

# Statement of Principal Adverse Impacts of Investment Decisions on Sustainability Factors

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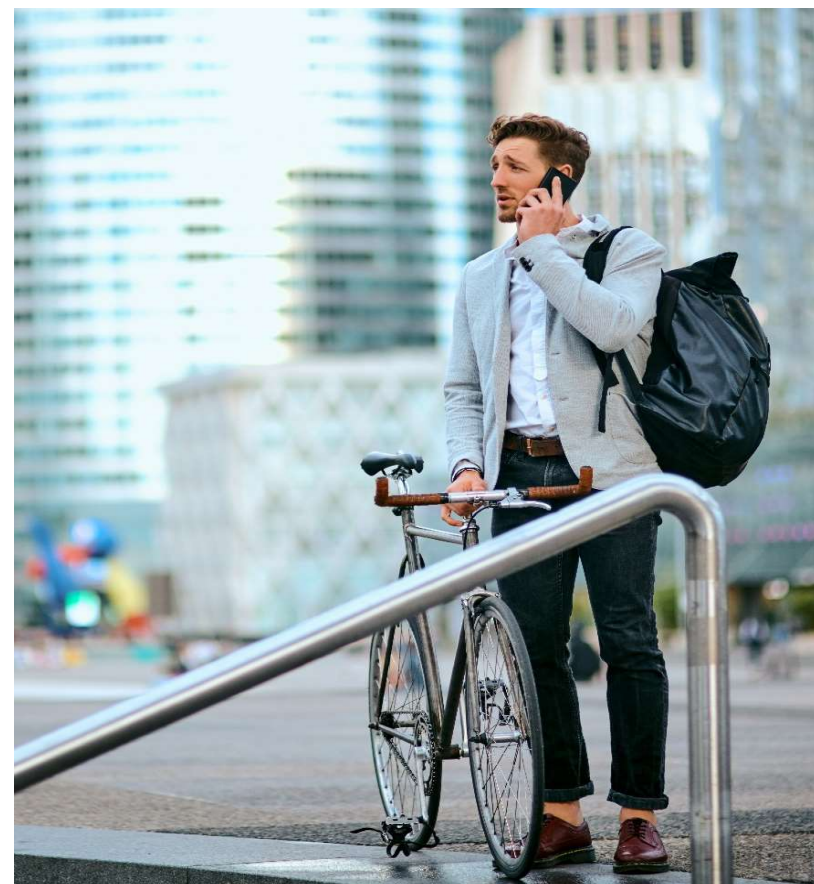
## 1. Summary

CaixaBank, S A (hereinafter, "CaixaBank" or the "Entity") assesses the principal adverse impacts of its investment decisions on sustainability factors. This is the consolidated statement on the principal adverse impacts on CaixaBank's sustainability factors.

This statement on the principal adverse impacts on sustainability factors covers the reporting period from 1 January to 31 December 2023. The guidelines and format set out in Annex 1 of Delegated Regulation (EU) 2022/1288<sup>1</sup> (the Regulatory Technical Standards, hereinafter "RTS") have been followed as far as possible.

CaixaBank is dedicated to sustainable development and recognises the pivotal role that financial institutions play in directing financial resources toward activities that benefit society at large. The bank reaffirms its commitment to advancing a sustainable economy.

In this context, CaixaBank, as an actor in the financial market, adheres to the requirements of the EU Regulation 2019/2088<sup>2</sup> concerning the disclosure of sustainability-related information in the financial services sector, commonly referred to as the "SFDR". This regulation seeks to enhance transparency around how financial market participants incorporate sustainability risks within their decision-making and investment processes.



<sup>1</sup> The Regulation can be consulted at the following link [EUR-Lex - 32022R1288 - EN - EUR-Lex \(europa.eu\)](#)

<sup>2</sup> You can find the Regulation at the following link [EUR-Lex - 32019R2088 - EN - EUR-Lex \(europa.eu\)](#)

CaixaBank considers the Principal Adverse Impacts in Sustainability (hereinafter, PAI) in the discretionary portfolio management delegated to CaixaBank Asset Management S.G.I.I.C., S.A.U. (hereinafter, "CaixaBank AM"). Both CaixaBank and CaixaBank AM take into account Environmental, Social, and Governance (ESG) criteria when selecting third-party products for inclusion for assets under management. In this regard, a due diligence process is conducted to identify, prevent, mitigate and explain how these impacts are addressed.

