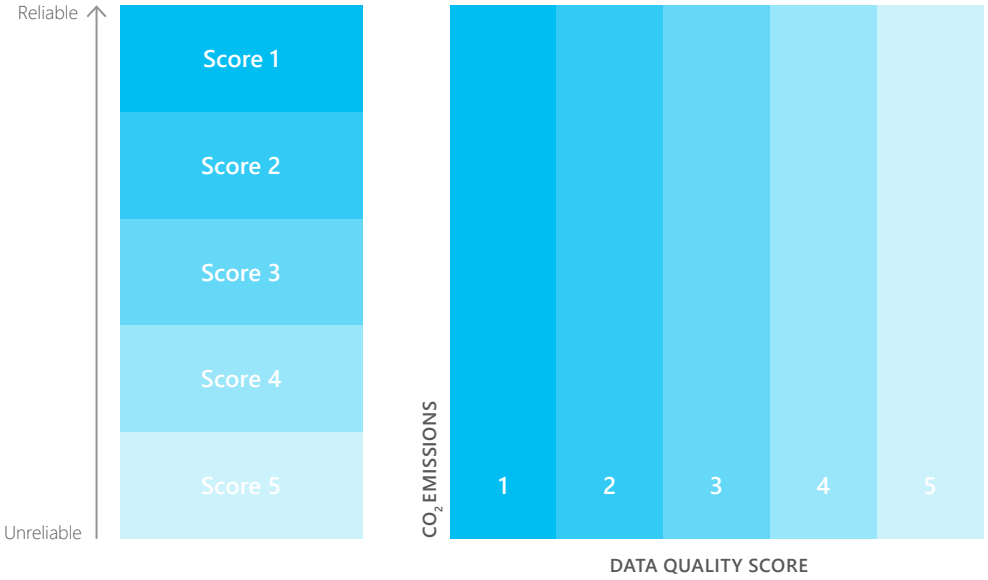
Given the available information, the following approaches were used to calculate the scope 1, 2, 3 emissions:

- **Approach 1:** emissions calculated based on physical activity for the electricity sector, scope 1 emissions.
- **Approach 2**: emissions calculated on the basis of economic activity for the oil and gas sector and for scope 1 emissions (if they cannot be obtained with Approach 1) from the electricity sector.



Data quality

PCAF establishes a quality level for the degree of certainty of the estimates (the Data Quality Score or DQ Score), depending on the estimation methodology used. PCAF has set five levels for the DQ Score:



In order to disclose the average quality of the data used in a representative way, the quality scores are normalised for each sector based on the amount granted by the Group (weighted average), applying the following formula:

$$\sum_{i=1}^{n} = \frac{\textit{Granted x data quality score (DQ score)}_i}{\sum_{i=1}^{n} \textit{Granted}}$$

Methodology for **calculating operating emissions**

The calculation methodology used is that of the Greenhouse Gas Protocol, Corporate Accounting and Reporting Standard, developed by the World Business Council for Sustainable Development. The classification in the GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard is used for scope 3 emissions. This methodology is internationally recognised and is based on programmes such as the CDP.

CaixaBank's inventory of GHG emissions distinguishes between organisational limits and operating limits within this methodological framework:

