



# Summary of the Due Diligence process and Human Rights assessment

July 2023

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# Introduction

The respect for Human Rights is an essential part of CaixaBank's values and for its business approach. With this in mind, CaixaBank has developed this risk identification and Human Rights due diligence process under the framework of the **Principles of Human Rights at CaixaBank**, updated in 2022.

CaixaBank implemented its first Human Rights due diligence exercise in 2017. A second Human Rights due diligence exercise took place in 2020, followed by an assessment process which was carried out by an independent third party with the aim of updating the exercise and provide it with greater depth and scope.

Beyond the provisions of the Guiding Principles on Business and Human Rights, the new Proposal for a European Directive on Corporate Sustainability Due Diligence establishes the need to integrate Human Rights due diligence into business strategies.

Therefore, in 2023 CaixaBank carried out its third Human Rights due diligence and assessment exercise, taking into account these emerging regulations and the other valuable requirements for its key stakeholders. On this occasion, CaixaBank has also had the support of an independent third party.

The approval and disclosure of the due diligence exercise assures that CaixaBank S.A. corporate strategy is aligned with the principles and agreements adopted by the **Principles of Human Rights at CaixaBank**. Para el alcance del procedimiento se tienen en cuenta las filiales y actividades principales del grupo.

- The investment activities of VidaCaixa and CaixaBank Asset Management are considered to be part of CaixaBank S.A.'s exercise since they form part of its value chain through the products and services they design.
- BPI, due to its size and the particularities derived from operating in a different territory (Portugal), and CaixaBank Payments & Consumer (CPC), due to its operational particularities derived from dealing directly with customers and partners, have their own Human Rights due diligence and assessment EXERCISES, adapted to their own particular circumstances.

The methodology disclosed in the present document may serve for application in the *joint ventures* in which CaixaBank participates or may participate.



## Parties involved in the process

Since both processes (due diligence and assessment) are two parts of a cross-cutting project, **different areas** and key companies of the CaixaBank Group have been involved, among which the following stand out:



**HUMAN  
RESOURCES**



**ENVIROMENTAL RISK  
ADMISION**



**BUSINESS**



**PROCUREMENT**



**BRAND AND  
MARKETING**



**SOCIAL ACTION**



**REGULATORY  
COMPLIANCE**



**LEGAL SERVICES**



**INFORMATION  
SECURITY**



**VIDACAIXA**



**SUSTAINABILITY**



**CAIXABANK ASSET  
MANAGEMENT**

**The areas involved all played a key role in attaining the results.**

The process is lead and coordinated by the Direction of Sustainability, that coordinates the exercise, and the Sustainability Committee and the Direction Committee are informed on this subject.

# Methodology

The process has covered the following aspects, in line with the commitments established in the **Principles of Human Rights at CaixaBank**.

In 2023, the company carried out this exercise in two differentiated phases that are explained in this document:

1. Due Diligence
2. Assessment

## 1. Due Diligence

### Items covered

1. **Identification of risk events** in accordance with the commitments and principles of action acquired in the **Principles of Human Rights at CaixaBank** and potential Human Rights violations, in response to CaixaBank's responsibility to its **employees**, as **financial service providers**, **suppliers** and as part of the **community**.
2. Defining the **criteria to be followed** when assessing, prioritising and managing those risks.
3. Establishing **due diligence measures** to prevent and mitigate the impacts previously identified within the business, across the supply chain and/or through other business relations and to explain how such impacts should be addressed.

### Identification of risk events and vulnerable groups

- Those rights that are relevant to CaixaBank's business activities have been identified, based on the list of 35 Human Rights included on the in the **Guide to Human Rights Impact Assessment and Management of the International Finance Corporation (IFC)**.
- **Defining possible risk events** that are relevant to CaixaBank's activity, identifying the main and secondary Human Rights that could be violated.
- Identifying the **stakeholders that may be affected** by each of the identified risk events. Special attention has been paid to the verification of vulnerable groups (specifically, own employees, women, children, indigenous groups, migrant population, suppliers and subcontractors, local communities, in addition, the perspective of the senior group, people with disabilities and LGTBI group is considered from the point of view of the staff and customers).
- **Connecting** each risk event to the commitments defined and included in the **Principles of Human Rights at CaixaBank**.

In summary, the repertoire of risk events has been updated considering current trends and sensitivities. As a result, **47 risk events** have been analysed and **more than 100 documentary supports and evidencies** have been presented.

## Severity of risk events

The following parametres have been defined in order to calculate the impact and probability of the risk events.

### IMPACT EVENT



#### 3 impact variables

**Company involvement:** the Bank's responsibility or liability for any ensuing damage. The Bank may have directly caused the detrimental impact, or may have contributed to the impact, or may be somehow connected to the impact by virtue of a business relationship.

**Magnitude:** dimension of the social/environmental harm.

**Reversibility:** capacity to restore the affected persons or environment to a situation substantially equivalent to the situation they were in prior to the occurrence of the negative impact.