The CaixaBank Group (hereafter referred to as the "Group" or "CaixaBank Group") has established a set of sustainability policies to ensure that its activities contribute to sustainable development (refer to section 3). Among these, the Policy on Engagement in Discretionary Portfolio Management (hereafter referred to as the "Engagement Policy") and the Principles of Conduct for the Corporate Sustainability/ESG Risk Management Policy stand out. These frameworks allow for the systematic analysis and monitoring of Principal Adverse Impacts (PAI) and,

where necessary, the implementation of appropriate mitigation measures. These measures may take the form of not investing, divesting, reducing exposure or placing certain assets and issuances under observation, thus initiating the required engagement actions, where applicable.

The results of the PAI indicators provided in this 2023 Statement with respect to the 2022 financial year data are disclosed solely for comparative purposes and correspond to those contained in the "Statement of Principal Adverse Impacts of Investment Decisions on Sustainability Factors"<sup>3</sup> from 2022. The results of some PAI indicators for the 2023 financial year are not comparable to those from the previous year due to updates in the calculation methodologies and changes to the scope and data reporting boundaries relative to the prior reference period. Section 2 delivers a detailed account of the non-comparable indicators, along with the justifications for them.



<sup>3</sup> You can find the previous Statement at the following link: [Declaracion-Principales-Incidencias-Adversas-CaixaBank-2023-ENG.pdf](#)

## 2. Description of the Principal Adverse Impacts for Sustainability

The table in this section describes in detail the PAI taken into account, in particular in the "Explanation" section. Before going into the details in the table, it is important to consider the following points:

- The statement displays the average monthly value of the PAI indicators for positions held in the discretionary management portfolios of CaixaBank clients, encompassing both direct and indirect investments in corporate and government bonds, as well as equities. The average assets under management for 2023 total 38,483 million euros for the purposes of SFDR (excluding cash positions and derivatives)<sup>4</sup>.
- The calculation basis for calculating the indicators related to investments in companies is 22,038 million euros, and for those related to investments in sovereign and supranational entities, it is 16,445 million euros.
- The indicators have been calculated by taking the average of the year-end data for each of the months of the year, rather than the average of the year-end levels for each of the calendar quarters of the year. The more frequent data points for calculating the average provide a more accurate representation of the average assets and the value of the indicators throughout the year, provided that the latter data is available.
- The results of the indicators have been sourced from the MSCI ESG<sup>5</sup> data provider. Currently, the data for these indicators encompass exposure to both direct investment and third-party investment vehicles.

The coverage percentage of each indicator reflects the proportion of issuers that have available data based on the relevant calculation, details of which are provided in the Explanation section. For some indicators, data coverage is limited, rendering the indicators less representative. This is because data on the underlying positions may not

be available or of sufficient quality, due to the fact that the existing methodologies lack robustness.

- This applies to PAI 6 regarding Energy consumption intensity in high-impact climate sectors, which has limited coverage, and PAI 16 concerning countries with social violations, where coverage is also limited in cases of exposure through funds managed by third parties.
- For PAI 7 on activities impacting biodiversity-sensitive areas, PAI 8 on water emissions, PAI 9 on hazardous and radioactive waste, PAI 11 related to adherence processes and mechanisms for the UN Principles and OECD Guidelines for Multinational Enterprises, and PAI 12 addressing the pay gap, the anticipated improvement in company reporting in the upcoming fiscal year could potentially result in more adverse data and/or necessitate adjustments to the management strategy for these PAI.

Consequently, insufficient coverage or data quality for some indicators precludes the active management of these issues. CaixaBank has tasked CaixaBank AM with: (i) collaborating with the data provider to improve data coverage and quality, thereby enhancing reliability in future years; and (ii) investigating alternative data sources.

Regarding the actions taken during the reference period (2023) and goals for the forthcoming period, the table identifies instances where, due to the prioritization of PAI, explicit measures have been implemented in 2023 and/or specific objectives or actions are planned for 2024. Cases in which the PAI are not considered a high priority, or where an initial stage of data gathering and analysis is still in progress without specific measures having been adopted, as they are still under evaluation for their quality, are not highlighted.

<sup>4</sup> Derivative exposures (including short positions) and cash balances have been excluded from the computation of assets to be considered for the purposes of this Statement. For these purposes, derivatives are exposures held for the management of the underlying risks of the managed portfolio and cash exposures are tactical management exposures, both of which are excluded from the management anchor for PAI purposes.