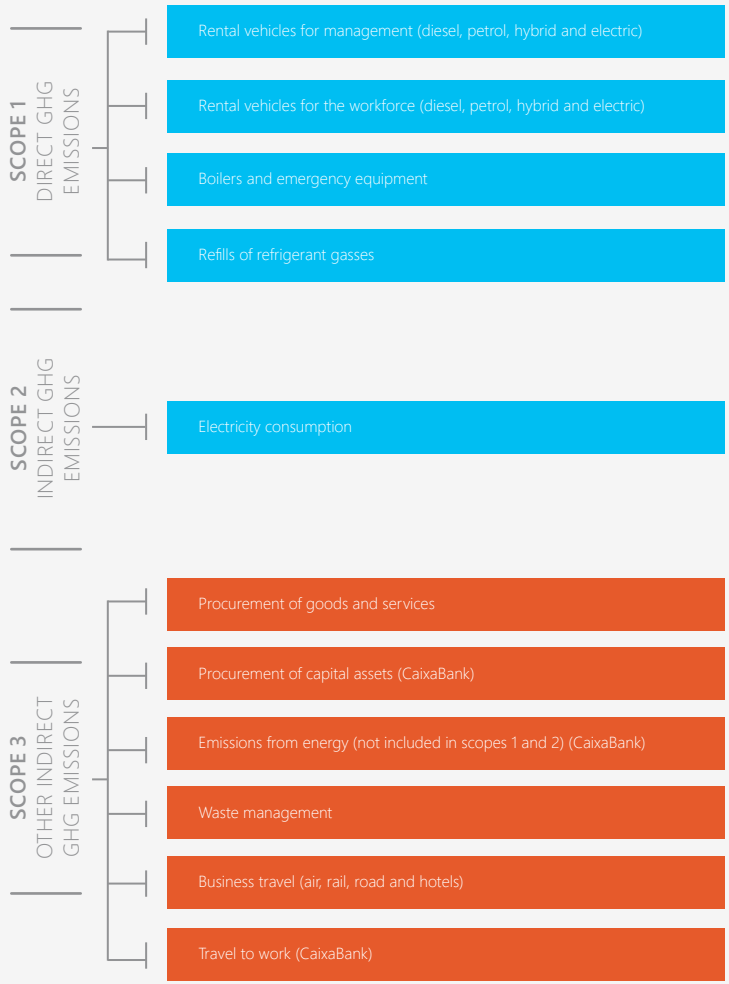
- **Organisational limit:** the limits that determine the operations owned or controlled by the CaixaBank Group. In the case of CaixaBank subsidiaries, the operating scope covers their main direct emission sources (scope 1) and indirect emissions associated with electricity purchases and consumption (scope 2).

  For the CaixaBank organisation and, by default, the Bankia merger, scope 3 is incorporated into the calculation of scopes 1 and 2, including the remaining indirect emissions resulting from CaixaBank's activity from sources it does not directly own or control. Scope 3 includes and reports those emission sources that are important for CaixaBank's operations for which reliable information is available. The subsidiaries included in the Group calculation are: CaixaBank Business Intelligence, CaixaBank Facilities Management, CaixaBank Operational Services, CaixaBank Tech, Silc Inmobles, CaixaBank Payments & Consumer, Building Center, VidaCaixa, CaixaBank Asset Management, Banco BPI, MicroBank and Imagin Tech. CaixaBank holds 100% of the shares of the subsidiaries included in the calculation for the CaixaBank Group.

- **Operating limit:** these limits determine the direct and indirect emissions associated with operations owned or controlled by CaixaBank.



>> IDENTIFIED EMISSION SOURCES



The categories included in all the organisations are shown in blue; categories included for CaixaBank and Bankia are shown in orange.

The 2021 inventory of GHG emissions is detailed in the following table:

>> GREENHOUSE GAS EMISSIONS 2021 - CAIXABANK GROUP

Item		Source			CaixaBank	Bankia	Total subsidiaries	CaixaBank Group
Scope 1	Combustion in mobile sources	Rental vehicles	Petrol		1,297.72	32.68	1,072.17	2,402.57
			Diesel		94.47	35.23	1,722.59	1,852.29
			Petrol hybrid		148.23	218.39	37.44	404.07
			Diesel hybrid		0.00	0.00	0.35	0.35
	Combustion in stationary sources	Boilers and emergency equipment	Diesel C		126.04	269.34	134.18	529.55
			Natural gas		-	784.43	47.66	832.09
	Leaks of refrigerant gasses	Various refrigerant gasses			1,595.50	1,473.09	542.98	3,611.58
Scope 2		Electricity purchased from the grid	Location-based method		19,530.85	12,868.67	11,149.50	43,549.02
			Market-based method		279.55	0.00	744.99	1,024.55
		Electricity own consumption			-	-	-	-
Scope 3	3.1 Purchase of goods and services	Mains water			117.87	82.33	-	200.20
		Recycled paper	Paper for own use		1,945.42	1,058.61	-	3,004.03
		Virgin paper	Paper for own use		97.31	3.81	-	101.12
			Customer deliveries		2,178.59	-	-	2,178.59
			Receipts and rolls		139.74	-	-	139.74
			Bank books		11.28	-	-	11.28
		Other assets	Toner (Laserjet + inkjet)		450.99	111.15	-	562.14
			Advertising stickers		79.37	-	-	79.37
			PVC cards		66.01	-	-	66.01
			Recycled-PVC cards		16.72	-	-	16.72
			PLA cards		2.95	-	-	2.95
			Paper bags		12.67	-	-	12.67
	3.2 Capital assets	Tower PCs			454.03	-	-	454.03
		Laptops			1,725.52	-	-	1,725.52
		Monitors			958.50	-	-	958.50
		Keyboards			70.90	-	-	70.90
	3.3 Fuel and energy-related activities (non-conventional)	Value chain for non-renewable electricity	WTT	Electricity	75.49	0.00	-	75.49
		Transmission and distribution of non-renewable electricity	T&D	Electricity	19.67	0.00	-	19.67
	3.5 Waste generation	Toner cartridges			7.69	100.06	-	107.75
		Mixed construction waste			0.72	-	-	0.72
		Paper			4.37	22.24	-	26.61
		Other waste fraction			3.91	-	-	3.91
		IT waste			-	91.07	-	91.07
	3.6 Corporate travel	Plane			547.90	101.51	-	649.41
		Train			93.33	39.08	-	132.40
		Hire cars			107.78	5.85	-	113.63
		Workforce cars			2,603.74	573.38	-	3,177.12
	3.7 Travel to work	On foot			0.00	-	-	0.00
		Bicycle/electric bike/Bicing/scooter/electric scooter			0.03	-	-	0.03
		Public rail transport			30.23	-	-	30.23
		City/intercity bus			11.65	-	-	11.65
		Motorbike			23.03	-	-	23.03
		Car			181.97	-	-	181.97
Total		Scope 1			3,261.97	2,813.16	3,557.37	9,632.51
		Scope 2 (location-based method)			19,530.85	12,868.67	11,149.50	43,549.02
		Scope 2 (market-based method)			279.55	0.00	744.99	1,024.55
		Scope 3			12,039.39	2,189.09	0.00	14,228.48
		Total (location-based method)			34,832.21	17,870.93	14,706.87	67,410.01
		Total (market-based method)			15,580.91	5,002.26	4,302.37	24,885.53



G

Glossary



Glossary

AENOR	Asociación Española de Normalización y Certificación (Spanish Standardisation and Certification Association)
CCCA	Collective Commitment to Climate Action
CECA	Association created by savings banks and banks
CH_4	Methane
CIB	Corporate and Investment Banking
CO_2	Carbon dioxide
CSR	Corporate social responsibility
ECB	European Central Bank
EMAS	Eco-Management and Audit Scheme
ESG	Environmental, social and governance
FSB	Financial Stability Board
GHG	Greenhouse gasses
GLP	Green Loan Principles
HFCs	Hydrofluorocarbon
HR	Human rights
ICMA	International Capital Market Association
IEA	International Energy Agency
IESE	Instituto de Estudios Superiores de la Empresa business school
IPCC	Intergovernmental Panel on Climate Change
ISO	International Organization for Standardization
LMA	Loan Market Association
N_2O	Nitrous oxide
NAB	National Australian Bank
NF_3	Nitrogen trifluoride
NFRD	Non-Financial Reporting Directive
NGFS	Network for Greening the Financial System
NZBA	Net-Zero Banking Alliance
PCAF	Partnership for Carbon Accounting Financials
PFCs	Perfluorocarbons
PRI	Principles for Responsible Investment
SDG	Sustainable Development Goals
SF_6	Sulphur hexafluoride
SFDR	Sustainable Finance Disclosure Regulation
TCFD	Task Force on Climate-Related Financial Disclosures
UNEP FI	United Nations Environment Programme - Finance Initiative
VCS	Verified Carbon Standard
WSBI	World Savings Banks Institute
WTG	Wind Turbine Generator



CaixaBank, S.A.
and subsidiaries

Independent limited assurance report on
Greenhouse Gas (GHG) Statement

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent limited assurance report on Greenhouse Gas (GHG) Statement

To the management of CaixaBank, S.A.:

Scope of work

We have undertaken a limited assurance engagement of the Greenhouse Gas (GHG) Statement (hereinafter GHG Statement) of CaixaBank, S.A. (the Parent company) and its subsidiaries (hereinafter, CaixaBank or the Group) included in Document 1 attached to this report, which includes the operating emissions corresponding to the year ended 31 December 2021 and the financed emissions corresponding to the year ended 31 December 2020. This engagement was conducted by a team of sustainability and climate change assurance practitioners.

