



Summary of **the human rights due diligence and risk assessment**

June 2020

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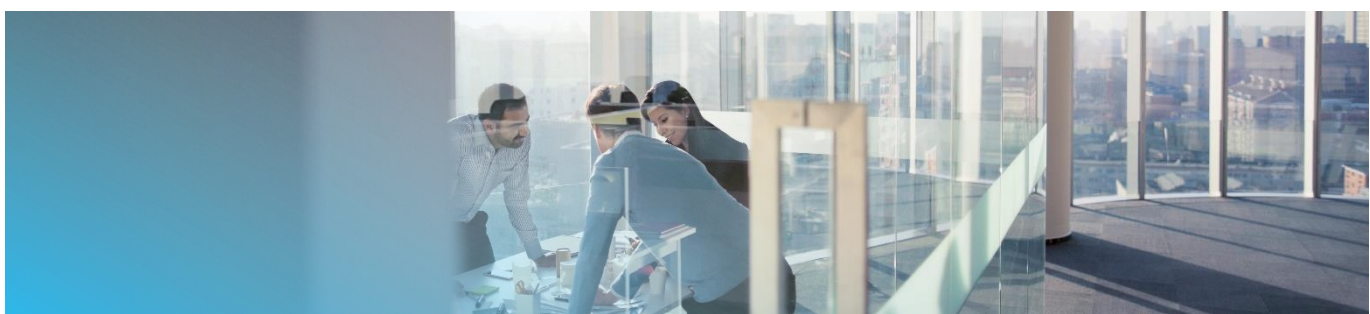
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Introduction

Respect for human rights is an integral part of CaixaBank's values and its approach to business. With this in mind, it has developed this risk identification and due diligence process for human rights within the framework of the **corporate Human Rights Policy** approved in October 2019.

CaixaBank conducted its first human rights due diligence in 2017.

The human rights due diligence process was carried out in the first half of 2020, followed by an assessment process to update the due diligence and give it greater depth and scope.



Parties involved in the process

Since both processes (due diligence and assessment) are a transversal project, a total of **11 CaixaBank areas** were involved:



**HUMAN
RESOURCES**



**RISK
MANAGEMENT**



BUSINESS



PROCUREMENT



**BRAND AND
MARKETING**



**EXTERNAL
COMMUNICATION**



**REGULATORY
COMPLIANCE**



**LEGAL
SERVICES**



**INFORMATION
SECURITY**



**CAIXABANK ASSET
MANAGEMENT**



VIDACAIXA

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

Methodology

1. Due diligence
2. Assessment

1. Due diligence

Next steps

1. **Flagging risk events** based on the commitments and principles of action embraced under CaixaBank's corporate Policy on Human Rights and identifying potential violations of human rights, thus delivering on CaixaBank's responsibility and commitments with **employees and suppliers**, as **a provider of financial services** and as an integral 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.

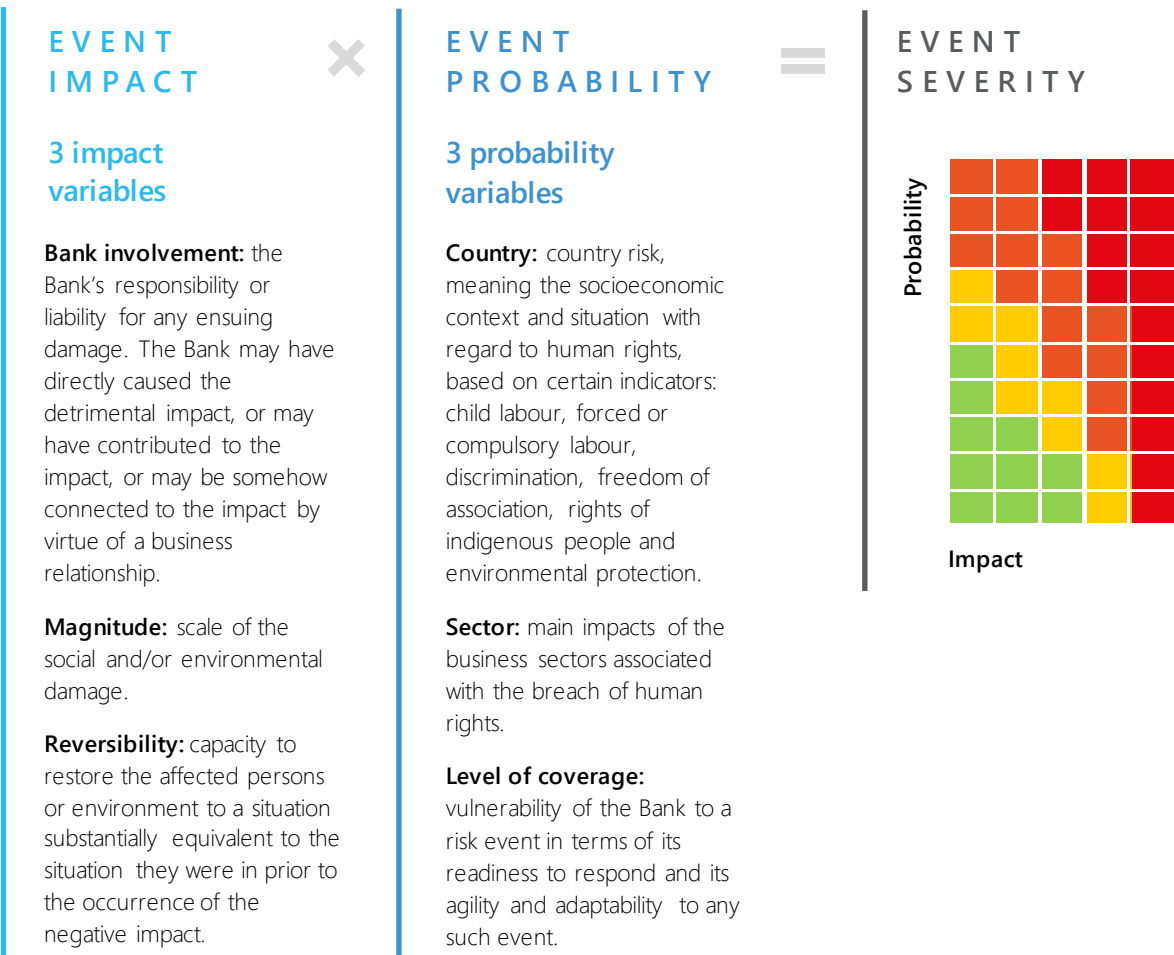
Flagging risk events and vulnerable groups