<sup>5</sup> MSCI Inc. (LEI: 549300HTIN2PD78UB763) is an American provider of data, tools, and support services for investment decision-making with over 50 years of experience in research, data, and technology. For more information on MSCI, see its page [wea bb: https://www.msci.com/](https://www.msci.com/)

Sustainability indicator in relation to adverse impacts	Parameter	Impact 2023	Impact 2022	Explanation	Actions taken, actions envisaged and targets set for the forthcoming reporting period	
<b>INDICATORS RELATED TO CLIMATE CHANGE AND OTHER INDICATORS RELATED TO THE ENVIRONMENT</b> (calculation basis 22,037,705,779.52 euros)						
Greenhouse gas emissions	<b>1. Greenhouse gas emissions</b> (GHG emissions)			Scope 1 GHG emissions are the volume of GHG emissions generated directly by the investee companies. <b>Coverage of the indicator 2023 / 2022 → 90% / 83%</b> The evolution of the indicator and of the coverage is considered adequate.	<b>Integration of ESG factors</b>  The transition towards a sustainable and decarbonised economy that limits global warming to below 2°C, and preferably to 1.5°C in line with the objectives of the Paris Agreement, is one of the greatest global challenges. This transition process is a source of risks and opportunities for companies and their business models. The CaixaBank Group is committed to contributing to this challenge by reducing the impact of its operations and directing investment towards sustainable projects, as well as engaging with the companies and issuers in which it invests.  To manage these PAI, CaixaBank AM incorporates material climate metrics pertinent to each sector, such as greenhouse gas (GHG) emissions, energy intensity, and carbon footprint, into its investment decision-making processes. It also assesses the ESG quality of the company using the rating or certain factors as indicators and monitors the climate change impact of the companies it invests in. For products targeting climate change, CaixaBank AM is committed to ensuring that these products outperform the market in terms of climate-related indicators.  In line with this commitment, CaixaBank AM, like CaixaBank, adheres to the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). CaixaBank AM also subscribes to the Transition Pathway Initiative (TPI).  <b>Exclusions and restrictions:</b> in accordance with its Sustainability Risk Integration Policy, CaixaBank AM may decide not to invest in companies that pose a material risk of failing to meet their climate change commitments or of not adequately decarbonising their portfolios. Beyond this general limitation, CaixaBank AM imposes restrictions on investing in companies that derive more than 5% of their revenue from coal-powered energy generation or thermal coal mining and lack a decarbonization plan set to be realized by 2030, in companies where more than 10% of turnover is related to the exploration, extraction or transportation of oil sands or the exploration, extraction or transportation of oil and gas in the Arctic, and in companies where more than 50% of Group turnover is oil and gas and which do not promote the energy transition.	
	Volume of GHG emissions generated by the companies in which CaixaBank invests. Sum of absolute CO <sub>2</sub> emissions, whether reported or estimated, calculated according to the value of the investment in each company	Scope 2 GHG emissions	1,169,581.4	1,527,922.6		Scope 2 GHG emissions are the volume of GHG emissions indirectly caused by the activity of the investee companies (consumption of electricity or other energy sources) <b>Coverage of the indicator 2023 / 2022 → 90% / 83%</b> The evolution of the indicator and of the coverage is considered adequate.
		Scope 3 GHG emissions	214,949.4	274,382.6		Scope 3 GHG emissions is the volume of indirectly generated GHG emissions that occur in the investee's value chain and are not under the control of the investee. <b>Coverage of the indicator 2023 / 2022 → 90% / 83%</b> The evolution of the indicator and of the coverage is considered adequate.
		Total GHG emissions (scope 1, 2 and 3)	7,289,683.7	8,195,690.2		Total GHG emissions are the sum of the above emissions. <b>Coverage of the indicator 2023 / 2022 → 90% / 83%</b> The evolution of the indicator and of the coverage is considered adequate.
	(tCO <sub>2</sub> e)		8,661,773.0	10,088,449.9		
	<b>2. Carbon footprint</b> (tCO <sub>2</sub> and / Million EUR EVIC)			The carbon footprint is the weighted average of the total greenhouse gas emissions of the invested companies divided by the value of the company, measured in millions of euros. <b>Coverage of the indicator 2023 / 2022 → 90% / 83%</b> The evolution of the indicator and of the coverage is considered adequate.		
	Carbon footprint	393.4	419.6			