Responsibility of the management of the Parent company

CaixaBank, S.A.'s management is responsible for the preparation of the GHG Statement in accordance with their internal procedures, '*Instrucción técnica para la recopilación de datos de actividad vinculada al cálculo anual de la Huella de Carbono del Grupo Caixabank*' and '*Guía para la estimación de la huella de carbono*' of CaixaBank, described in Document 2 attached to this report. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of a GHG Statement that is free from material misstatement, whether due to fraud or error.

GHG emissions quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

The information contained in the CaixaBank's GHG Statement needs to be read and understood together with the internal procedures applied to its preparation, described in Document 2 attached to this report, which CaixaBank, S.A. is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure the GHG Statement allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

It is acknowledged by stakeholders globally, including regulators, that there are significant limitations in the availability and quality of GHG emissions data from third parties, resulting in the extensive use of proxy data. This limitation has resulted in the Partnership for Carbon Accounting Financials ('PCAF') establishing a data quality score which is incorporated into the internal procedure '*Guía para la estimación de la huella de carbono*' of CaixaBank, described in Document 2 attached to this report. It is anticipated that the principles and methodologies used to measure and report the CaixaBank's GHG Statement will develop over time and may be subject to change in line with market practice and regulation, impacting comparability year-on-year.

R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290

Our independence and quality control

We have complied with the independence requirements and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies the International Standard on Quality Control 1 (ISQC 1) and accordingly maintains a comprehensive system of quality control, including documented policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the GHG Statement based on the procedures we have performed and the evidence obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements 3410 (ISAE 3410), 'Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). That standard requires that we plan and perform this engagement to obtain limited assurance about whether CaixaBank's GHG Statement is free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3410 involves assessing the suitability in the circumstances of CaixaBank's use of applicable criteria as the basis for the preparation of the GHG Statement, assessing the risks of material misstatement of the GHG Statement whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the GHG Statement. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assesses risks.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Through inquiries and meetings with personnel of CaixaBank's various departments who have been involved in the preparation of the GHG Statement, obtained an understanding of the Group's control environment and information systems relevant to emissions quantification and reporting, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.

- Evaluated whether CaixaBank's methods for developing estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate the CaixaBank's estimates.

- Verified, through analytical and substantive tests based on the selection of a sample, the information (activity data, calculations and information generated) used to determine CaixaBank's GHG Statement and the correct compilation of information based on the internal procedure applied by the Group.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained if we had performed a reasonable assurance.

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the GHG Statement of CaixaBank, S.A. and its subsidiaries included in Document 1 attached to this report which includes the operating emissions corresponding to the year ended 31 December 2021 and the financed emissions corresponding to the year ended 31 December 2020, is not prepared, in all its material respects, in accordance with the internal procedures applied, '*Instrucción técnica para la recopilación de datos de actividad vinculada al cálculo anual de la Huella de Carbono del Grupo Caixabank*' and '*Guía para la estimación de la huella de carbono*' of CaixaBank, described in Document 2 attached to this report.

Use and distribution

Our report is only issued to the management of CaixaBank, S.A., in accordance with the terms and conditions of our engagement letter. We do not assume any liability to third parties other than CaixaBank, S.A.'s management.

PricewaterhouseCoopers Auditores, S.L.

PRICEWATERHOUSECOOPERS AUDITORES, S.L.

Original in Spanish signed by
Juan Ignacio Marull Guasch

29 November 2022

Document 1. Greenhouse Gas Statement of CaixaBank, S.A. (Parent company) and its subsidiaries (hereinafter, 'CaixaBank', 'CaixaBank Group' or 'the Group')

GHG Statement	
Operating emissions [tCO_2e]	**2021**
Operating emissions (considering Scope 2 'market-based')	**24,886**
Operating emissions (considering Scope 2 'location-based')	**67,410**
Scope 1	**9,633**
Scope 2 'market-based'	**1,025**
Scope 2 'location-based'	**43,549**
Scope 3	**14,228**
3.1. Purchased goods and services	6,375
3.2. Capital goods	3,209
3.3. Fuel- and energy-related activities (not included in scope 1 or scope 2)	95
3.5. Waste generated in operations	230
3.6. Business travel	4,072
3.7. Employee commuting	247
Financed emissions [1]	**2020**
Oil and Gas sector	
Absolute emissions [MtCO2e]	26.9
Data quality score (Scope 1+2)	1.7
Data quality score (Scope 3)	2.1
Energy sector	
Emissions intensity [kgCO2e / MWh]	136
Data quality score (Scope 1)	2.0

