



Corporate framework
for the integration of ESG
risks in the provision of
investment services and in
asset management

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1. Introduction

1.1 Background

The integration of environmental, social and good governance (ESG) risks in investment decision making for the provision of certain investment services and for asset management can have a favourable effect on the long-term financial performance of companies, minimising the possible negative impacts associated with investment and providing the transition towards a more sustainable and resilient economy.

This Framework generally establishes the principles and criteria that should guide the CaixaBank Group (hereinafter, 'the Group') in the integration of ESG risks in accordance with the objective and scope defined herein and according to the provisions of Regulation (EU) 2019/2088 on the disclosure of information regarding the sustainability of financial sector services, for which market participants and advisers should specify the way in which they consider and integrate into their policies and procedures the risks related to sustainability that could have a negative material effect on the financial return on investment.

The Group performs its activity in strict compliance with the laws of the territories in which it operates and in accordance with the most demanding ethical standards and professional conduct.

In this way, the Group wishes to move forward in the integration of ESG criteria in its business decisions with the aim of mitigating the risks and supporting consistent business projects with its corporate values.

1.2 ESG Risk

The ESG risk in the provision of investment services and in asset management is defined as an environmental, social or governance event or condition that, if it were to occur, could cause a negative material impact on the investment value.

1.3 Objective

This Framework aims to bring together the principles and assumptions to guarantee the suitable integration of ESG risks.

The content of this Framework includes:

- General principles of the integration of ESG risks.
- Governance and control framework.
- Risk integration criteria ASG.

2. Scope

This Framework is corporate in nature and applies to CaixaBank, S.A. (hereinafter, "CaixaBank"), in those activities that include the provision of discretionary portfolio management or investment advisory services, as well as to the following companies of the Group (collectively referred to as the 'subsidiaries') to guarantee the suitable integration of ESG risks:

- CaixaBank Asset Management SGIC, S.A.U. (hereinafter, 'CaixaBank Asset Management'), in those activities that include asset management (collective investment institutions), as well as the provision of discretionary portfolio management services.
- Vidacaixa S.A.U. de Seguros y Reaseguros (hereinafter, 'VidaCaixa'), in those activities that include asset management (employment pension funds, pension products, pan-European personal pension products and/or European social entrepreneurship funds), as well as the distribution of investment products based on insurance.
- CaixaBank Wealth Management Luxembourg, S.A.U. (hereinafter, 'CaixaBank Wealth Management Luxembourg').
- Bank BPI, S.A. (hereinafter, 'BPI').

As well as those other companies of the Group whose activities include some of those mentioned previously.

In this regard, the companies of the Group shall strive to maintain consistency with this Framework through the development of policies or procedures — without prejudice to those already in existence in each of them — aligned with the principles and criteria set out in this document, reflecting, where applicable, its particularities.

In the event of mergers or acquisitions of third-party companies, and as a result of this event, the Group will have a share in companies to which the Framework will apply and will work together with these companies to ensure the consistency of the policies and procedures with that Framework in the shortest possible time.



3. General principles of ESG risk integration

The principles that are listed below aim to guide the Group's activity with regard to the integration of ESG risks in investment decision making for the provision of certain investment services and asset management.

These principles are as follows:

- The commitment to contribute to the development of a sustainable and stable financial system, as well as to supporting business projects that are consistent with the corporate values.
- The long-term plan in the performance of its activity, the fulfilment of the regulation and the follow-up of the more recent recommendations with regard to sustainability and consideration of ESG criteria within the business.
- The progressive incorporation of ESG aspects, in addition to financial criteria such as liquidity, internal rate of return and profitability index, among others, in the investment analysis and decision making process.
- Compliance and the adequate management of the risks to which the Group is exposed, including ESG risks, and which are considered in the Corporate Risk Catalogue.
- The adjustment and the development of policies, procedures and control systems that promote the consideration and integration of ESG risks in investment decision making and in advisory services.

4. Governance and control framework

The pillars on which the ESG risk integration governance framework is laid down in the CaixaBank Group are:

- Fulfilment of the principles contained in this corporate Framework by the companies of the CaixaBank Group within its scope.
- Alignment of strategies among the companies of the Group and, in turn, alignment with best practices, with supervisory expectations and with current regulations.
- Maximum involvement of the governing bodies and management of the companies of the Group.
- Internal control Framework based on Three Lines of Defence model¹ that guarantees the strict segregation of duties and the existence of several layers of independent control.

CaixaBank promotes a risk culture in the Group that it promotes the control of risk and compliance, as well as the establishment of a robust internal control framework that covers the entire organisation and that allows for fully informed decision making about the assumed risks.

Each of the companies of the CaixaBank Group shall guarantee the existence of controls on the suitable application of the general principles in this Framework, establishing and shaping if necessary the pertinent bodies for this purpose, attending to the needs and particularities specific to each company.

¹ According to the EBA Guidelines of 21 March 2018 on internal governance (EBA/GL/2017/11) adopted by the Bank of Spain as its own on 18 May 2018.

This document does not contravene in any way the existing policies in force, both at the corporate level and in relation to the specific regulations of the subsidiaries to which it applies, neither the rest of the initiatives, conventions and agreements to which the Group and each of its companies could be associated.

5. ESG risk integration criteria

The inclusion of ESG criteria in investment decision making for the provision of certain investment services and for asset management can have a favourable effect on the long-term financial performance of the companies and contribute to greater economic and social improvement.

For this reason, and in accordance with the corporate mission and values, the CaixaBank Group will take into consideration socially responsible investment criteria in the activities performed within the scope of this Framework, and is based on principles of sustainable investment and transparency in management.

The integration of ESG criteria will be aimed at discretionary portfolio management — where possible given the nature and configuration of the assets — and at continuous improvement over the medium and long term. For this purpose, the Group will lean on information and data from suppliers specialising in ESG in order to establish the criteria, methodologies and procedures necessary that will make it possible to carry out the integration of the sustainability risks.

All of this is compatible with the establishment, if deemed appropriate, of exclusion criteria in the investment processes. In general, the Group already states its opposition to the investment in companies or States that are involved in reprehensible practices that infringe international treaties, such as the United Nations Global Compact. Similarly, the Group will not invest in companies from sectors or with excluded activities according to the corporate Policy on Relationships with the Defence Sector and the Environmental Risk Management Policy, taking into account in each case the particularities of each of the subsidiaries and adjustments made based on these policies.

The consideration of ESG risks will also be applied in the provision of investment advisory services. In this case, in addition to applying the common exclusion criteria to the discretionary portfolio management process described above, those companies whose ESG rating — provided by a specialised supplier — is not favourable, will be excluded. Similarly, the Group will define the relevant limits for portfolio configuration based on these ESG ratings. Additionally, the suitability of those companies involved will be assessed — directly or indirectly — in controversies that exceed thresholds established by the Group.

Currently, certain companies of the Group already integrate ESG factors taking as a main reference Principles for Responsible Investment criteria promoted by the United Nations (UNPRI), to which VidaCaixa has agreed since 2009 and CaixaBank Asset Management since 2016, as a demonstration of their will to integrate these principles in the management of investment funds and pension plans.

6. Updating

This Framework will be adapted as the function and organisation evolve in parallel with the development and implementation of new principles and management models of ESG risks.

Similarly, the social and international environment in this field is subjected to constant review given the environmental challenges to which the Group confronts globally, which is why our strategy and standards will need to adapt properly to new recommendations or legal requirements that they can arise, or as a consequence of the dialogue between the Group and its stakeholders. In this context, CaixaBank will revise this Framework at least biennially, to ensure its alignment with international regulations and best practices on the matter.