Sustainability indicator in relation to adverse impacts	Parameter	Impact 2023	Impact 2022	Explanation	Actions taken, actions envisaged and targets set for the forthcoming reporting period
<b>3. GHG intensity of investee companies</b> <i>(tCO<sub>2</sub>e / Million EUR sales)</i>	GHG intensity of investee companies	845.6	1,012.3	GHG intensity is the weighted average of the total GHG emissions produced by the investee companies, divided by the companies' sales, with the latter measured in millions of euros. <b>Coverage of the indicator 2023 / 2022 → 94% / 85%</b> The evolution of the indicator and of the coverage is considered adequate.	<b>Dialogue and voting</b> CaixaBank has engaged in dialogue with CaixaBank AM (service provider) to take the necessary mitigation measures to reduce PAI. In 2023, CaixaBank AM initiated or continued discussions with 339 companies addressing climate change, either directly or through its specialized service providers. Among these dialogues, GHG emission reduction was a topic in 333 cases. Additionally, CaixaBank AM is affiliated with and actively participates in the Climate Action 100+ initiative dialogues.
<b>4. Exposure to companies active in the fossil fuel sector</b> <i>(%)</i>	Share of investments in companies active in the fossil fuel sector	10.2	9.4	The indicator provides the percentage of assets under management invested in companies active in the fossil fuel sector. Companies active in the fossil fuel sector means companies that derive any revenues from (i) exploration, extraction, distribution or refining of hard coal and lignite; (ii) exploration, extraction, distribution (including transportation, storage and trade) or refining of liquid fossil fuels; and (iii) exploration and extraction of gaseous fossil fuels or their specific distribution (including transport, storage and marketing). <b>Coverage of the indicator 2023 / 2022 → 94% / 87%</b> The evolution of this indicator is considered unrepresentative due to the way it is calculated.	Regarding the exercise of voting rights, CaixaBank AM supported 81 shareholder-initiated proposals on environmental issues in 2023; 27 of these focused on climate change concerns, and 17 targeted GHG emissions. <i>See further details in the 2023 Annual Dialogue and Voting Report.</i> Looking ahead, the <b>2024 Engagement Plan</b> continues to prioritize climate change as one of the key sustainability issues to address. Specifically, the plan emphasises driving the transition towards a sustainable and decarbonized economic model that aligns with the Paris Agreement's objectives to limit global warming. The plan outlines the expectations and goals to be pursued through this dialogue. <i>See more details in the 2024 Engagement Plan.</i>
<b>5. Proportion of non-renewable energy production and consumption</b> <i>(%)</i>	Proportion of non-renewable energy consumption and non-renewable energy production of investees from non-renewable energy sources versus renewable energy sources (share of total energy sources)	66.5	71.7	The indicator provides the weighted average of the percentages of non-renewable energy production and consumption of the investees. Non-renewable energy sources are sources other than non-fossil renewable sources, i.e. wind energy, solar energy (solar thermal and solar photovoltaic) and geothermal energy, ambient energy, tidal energy, wave energy and other ocean energy, hydropower and energy from biomass, landfill gas, sewage treatment plant gas and biogas. <b>Coverage of the indicator 2023 / 2022 → 79% / 79%</b>	<b>Data limitations</b> We believe that the evolution of the aggregated data for PAI 4 does not accurately reflect the portfolio's exposure to the fossil energy sector at the entity level, due to its binary nature. For its calculation, if a company is classified as active, the entire investment is counted, regardless of the actual level of activity (it considers 100%, whether the activity is marginal or central). The PAI 6 indicator suffers from low data coverage. As a result, its value is not representative and does not allow for active management of adverse impacts that may occur in these indicators. CaixaBank AM is actively collaborating with its data provider to enhance the coverage and quality of data for this indicator to achieve higher reliability in future assessments.

Sustainability indicator in relation to adverse impacts	Parameter	Impact 2023	Impact 2022	Explanation	Actions taken, actions envisaged and targets set for the forthcoming reporting period
<b>6. Intensity of energy consumption by sector with high climate impact</b> <i>(GWh / Millions of EUR revenue)</i>	Energy consumption in GWh per million EUR revenue of investee companies, by high climate impact sector			The evolution of the indicator and of the coverage is considered adequate.	
		<b>Sector A: 0.8</b> Agriculture, livestock, forestry and fishing	<b>Sector A: 0.9</b> Agriculture, livestock, forestry and fishing	The indicator gives the sum of the weighted averages of exposure to sectors with high climate impacts, namely: (A) Agriculture, stockbreeding, forestry and fishing; (B) mining and quarrying; (C) manufacturing; (D) supply of electricity, gas, steam and air conditioning; (E) water supply, sanitation, waste management and decontamination activities (F) construction; (G) wholesale and retail trade; repair of motor vehicles; (H) transportation and storage, and; (L) real estate activities.	<b>Coverage of the indicator 2023 / 2022 → 56% and 55%</b>
		<b>Sector B: 0.7</b> Extractive industries	<b>Sector B: 4.7</b> Extractive industries		
		<b>Sector C: 1.4</b> Manufacturing industry	<b>Sector C: 2.2</b> Manufacturing industry		
		<b>Sector D: 6.2</b> Electricity, gas, steam and air ac. supply	<b>Sector D: 8.2</b> Electricity, gas, steam and air ac. supply		
		<b>Sector E: 3.3</b> Water supply, sanitation, waste management and decontamination.	<b>Sector E: 2.3</b> Water supply, sanitation, waste management and decontamination.		
		<b>Sector F: 0.2</b> Construction	<b>Sector F: 0.2</b> Construction		
		<b>Sector G: 0.2</b> Wholesale and retail trade; repair of vehicles (...)	<b>Sector G: 0.5</b> Wholesale and retail trade; repair of vehicles (...)		
		<b>Sector H: 1.9</b> Transport and storage	<b>Sector H: 2.3</b> Transport and storage		
		<b>Sector L: 0.4</b> Real estate activities	<b>Sector L: 0.4</b> Real estate activities		