- Those rights that are relevant to CaixaBank's business activities have been identified, based on the list of 35 human rights enshrined in the Guide to Human Rights Impact Assessment and Management of the IFC.
- **Defining possible risk events** that are relevant to the activities of CaixaBank and flagging the main and secondary human rights that could be violated.
- Identifying the **stakeholders that could be affected** by each of the identified risk events (customers at risk of exclusion, employees, local and indigenous communities, suppliers, children and society).
- **Connecting** each risk event to the commitments defined and set out in CaixaBank's **corporate Policy on Human Rights**.

In short, a total of **37 risk events** were analysed and 119 **items of supporting evidence presented**.

Severity of risk events

The following parameters have been defined for the purpose of calculating the impact and probability of each risk event.



Due diligence aspects

The due diligence process is built around **four blocks**:



| 01. 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 working environment:** of association and expression.
- **In the workplace:** accessibility; health and safety.
- **Information security and data protection:** employee privacy.



| 02. FINANCING AND INVESTMENT

- **Mortgage loans:** suitability of the mortgage debt.
- **Project and corporate financing:** financed projects/companies.
- **Investment:** nature/type of investment.



| 03. PURCHASING AND SUPPLIER MANAGEMENT

- **Purchasing process:** registration and approval; tender, award and signing of the contract; provision of service and follow-up.



| 04. COMMERCIALIZATION

- **Customer profile:** segmentation and accessibility.
- **Marketing:** design of products and services; marketing and advertising; sales.
- **Information security and data protection:** customer privacy.



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

- | | |
|--------------------|-----------------------------------|
| • Responsibilities | • Mitigation and remediation |
| • Management | • Reporting |
| • Training | • Sector memberships/affiliations |
| • Channels | |

2. Assessment

Next steps

1. The **“risk assessment and due diligence in human rights procedure” as a starting point**: step one is to identify risk events and potential human rights violations when it comes to CaixaBank’s responsibility with employees and suppliers, as a provider of financial services and as an integral part of the community.
2. **Building the risks maps with regard to human rights for each block**: taking into account the Bank’s current situation, we follow the relevant criteria for assessing probability (sector, control environment at CaixaBank), **impact** (Bank’s involvement, magnitude of the damage, reversibility) and **severity** (after analysing the impact and probability variables).
3. Verifying the **due diligence processes and elements established by CaixaBank** to prevent and mitigate the potential risks flagged on the map for each block: management of people, financing, purchasing and of suppliers and marketing.

Main conclusions and findings

Following 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 risk event connected to human rights**, in terms of both processes analysed and due diligence elements put in place.





The assessment **showed that the Bank possesses a high degree of maturity in ensuring the protection of and respect for human rights and delivers on the commitments assumed under its corporate Policy on Human Rights** with respect to its stakeholders and value chain, although certain improvement opportunities have been identified to achieve true excellence.



The assessment is **satisfactory** and demonstrates a suitably covered control environment.

