

A woman with long dark hair, wearing a bright yellow blazer over a white collared shirt, stands with her arms crossed in front of a window with a dark metal frame. The background is a light-colored, textured wall.

# Engagement Policy as regards Discretionary Portfolio Management

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# Version control

Version	Date approved	Controller	Change made	Ok/Approval
1.0	26-4-2021	Private Banking Sustainability Division	Policy created	Management Committee
2.0	30-6-2022	Private Banking Sustainability Division	Policy Update	Board of Directors

# 1. Introduction

CaixaBank, S.A. (indistinctly, "CaixaBank" or the "bank"), in line with the CaixaBank Group, has a strong commitment to transitioning towards a sustainable economy in which long-term profitability is combined with social justice and protection of the environment.

For this reason, CaixaBank is setting forth, in this Engagement Policy (the "Policy"), the principles for participation in the decisions of the companies and issuers in which it invests, taking consideration of environmental, social and governance criteria.

This Policy is applied at CaixaBank in providing the discretionary portfolio management service, a service through which customers give a mandate to the bank to manage their investment portfolios. CaixaBank has delegated the provision of this service to CaixaBank Asset Management, SGIC, S.A.U. ("CaixaBank AM" or "management company").

The analysis of a company or investment must address not only the purely economic aspects, but also all risks and opportunities, including environmental, social and governance criteria ("ESG").

This Engagement Policy is in line with this approach and is based on the following pillars:

- Incorporation into the investment analysis and decision-making process of ESG aspects, in addition to traditional criteria.
- Open dialogue with public or private issuers on material or controversial issues related to ESG factors (engagement).

The objectives pursued by CaixaBank through these actions are to improve the long-term financial and non-financial performance of the companies or issuers in which it invests; and to guarantee rights of its customers.

# 2. Purpose

The purpose of this Policy is to define the general principles, criteria, and procedures for engagement applicable to the discretionary mandates given to CaixaBank by its customers, in compliance with the provisions of Directive 2017/828<sup>1</sup> as regards the encouragement of long-term shareholder engagement (the "**Directive as regards the encouragement of long-term shareholder engagement**").

This Directive as regards the encouragement of long-term shareholder engagement structures relations between shareholders and companies listed on markets located in the European Union whose issuers have their registered office in a Member State, making them more fluid, transparent and effective. The Directive has the following objectives, among others:

- To encourage the engagement of intermediaries and asset managers in the governance of invested companies.
- To improve the transparency of investment strategies, engagement policies and the process for exercising voting rights, especially when using proxy advisors. Specifically, it introduces the obligation for credit institutions that provide discretionary portfolio management services to create and make public an engagement policy, and to publish an annual report on how said engagement policy has been applied.

1. Directive 2017/828 of the European Parliament and of the Council, amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement.

## 3. Scope of application

CaixaBank, as a credit institution that provides the discretionary portfolio management service, is responsible for creating and publishing its engagement policy to describe how it integrates its engagement as shareholder manager into its investment Policy.

This Policy is applicable to discretionary portfolios in which customers confer on CaixaBank, by signing the corresponding management mandate, the power to invest in companies or issuers, without prejudice to the fact that customers retain the exercise of voting rights.

CaixaBank has delegated the discretionary portfolio management service to CaixaBank AM. However, CaixaBank is ultimately responsible for the provision of this service and, as such, will monitor that the exercise of this function by the management company is in line with the provisions of this Engagement Policy.

## 4. General principles

Engagement actions will be carried out diligently for the exclusive benefit and interest of the shareholders. CaixaBank takes into account various related policies adopted by the CaixaBank Group. The Group is committed to different international standards and regulations, such as:

- The United Nations Global Compact
- The Principles for Responsible Banking of the United Nations Environment Programme Finance Initiative (UNEP FI)
- The Principles for Responsible Investment (PRI)
- The Principles for Sustainable Insurance (PSI)
- The United Nations Guiding Principles on Business and Human Rights
- The United Nations Sustainable Development Goals (SDGs)

The content of this Policy will be subject to adaptation or modification in accordance with operational or procedural changes that may arise from subsequent regulatory requirements applicable to CaixaBank.



## 5. Regulatory framework for reference

This Policy has been prepared taking into account current legislation and, specifically, the following regulations:

- Directive (EU) 2017/828 of the European Parliament and of the Council, of 17 May 2017, amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement, and its transposition in Spain<sup>2</sup>.
- Regulation (EU) 2019/2088 of the European Parliament and of the Council, of 27 November 2019, on sustainability-related disclosures in the financial services sector.
- Commission Implementing Regulation (EU) 2018/1212 of 3 September 2018, laying down minimum requirements implementing the provisions of Directive 2007/36/EC of the European Parliament and of the Council as regards shareholder identification, the transmission of information and the facilitation of the exercise of shareholders rights.

This Policy is also based on the principles set out in the applicable Spanish regulations.

## 6. Engagement actions

As per the action principles defined by the Group, CaixaBank sees sustainability as a long-term driver of change in the markets, countries and companies that affects future performance and that ultimately improves the investment process for its customers. For this reason, the management company, as the company to which management has been delegated, carries out engagement actions on ESG issues with the conviction that a constructive dialogue can improve behaviour in relation to environmental and social factors, as well as improve risk management or corporate governance itself.