Sustainability indicator in relation to adverse impacts	Parameter	Impact 2023	Impact 2022	Explanation	Actions taken, actions envisaged and targets set for the forthcoming reporting period
Biodiversity	<b>7. Activities adversely affecting sensitive areas with regard to biodiversity</b> (%)	0.4	0.0	<p>Activities that have an adverse effect on biodiversity are those that involve the degradation of natural habitats and species habitats and disturb the species for which the protected areas have been designated and where none of the findings, mitigation measures or impact assessments have been applied in accordance with the directives, national provisions or international standards considered equivalent to those directives by the competent EU bodies.</p> <p>Areas considered sensitive in terms of biodiversity include the Natura 2000 network of protected areas, UNESCO World Heritage Sites, and Key Biodiversity Areas, as well as additional protected zones listed in Appendix D of Annex II of Commission Delegated Regulation (EU) 2021/2139.</p> <p><b>Coverage of the indicator 2023 / 2022 → 94% / 87%</b></p> <p>The data is an estimate from our specialized provider, based on evidence of the company's involvement in controversial activities impacting biodiversity-sensitive areas.</p> <p>The reliability of this indicator's trend is considered compromised due to the poor quality of data and criterion changes by the data provider.</p>	<p><b>Integration of ESG factors</b></p> <p>In addition to the challenge of transitioning to a sustainable and decarbonized economic model that limits global warming, the issue of loss and degradation of nature also looms large. This transition process is a source of risks and opportunities for companies and their business models.</p> <p>CaixaBank AM tracks the biodiversity impact of the companies in its portfolio by analyzing activities detrimental to biodiversity-sensitive areas. It employs an alert system to identify emerging serious controversies within the invested companies.</p> <p>Before an investment is made, the company's potential exposure to disputes involving, inter alia, significant negative impacts on biodiversity is assessed. The company's ESG assessment conducted by specialised data providers is also analysed. Biodiversity risk management indicators are included in this assessment where they are material to the company's sector.</p> <p><b>Exclusions and restrictions:</b> In line with the Sustainability Risk Integration Policy, CaixaBank AM will not invest in companies that gravely breach the core principles outlined in the United Nations Global Compact regarding environmental protection, particularly those that pose a risk to biodiversity.</p> <p><b>Dialogue and voting</b></p> <p>CaixaBank has undertaken dialogue actions with CaixaBank AM as the service provider to collaborate with the data provider in improving data quality.</p> <p>In 2023, CaixaBank AM engaged in 110 dialogue processes focused on biodiversity protection with its specialized service providers, addressing issues such as deforestation, impact assessments, biodiversity dependency, regenerative agriculture, land use, and supply chain biodiversity. Additionally, CaixaBank AM is affiliated with the Spring initiative, which promotes collaborative dialogue on nature. <i>See more details in the Annual Dialogue and Voting Report 2023.</i></p> <p>In the 2024 Engagement Plan, the loss and degradation of nature have been added as new priority environmental issues,</p>

Sustainability indicator in relation to adverse impacts	Parameter	Impact 2023	Impact 2022	Explanation	Actions taken, actions envisaged and targets set for the forthcoming reporting period
					<p>along with the potential establishment of corrective actions, objectives, and timelines to address these challenges.</p> <p><b>Data limitations</b></p> <p>New methodological changes, improved data quality, and a greater influx of information from companies in the coming year could significantly affect the data, and as a result, lead to changes in the management strategy of this PAI.</p>