Mitigation plans and remediation actions

	Mitigation	Remediation
 Human resources management	2019 Report (Protocol on the Prevention, Treatment and Elimination of Sexual, Work and Gender-based Harassment)	<p>It has been verified that corrective measures and action plans have been established in response to those harassment cases that merited such action, as required under the human rights risk assessment and due diligence procedure.</p>
 Financing and investment	For mortgage loans: management of vulnerable cases with regard to mortgage loans through the MCSS (Mortgage Customer Support Service)	For mortgage loans: CaixaBank has various mechanisms in place to prevent, mitigate and resolve risks in this area, perhaps most notably the procedure for detecting and managing vulnerable cases: <ul style="list-style-type: none"> • Detection and management of cases that are socially sensitive or carry reputational risk through suspensions of procedure. • Since the creation of the MCSS (April 2013), a total of 23,384 requests for foreclosure authorisation have been managed and reviewed from the standpoint of social exclusion. Of these requests, 894 required direct intervention by MCSS managers due to the severity of the situation, so as to minimise the risk for the customer and the reputational risk for the Bank. • Given that foreclosure is a high-risk phase of proceedings for the customer, it was verified that the MCSS properly addresses requests for foreclosure proceedings to proceed. • MCSS Programme – “la Caixa” Banking Foundation to ensure the financial autonomy of the affected person/family unit by helping them find stable work through the <i>Incorpora</i> program of “la Caixa”, the housing rental subsidy scheme run by Building Center / Foreclosures / Payments in Kind and child inclusion through <i>CaixaProinfancia</i>.

For project and corporate financing:

- Environmental Risk Management Policy
- Training in the policy
- Environmental Risk Management Committee
- Assessment of operations

For project and corporate financing:

- For project and corporate financing, both the Environmental Risk Management Policy and the related training programmes feature mitigation mechanisms used by CaixaBank in connection with human rights.
- Where deemed necessary, the Bank draws up mitigation plans and verifies that certain projects have been duly declined in response to the results of the assessment process.



Purchasing and supplier management

Gender Test for suppliers of communication and marketing services

For services provided by communication and marketing providers, it was verified that the Bank has a Gender Test in place to spot and correct stereotypes when carrying out communication actions.

Procurement audits

The criteria used to select the suppliers to undergo the audited were also checked with the Procurement area. These criteria include possible suspicions of financial risk and whether the provider is considered strategic due to the nature of the service or product they provide and the volume involved.

It was confirmed with the Procurement area that 12 supplier audits were carried out in 2019, including all procurement categories (as described in the 2019 Consolidated Management Report).

After conducting the audit, the external supplier entrusted with the task issued a report containing the findings, including possible non-conformities (whether major or minor) and the auditor's comments. A sample of five reports was analysed, including the related questions and answers in connection with human rights.

Where non-conformities were detected, a cure period was established, following which a second verification was conducted.

PromoCaixa audits

For suppliers of merchandising, the findings and results of the social audits carried out by PromoCaixa in recent years were reviewed:

- **2020:** no social audit has been carried out in the year to date.
- **2019:** one social audit carried out at the factory for children's backpacks with speakers (23/07). The findings were satisfactory. No corrective action was required.
- **2018:** three social audits. Anomalies were detected in all three cases and were rectified *a posteriori* (implementation of record-keeping, overtime system authorised by the workers, fire drill, obtaining certification).
- **2017:** eight social audits.



Commercialization

Handbook on the approval procedure for new products

It was verified that the Bank has appropriate mechanisms and procedures in place to respond to specific risk events.

Protocol on security breaches

Prior consultation process in
relation to two campaigns
aimed at groups deemed
worthy of "special
protection" by Autocontrol



Improvement opportunities

Six main improvement opportunities were identified, the first three of which are transversal while the other three are more targeted:

TRANSVERSALS



01. CORPORATE POLICY ON HUMAN RIGHTS:

Reflects the Bank's commitment to carrying out the assessment every three years (as recommended by the DJSI) and includes the governance framework, specifying those responsible for deploying the policy.



The current corporate Policy on Human Rights will be reviewed in 2020



02. REPORTING ON THE DUE DILIGENCE PROCESS

Reporting on the due diligence process and assessment carried out.



The results of the due diligence and assessment will be published on www.caixabank.com (July 2020)



They will also be included in the Consolidated Management Report of the Caixa Bank Group for 2020



03. TRAINING IN HUMAN RIGHTS

Defining training material on human rights for both employees and suppliers.



A training module on human rights will be developed and delivered to all Bank employees (2021)



An awareness-raising module will be delivered to suppliers (2021)

TARGETED



04. COMMITMENTS IN RELATION TO DIVERSITY

Reviewing the Equality Policy and Plan to bring them in line with the European Union's new Gender Equality Strategy 2020-2025, published in March 2020.



Planned for 2021



05. CONTROVERSIAL SECTORS

Defining positions in new controversial sectors and scaling exposure of the current portfolio to those sectors (which are red lines for financing in accordance with the Bank's principles and commitments).



Planned for 2021-2022



06. SUPPLIERS

Strengthening the current process of assessing suppliers and reporting on progress.



An exhaustive review process to be initiated, targeting all suppliers (2022-2023)