[1] Clarifying notes:

- Financed emissions included in the table only include the coverage considered by CaixaBank for the definition of the decarbonizing targets set within the Net Zero Banking Alliance (NZBA) framework.
- The calculation has been done under an operational control approach following the methodology developed by PCAF and described in the 'Global GHG Accounting and reporting Standard for the Financial Industry' standard for corporate loans (SMEs loans not included) and project finance and using the granted limit for the attribution factor calculation.
- These financed emissions only include information from CaixaBank S.A. and Bankia S.A. as of December 31st, 2020. Investment portfolio (fixed and variable income) is not included. The calculation for the assets with no financial data available from the portfolio companies has not been covered.
- The data quality score is calculated as the weighted average between the DQ score of project finance and corporate loans

Document 2. Scope, coverage and applied methodology for the calculation of the Greenhouse Gas Statement of CaixaBank, S.A. (Parent company) and its subsidiaries (hereinafter, 'CaixaBank', 'CaixaBank Group' or 'the Group')

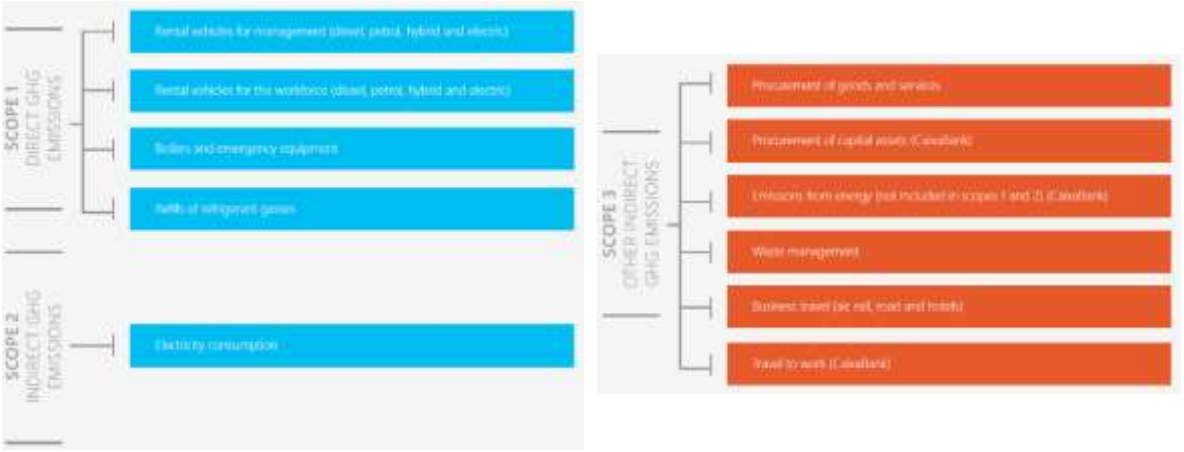
A. Operating emissions:

The calculation methodology used is that of 'The Greenhouse Gas Protocol, Corporate Accounting and Reporting Standard' (hereinafter, GHG Protocol), developed by the World Business Council for Sustainable Development. The classification proposed in the publication of the GHG Protocolm 'Corporate Value Chain (Scope 3) Accounting and Reporting Standard' is used for Scope 3 emissions. Likewise, CaixaBank's GHG Statement distinguishes between organisational limits and operating limits within this methodological framework:

- **Organisational limits:** the limits that determine the operations owned or controlled by the CaixaBank Group. In the case of CaixaBank subsidiaries, the operating scope covers their main direct emissions sources (Scope 1) and indirect emissions associated with electricity purchases and consumption (Scope 2). For CaixaBank, S.A. and, by default, the Bankia, S.A. merger, Scope 3 is incorporated into the calculation of Scopes 1 and 2, including the remaining indirect emissions resulting from CaixaBank's activity from sources it does not directly own or control. Scope 3 includes and reports those emission sources that are important for CaixaBank's operations for which reliable information is available. The subsidiaries included in the Group calculation are: CaixaBank Business Intelligence, CaixaBank Facilities Management, CaixaBank Operational Services, CaixaBank Tech, Silc Inmobles, CaixaBank Payments & Consumer, Building Center, VidaCaixa, CaixaBank Asset Management, Banco BPI, MicroBank and Imagin Tech. CaixaBank holds 100% of the shares of the subsidiaries included in the calculation of the CaixaBank Group's GHG Statement.