Sustainability indicator in relation to adverse impacts	Parameter	Impact 2023	Impact 2022	Explanation	Actions taken, actions envisaged and targets set for the forthcoming reporting period	
Water	<b>8. Emissions to water</b> <i>(Tons of emissions to water / Million EUR invested)</i>	Tonnes of emissions to water generated by investees per million EUR invested (weighted average)	1.1	42.0	<p>The indicator provides the weighted average of tonnes of emissions to water of investee companies per million euros invested.</p> <p>Emissions to water are direct emissions of priority pollutants as defined in Article 2(30) of Directive 2000/60/ EC of the European Parliament and of the Council and direct emissions of nitrates, phosphates and pesticides.</p> <p><b>Coverage of the indicator 2023 / 2022 → 1% / 11%.</b></p> <p>The evolution of this indicator is considered unrepresentative due to the low coverage of the data and the change of criteria in the calculation of the data provider.</p>	<p><b>Integration of ESG factors</b></p> <p>CaixaBank AM monitors the impact on water resources by analyzing activities that have a negative effect on these resources, using an alert system to detect any controversies within its portfolio companies.</p> <p>Prior to any purchase, CaixaBank AM assesses the company's potential exposure to disputes involving, among other things, negative impacts on water resources. The company's ESG assessment is also analysed by specialised suppliers, whose assessment takes into account indicators related to exposure to water stress and water resource management, where material in the company's industry.</p> <p><b>Exclusions and restrictions:</b> In accordance with the Sustainability Risk Integration Policy, CaixaBank AM will not invest in companies that seriously violate the fundamental principles of the United Nations Global Compact on environmental protection, including those that pose a threat to water resources.</p> <p><b>Dialogue and voting</b></p> <p>CaixaBank has engaged in dialogue with CaixaBank AM (service provider) to take the necessary mitigation measures to reduce PAI. In 2023, CaixaBank AM conducted 43 discussions related to water pollution and water stress, which covered topics such as the development of water management strategies, disclosure, and setting management goals for water use and water risk, facilitated through its specialized service providers. <i>See more details in the Annual Dialogue and Voting Report 2023.</i></p> <p><b>Data limitations</b></p> <p>Greater coverage, higher data quality and an increase in the information received from companies in the coming year could lead to changes in the management strategy of this PAI.</p>

Sustainability indicator in relation to adverse impacts	Parameter	Impact 2023	Impact 2022	Explanation	Actions taken, actions envisaged and targets set for the forthcoming reporting period
Waste	<p><b>9. Ratio of hazardous and radioactive waste</b> (Tons of hazardous and radioactive waste / Million EUR invested)</p> <p>Tons of hazardous and radioactive waste generated by investee companies per million EUR invested (weighted average)</p>	6.2	13.4	<p>The indicator provides the weighted average of tonnes of hazardous and radioactive waste generated by invested companies per million euros invested.</p> <p>Hazardous waste is waste as defined in Article 3(2) of Directive 2008/98/EC of the European Parliament and of the Council; and radioactive waste as defined in Article 3(7) of Council Directive 2011/70/Euratom.</p> <p><b>Coverage of the indicator 2023 / 2022 → 36% / 36%.</b></p> <p>The evolution of this indicator is considered unrepresentative due to the low coverage of the data and the change of criteria in the calculation of the data provider.</p>	<p><b>Integration of ESG factors</b></p> <p>CaixaBank AM monitors the impact of its investments in relation to hazardous and radioactive waste, in particular through alerts that enable it to identify new controversies that may affect portfolio companies.</p> <p>Before making any purchase, CaixaBank AM checks whether the company may be exposed to controversies related to, among other things, environmental pollution and poor management of hazardous waste. The company's ESG assessment is also analysed by specialised suppliers, whose assessment takes into account indicators linked to waste management (including hazardous waste), provided that it is material in the company's sector.</p> <p><b>Exclusions and restrictions:</b> in accordance with the Sustainability Risk Integration Policy, CaixaBank AM will not invest in companies that seriously breach the fundamental principles of the United Nations Global Compact on environmental protection, especially those causing pollution from the mismanagement of hazardous waste.</p> <p><b>Dialogue and voting</b></p> <p>In 2023, CaixaBank AM held 51 dialogue processes linked to waste management on issues such as the circular economy, through its specialised service providers. <a href="#">See more details in the Annual Dialogue and Voting Report 2023.</a></p> <p><b>Data limitations</b></p> <p>Increased coverage, improvements in data quality, as well as an increase in the information received from companies in the coming year may lead to changes in the management strategy of this PAI.</p>