### PROBABILITY EVENT



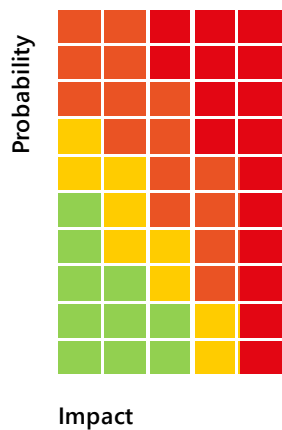
#### 3 probability variables

**Country:** country risk, meaning the socioeconomic context and situation with regard to Human Rights, based on certain indicators: human trafficking, child labour, forced labour, discrimination, freedom of association, job safety, health and well-being of employees, rights of indigenous people and environmental protection.

**Sector:** main impacts of the business sectors associated with the breach of Human Rights.

**Level of coverage:** vulnerability of the entity to a risk event in terms of its readiness to respond and its agility and adaptability to any such event.

### SEVERITY EVENT



## Due diligence elements

The due diligence process has been defined around **four blocks** linked to **Principles of Human Rights at CaixaBank**:



### HUMAN RESOURCES MANAGEMENT

- **Equal treatment when managing people:** recruitment (internal and external), retirements and dismissals.
- **Fair working conditions:** working hours, rest times and leave; remuneration and employee benefits; harassment at work.
- **Freedom in the workplace:** freedom of association and expression.
- **In the environmental and work place:** accessibility, health and safety.
- **Information security and data protection:** employee privacy.



### FINANCE AND INVESTMENT

- **Project and corporate finance:** projects/companies financed.
- **Investment:** nature of the investments.



### PROCUREMENT AND SUPPLY MANAGEMENT

- **Non-discrimination processes and homologation:** register and homologation; bidding, adjudication and formalisation of the contract; service delivery and tracking.
- **Non vulneration of Human Rights by suppliers:** process to be followed.



### COMMERCIALIZATION

- **Costumer profile:** segmentation and accessibility.
- **Marketing:** product and service design; marketing and advertising; commercialization.
- **Information security and data protection:** customer's privacy.

The following due control elements have been analysed for each of the blocks :

- Responsibilities
- Mitigation and remediation
- Management
- Report
- Training
- Sectoral accisions
- Channels

## 2. Assessment

### Items covered

1. **The "Human Rights risk assessment and due diligence procedure" as a starting point:** The starting point is the identification of risk events and potential Human Rights violations in relation to CaixaBank's responsibility towards its employees, suppliers and as providers of financial and investment services. All events contemplated in this repertoire have been evaluated.
2. **Building the risks maps with regard to Human Rights for each block:** : taking into account the entity's current situation, we follow the relevant criteria for assessing **probability** (sector, control environment at CaixaBank), the **impact** (involvement of the entity, magnitude of the damage, reversibility) and **severity** (after analysing the impact and probability variables).

The following maps have been drawn up in accordance with the methodology defined in the **"Human Rights risk assessment and due diligence procedure"**:

- A responsible commercialization map.
  - An employee Management map.
  - One map for each of the entity's purchasing categories for the procurement and suppliers area.
  - Two maps have been drawn up from the perspective of the financial and investment services provider, one for financing and the other for investment. Both maps consider the country perspective as the main focus.
3. Verifying the **due diligence processes and elements established by CaixaBank** to prevent and mitigate the potential risks determined in the maps for each block: people management, financing, investment, purchasing and supplier management and commercialization.

To this end, the comprobations have been carried out by an independent third party through documentation requests and meetings to review processes and controls.



# Main Conclusions and findings

After an **exhaustive assessment process** involving direct consultation with the areas and departments responsible and also an analysis of the Bank's documentation, the following conclusions have been reached:



CaixaBank has demonstrated an **adequate degree of coverage for each of the Human Rights risk events**, both from the point of view of the processes analyzed and in terms of the due diligence elements at its disposal.



The assessment carried out **confirms that the entity's maturity in the protection and respect for Human Rights is high and meets the commitments defined in the Principles of Human Rights at CaixaBank** with respect to its stakeholders and its value chain, although opportunities for excellence have been identified.



CaixaBank has acted with **transparency throughout the process** and has shown and shared the different evidence and documentation with the **independent expert** who has accompanied it in the process.

The obtained rating is **satisfactory** and demonstrates a **covered environment control**.

**For each of the four blocks evaluated, recommendations have been identified** and will be studied and analyzed to be in line with the expectations of third parties.

## Dialogue and communication channels with stakeholders

As a key lever for **detecting possible alerts or violations**, the different **mechanisms and channels of communication and dialogue** established for this purpose stand out, such as the channels for complaints, harassment, the Mortgage Customer Service and the RRRS (Reputational Risk Response Service).

Likewise, in order to carry out due diligence, **listening and dialogue exercises with relevant stakeholders** (employee surveys, customer surveys, etc.) are taken into consideration, as well as possible cases submitted to the aforementioned channels.