Engagement means interacting through dialogue with the public and private issuers in which it invests to understand how ESG risks are managed and how business opportunities associated with sustainability challenges are leveraged. This active dialogue process begins when a need for engagement is identified, i.e., a specific objective for improvement. The objectives of the different engagement actions may vary depending on the identified need. In short, the goal is to achieve a change in the behaviour of the companies as regards certain material matters by persisting in relevant aspects.

CaixaBank is aware that active dialogue with companies and issuers of financial products, public or private, serves as a tool to improve the sustainability of the companies and institutions in which it invests. CaixaBank has delegated the management of discretionary portfolios and the exercise of engagement actions to the management company, as established below.

Following from the above, there are mechanisms in place for initiating engagement actions in order to change possible identified behaviours that:

- May contravene the values of CaixaBank, of the management company itself or of the customers and shareholders of the portfolios it manages.

2. Through Law 5/2021, of 12 April, which modifies the restated text of the corporate enterprises act, approved by Royal Legislative Decree 1/2010, of 2 July, and other financial regulations, as regards the promotion of long-term engagement of shareholders in listed companies.

- Allow alignment with the strategic opportunities and risks identified by CaixaBank, the management company and the rest of the CaixaBank Group, such as climate change, the objectives of the Paris Agreement through their support to the Task Force on Climate-Related Financial Disclosures (TCFD), as well as the opportunities and risks expressed through the Sustainable Development Goals (SDGs).
- May have a negative impact on society, the environment, or the reputation or solvency of the management company.

CaixaBank AM, as the company to which the discretionary management service has been delegated, may establish engagement actions, either directly with the companies or issuers, in collaboration with other investors or through a third party on its behalf. CaixaBank AM may also carry out engagement actions, for some specific issues, through specialised providers to whom the service is outsourced.

CaixaBank is aware of and supports the fact that the management company promotes an open dialogue with the companies or issuers in which it invests, adopting the appropriate method in each case, in accordance with the provisions of the management company's own Engagement Policy.

## 7. Exercising voting rights (proxy voting)

In general, customers of the discretionary portfolio management service do not delegate to CaixaBank the vote or exercise of the voting rights inherent in the shares they hold.

Therefore, CaixaBank will not exercise the vote, or the voting rights derived from the shares that its customers hold by virtue of the discretionary mandates managed, insofar as customers hold the power to exercise their voting rights in accordance with the provisions of the discretionary portfolio management contract.

CaixaBank, as depositary of the shares linked to the discretionary portfolio management service, will provide information to its customers on the annual general meetings called by the corresponding companies (for example, on the date, invitation or agenda) in accordance with applicable regulations. However, CaixaBank will not issue any type of recommendation or guidance on how to vote, which may be exercised by customers in their own name and as proxies.



## 8. Managing conflicts of interest

The exercise of engagement actions and voting rights may occasionally give rise to conflicts of interest for the customers of managed portfolios. If this occurs, the Group has a Corporate Policy on Conflicts of Interest that defines aspects such as the general principles and procedures for action as refers to conflicts of interest.

CaixaBank, in line with the provisions of the aforementioned Corporate Policy, is committed to ensuring that potential conflicts of interest are managed effectively so that they do not harm the interests of its customers. In particular by:

- Implementing a long-term sustainable investment strategy that always pursues the interest of CaixaBank customers.

## 9. Policy update

The Private Banking Sustainability Division, responsible for the Policy, will review the validity of this document's content on an annual basis.

In addition, the process of updating the Policy may be initiated, at any time, upon the request of any of those involved who may have detected the need to modify the Policy for one of more of the following reasons, among others:

- Changes in the regulatory framework.
- Changes in business strategy or objectives.
- Changes in the management approach or processes.
- New policies or modifications to existing policies that affect the provisions of this Policy.

As a review procedure, the person responsible for the Policy will:

- Share the result of the analysis with the rest of those involved and make the necessary modifications to the Policy.
- Include a summary of the review in the "Version control" section of the Policy.
- Present the Policy to the Management Committee and the Board of Directors for approval.

The Private Banking Sustainability Division will be responsible for the storage and accessibility of this Policy and will ensure the correct operation of the filing, distribution and, where appropriate, publication processes.

## 10. Governance, validity, and publication

Within CaixaBank, each internal body or unit has different responsibilities in relation to strategic projects. As such, the bodies involved in this Policy will carry out their duties with the necessary independence and autonomy in accordance with the model of three lines of defence implemented in the bank.

The Board of Directors will approve the Engagement Policy, on the recommendation of the Private Banking Sustainability Division.

CaixaBank's Engagement Policy will be valid indefinitely, without prejudice to any modifications and updates that may be required.

Once this Policy has been approved, it will be made available to all CaixaBank staff through its intranet, for their information. The Policy will be public and will be available on the bank's website.

Without prejudice to the above and to ensure the adoption of corrective measures with the necessary agility, simple typographical or linguistic amendments will be approved by the Management Committee.