Sustainability indicator in relation to adverse impacts	Parameter	Impact 2023	Impact 2022	Explanation	Actions taken, actions envisaged and targets set for the forthcoming reporting period
<b>INDICATORS ON SOCIAL AND LABOUR AFFAIRS, RESPECT FOR HUMAN RIGHTS AND THE FIGHT AGAINST CORRUPTION AND BRIBERY</b> (calculation basis 22,037,705,779.52 euros)					
Social and labour issues	<p><b>10. Violations of the principles of the UN Global Compact and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises</b></p> <p>(%)</p> <p>Proportion of investments in companies that have been associated with violations of the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises</p>	0.3	0.5	<p>The indicator reflects the percentage of investee companies that have been associated with violations of the mentioned international standards.</p> <p>These violations are not reported by the companies. The specialized data provider assesses events or activities undertaken by companies that could potentially violate any principles or guidelines of the cited standards.</p> <p>The current exposure primarily stems from investments in third-party managed funds or positions authorized by the CaixaBank AM SRI Committee. Such authorizations occur after available information is analyzed, and it is determined that the controversy identified by the data provider is not as serious as indicated, following the process outlined in the Sustainability Risk Integration Policy.</p> <p><b>Coverage of the indicator 2023 / 2022 → 95% / 87%.</b></p> <p>The evolution of the indicator and of the coverage is considered adequate.</p>	<p><b>Integration of ESG factors</b></p> <p>CaixaBank AM monitors the level of controversies relating to the United Nations Global Compact Principles, in particular through alerts from our suppliers that enable us to detect new controversies or events that could affect the companies. If a very severe event is detected, it is analysed by the specialised working group and, if necessary, approved by the SRI Committee.</p> <p>Before any investment, CaixaBank AM checks whether the company may be in breach of the principles of the United Nations Global Compact. This analysis is carried out by specialised suppliers, whose evaluation indicates the controversies regarding defaults of these principles by the companies.</p> <p><b>Exclusions and restrictions:</b></p> <p>Under its Sustainability Risk Integration Policy, concerning international treaties and norms, CaixaBank AM implements a range of exclusions and refrains from investing in companies that gravely infringe upon the core principles of the United Nations Global Compact: specifically, in the areas of human rights, labour rights, the environment and corruption.</p> <p><b>Dialogue and voting</b></p> <p>CaixaBank has engaged in dialogue with CaixaBank AM (service provider) to take the necessary mitigation measures to reduce PAI.</p> <p>In this context, CaixaBank AM has engaged in both dialogues and voting activities concerning possible violations of key international principles and treaties in these fields. These efforts are conducted, among other means, through its commitment to and active involvement in the 'Advance' initiative, supported by the Principles for Responsible Investment (PRI), as well as participation in the 'Spring' and 'Climate Action 100+' initiatives, which address Human Rights and environmental performance.</p> <p>In the fiscal year 2023, 134 dialogues were conducted with companies regarding potential breaches of major international treaties, facilitated by specialised service providers. Specifically concerning the United Nations Global Compact Principles,</p>

Sustainability indicator in relation to adverse impacts	Parameter	Impact 2023	Impact 2022	Explanation	Actions taken, actions envisaged and targets set for the forthcoming reporting period
					<p>there were 55 dialogues focused on human rights issues, 29 on labor rights, 7 on combating corruption, and 58 on environmental principles. Regarding the OECD Guidelines for Multinational Enterprises, there were 35 dialogues related to human rights, 34 concerning labor rights, 2 on corruption and bribery, and 58 addressing the environmental guidelines. <i>For more detailed information, please refer to the Annual Dialogue and Voting Report 2023.</i></p> <p><b>Data limitations</b></p> <p>The coverage and quality of the data are adequate for active management of the indicator.</p>
<b>11. Lack of compliance processes and mechanisms to monitor adherence to United Nations Global Compact principles and OECD Guidelines for Multinational Enterprises</b> (%)	Proportion of investments in companies lacking policies for monitoring adherence to United Nations Global Compact principles or OECD Guidelines for Multinational Enterprises, or lacking grievance handling mechanisms to address violations of said principles or guidelines.	<b>39.9</b>	<b>39.7</b>	<p>The indicator provides the percentage of investees that do not have policies in place to monitor the standards referred to.</p> <p>The data provider considers non-compliance with this indicator when no public policy is available.</p> <p><b>Coverage of the indicator 2023 / 2022 → 94% / 86%.</b></p> <p>The evolution of this indicator is considered unrepresentative due to the lack of data quality.</p>	<p><b>Integration of ESG factors</b></p> <p>In the event that an adverse impact is detected in PAI 10, the company's policies and processes are examined in greater detail to ensure adherence to the United Nations Global Compact principles and the OECD Guidelines for Multinational Enterprises.</p> <p><b>Data limitation</b></p> <p>The poor quality of data, resulting from the limited disclosure of such information by companies, hinders the systematic management of this adverse impact, which is restricted to instances where an adverse impact is already identified in the PAI 10 indicator. An increase in the amount of information disclosed by companies in the future may lead to changes in the management strategy for this PAI.</p>
<b>12. Gender pay gap, unadjusted</b> (%)	Unadjusted average gender pay gap of investee companies	<b>12.8</b>	<b>12.8</b>	<p>The indicator provides the weighted average of the unadjusted pay gap of investee companies.</p> <p>The unadjusted pay gap is the difference between the average gross hourly earnings of male and female wage earners as a percentage of the average gross hourly earnings of male wage earners.</p>	<p><b>Integration of ESG factors</b></p> <p>The coverage of the indicator is low and the limited information published by companies on the pay gap does not allow for a systematic inclusion of this adverse impact on investment processes.</p> <p><b>Dialogue vote</b></p> <p>CaixaBank has engaged in dialogue with CaixaBank AM (service provider) to take the necessary mitigation measures to reduce PAI.</p>