- **Operating limits**: these limits determine the direct and indirect emissions associated with operations owned or controlled by CaixaBank.

- **Identified emissions sources**: the following figure shows the categories included in the GHG Statement calculation for all the subsidiaries of the Group (blue) and the categories included for CaixaBank, S.A. and Bankia, S.a. (orange).



B. Financed emissions:

For the estimation of the financed emissions, CaixaBank has selected 'The Global GHG Accounting and Reporting Standard for the Financial Industry' developed by Partnership for Carbon Accounting Financials (hereinafter, PCAF standard). This methodology establishes that financed emissions should be calculated by multiplying the emissions of the borrower, investee or financed asset by an attribution factor specific to each asset class:

>> EQUATION 1 - EMISSIONS FINANCED

$$Financed\ emissions = \sum Attribution\ factor * Emissions$$

Where: **the attribution factor** is the part of the borrower's annual CO_2 emissions attributed to the Bank. **Emissions** are the annual emissions by the borrower.

The information on emissions and financial data for companies in CaixaBank's portfolio is for the end of the fiscal year (in this case 2020).

General Lending. Methodology and calculation

The emissions calculation for this category includes all loans and credit facilities on CaixaBank's balance sheet for general corporate purposes granted to companies, non-profit and other types of organisations (not including SMEs). The calculation is performed on a group basis.

Calculation of the attribution factor:

The attribution factor represents the weight of the financing granted to the customer by CaixaBank. Following the PCAF standard, this is calculated as follows:

>> EQUATION 2 - GENERAL LENDING ATTRIBUTION FACTOR

$$Attribution\ factor_o = \frac{Amount\ granted_o}{Enterprise\ Value\ Including\ Cash_e\ (EVIC)}$$

The Enterprise Value Including Cash (EVIC) is calculated using the carrying amount of the corresponding items (this prevents market volatility from interfering with management and achievement of decarbonisation commitments). The balance sheet information for the companies is taken from internal databases and from their balance sheets. The financed emissions cannot be calculated when financial information is not available for the company.

Calculation of emissions:

The calculation of financed emissions follows two approaches, depending on the available information:

- **Top-down:** when information on emissions published by the companies is available.
- **Bottom-up:** when information on emissions published by the companies is not available, this is estimated on the basis of the information available (at the sector level) for the counterparties comprising the groups of these companies.

Project Finance. Methodology and calculation

The project finance portfolio includes all loans to projects with specific purposes on CaixaBank's balance sheet at year end. The calculation of project finance emissions only includes emissions financed over the life of the transaction contracted with the entity.

Calculation of the attribution factor:

The attribution factor for this segment is calculated as follows:

>> EQUATION 3 - PROJECT FINANCE ATTRIBUTION FACTOR

$$\text{Attribution factor} = \frac{\text{Amount granted}}{\text{Equity}_e + \text{Debt}_e}$$

Calculation of emissions:

Given the available information, the following approaches were used to calculate the Scope 1, 2 and 3 emissions:

- **Approach 1:** emissions calculated based on physical activity for the energy sector, Scope 1 emissions.

- **Approach 2:** emissions calculated on the basis of economic activity, including scope 1, 2 and 3 for the oil and gas sector, and for Scope 1 emissions (if they cannot be obtained with Approach 1) for the energy sector.

Data Quality Score

PCAF establishes a quality level for the degree of certainty of the estimates (the Data Quality Score or DQ Score), depending on the estimation methodology used. PCAF has set five levels for the DQ Score:



In order to disclose the average quality of the data used in a representative way, the quality scores are normalised for each sector based on the amount granted by the CaixBank Group (weighted average), applying the following formula:

$$\sum_{i=1}^{n} = \frac{\text{Granted x data quality score (DQ score)}_i}{\sum_{i=1}^{n} \text{Granted}}$$