# Main mitigation and remediation mechanisms

CaixaBank establishes **corrective measures and action plans** for each of the blocks linked to Principles of Human Rights at CaixaBank, as set out in the Human Rights risk assessment and due diligence procedure.

## Main cross-cutting mitigation and remediation mechanisms

CaixaBank has different **mechanisms and channels for queries and complaints**. The Whistleblower Channel linked to the Code of Ethics is a means of the CaixaBank Group to facilitate agile and confidential communication of irregularities that may involve breaches of regulations. Communications may be submitted anonymously.

In addition, CaixaBank has established an alternative channel, the **RRRS (Reputational Risk Response Service)** to analyze queries about potential transactions that may violate codes of conduct or that may have an impact on CaixaBank's reputation.

In the case of customer **privacy**, according to the 2022 Consolidated Management Report, CaixaBank has not suffered in 2022, nor in the two previous years, any cyber-incident related to cybersecurity that involves leaks of personally identifiable information, consequently no customer has suffered any damage derived from a leak of information due to attacks on CaixaBank's computer systems. Regarding other types of incidents derived from the exposure of customer information in cases of phishing or bad practices by employees, CaixaBank tries to minimize their occurrence and mitigate their impacts through continuous training, communication and reinforcement of its digital channels with the most advanced technologies, such as artificial intelligence. During 2022, no new files of a significant amount have been concluded, nor have sanctions involving significant amounts been received, related to this matter.

## Mitigation and remediation mechanisms in Human Resources:

CaixaBank provides its employees with a **specific reporting channel for cases of harassment**, accessible through the corporate intranet. During the year 2022, 2 formal complaints have been received referring to possible behaviors of labor and sexual harassment. It is determined by external managers that there is 1 case with possible indications of harassment.

As established in the Protocol, the external managers have made reports on the two formal complaints, with the following result: one (1) resolution of the existence of possible indications of harassment and one (1) withdrawal of the complaint by the employee.

## Mitigation and remediation mechanisms in financing and investment

Within the framework of the **Corporate Sustainability/ESG Risk Management Policy**, the following lines of action that function as mitigators are included:

- Define and manage an internal ESG risk management plan in line with the Group's strategy.
- Define and manage the implementation of a framework of admission, monitoring and mitigation policies to maintain a risk profile in line with this strategy.
- Develop the ESG risk analysis tools necessary for decision making in the client admission and risk concession processes, whether in corporate or project format.
- Monitor actions and operations with a potential significant impact on ESG risks.
- encourage practices to mitigate ESG risks assumed in the portfolios under the scope of application of this Policy or other types of actions (such as, among others, the issuance of green and social bonds).
- Promote the development of systems for identifying, marking operations and measuring exposure to ESG risks, in accordance with the evolution of the regulatory framework, social sensitivity to these risks and best market practices.
- Assign roles linked to ESG risk management in the current organizational structure, with the necessary segregation of functions to maintain independence between the responsible areas for the processes of strategy definition, analysis and concession of operations and monitoring and control of said risks.
- Establish a system of powers for the admission of ESG risks, which allows their incorporation in an agile but solid manner in the ordinary decision-making processes, according to the scope of this document.

#### **Mitigation and remediation mechanisms in procurement and supplier management**

From the **procurement and suppliers management**, point of view, as a consequence of evaluations and **audits**, CaixaBank also establishes corrective measures and follow-up plans if appropriate.

During 2022, the **new Procurement standard** that establishes the reference framework for Procurement management in the CaixaBank Group has been updated and published, which includes the best practices and optimization of Procurement processes in the entity, collecting ESG criteria.

#### **Mitigation and remediation mechanisms in brand and marketing**

From the perspective of transparent commercial communication and responsible commercialization, the **Caixabank's Corporate Commercial Communication Policy** aimed at minimizing the risks related to advertising activity, including all the casuistry and formal requirements that the CaixaBank Group's advertising must comply with. CaixaBank is also a voluntary member of **Autocontrol**, the Association for Commercial Self-Regulation, in favor of good advertising practices. This involves requesting reviews of advertisements or projects by Autocontrol, as a filter prior to launching them.

The **CSO (Customer Service Office)** is responsible for dealing with and resolving customer complaints and claims. It is a separate service from commercial services and acts with independence of criteria and under knowledge and application of customer protection regulations, regulators and best banking practices. CaixaBank monitors the complaints received through this channel, as well as those **submitted to the supervisory claims services** (Bank of Spain, National Securities Market Commission and General Directorate of Insurance and Pension Plans).

Likewise, the Customer Support Service actively participates in the approval process of new products, contributing its experience and ensuring a higher quality of the services and products that the bank offers to its clients.

CaixaBank has a team specialized in offering solutions to clients with difficulties in paying the mortgage payments on their habitual residence, and since 2013 it has enabled a **Mortgage Customer Service**, a free telephone service for clients whose home is affected by a foreclosure claim.

The CaixaBank Group has a **social housing program** with an impact throughout the Spanish territory, aimed mainly at former debtors and tenants of the Group who are in a situation of vulnerability and residential exclusion risk.