Sustainability indicator in relation to adverse impacts	Parameter	Impact 2023	Impact 2022	Explanation	Actions taken, actions envisaged and targets set for the forthcoming reporting period
<b>13. Gender diversity of the board of directors</b> (%)	Proportion between the number of women on the board of directors and the total number of board members (men and women) of investee companies	35.2	34.0	<p>The indicator presents the weighted average percentage of women on the boards of directors of the invested-in companies.</p> <p><b>Coverage of the indicator 2023 / 2022 → 93% / 85%.</b></p> <p>The evolution of the indicator and of the coverage is considered adequate.</p>	<p><b>Integration of ESG factors</b></p> <p>CaixaBank AM evaluates gender diversity within the governing bodies of companies and actively exercises its voting rights at General Shareholders' Meetings with the goal of fostering gender diversity on the Board of Directors. The company's ESG assessment by specialised providers, which includes gender diversity indicators, is also analysed under the governance pillar.</p> <p><b>Dialogue and voting</b></p> <p>CaixaBank has engaged in dialogue with CaixaBank AM (service provider) to take the necessary mitigation measures to reduce</p>
				<p>This indicator does not take into account segmentations by professional category, age, seniority or type of contract.</p> <p><b>Coverage of the indicator 2023 / 2022 → 30% / 24%</b></p> <p>The evolution of this indicator is considered unrepresentative due to low coverage and lack of data quality.</p>	<p>In this context, CaixaBank AM will advocate for enhanced information quality and data accuracy through dialogues with companies. In 2023, 18 dialogues were initiated regarding the gender pay gap, both directly and via our specialised service provider. <a href="#">See more details in the Annual Dialogue and Voting Report 2023.</a></p> <p>Regarding the exercise of voting rights, in 2023 CaixaBank AM supported 10 shareholder-proposed resolutions that requested increased transparency concerning the company's gender pay gap. <a href="#">See more details in the Annual Dialogue and Voting Report 2023.</a></p> <p>In the 2024 Engagement Plan, good governance and social best practices continue to be a priority in the realm of sustainability. Among the identified priority objectives for initiating dialogue actions is the issue of pay disparity transparency, to be addressed by publishing a salary gap report. <a href="#">For further details, refer to the 2024 Engagement Plan.</a></p> <p><b>Data limitations</b></p> <p>Enhanced coverage, data quality, and an increase in information received from companies in the upcoming reference period may lead to changes in the management strategy for this PAI.</p>

Sustainability indicator in relation to adverse impacts	Parameter	Impact 2023	Impact 2022	Explanation	Actions taken, actions envisaged and targets set for the forthcoming reporting period
<b>14. Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)</b> (%)	Proportion of investments in companies engaged in the manufacture or sale of controversial weapons	0.1	0.1	<p>The indicator shows the percentage of assets under management invested in companies involved in the production or sale of controversial weapons.</p> <p>The existing exposure is very low and is based solely on investments through third-party vehicles.</p> <p><b>Coverage of the indicator 2023 / 2022 → 94% / 87%.</b></p> <p>The evolution of the indicator and of the coverage is considered adequate.</p>	<p>PAI.</p> <p>In 2023, CaixaBank AM engaged in 19 dialogue processes related to gender diversity via its specialised service provider. Regarding voting, CaixaBank AM opposed the appointment or re-election of board members at three General Shareholders' Meetings, as the board composition did not satisfy the minimum gender diversity requirements.</p> <p>Furthermore, the 2024 Engagement Plan's identified sustainability priorities once again emphasise adherence to the most stringent market standards for the minimum representation of women on Boards.</p> <p><b>Data limitations</b></p> <p>The coverage and quality of the data are adequate for active management of the indicator.</p> <p><b>Integration of ESG factors</b></p> <p>CaixaBank AM systematically monitors its exposure to controversial weapons through investee companies. Prior to any investment, CaixaBank AM assesses the potential exposure of the company or investment vehicle to controversial weapons, including anti-personnel mines, cluster bombs, chemical, and biological weapons.</p> <p><b>Exclusions and restrictions</b></p> <p>In accordance with the Sustainability Risk Integration Policy, CaixaBank AM will not invest in companies involved in the development, production, maintenance or trade of controversial weapons. In other words, companies:</p> <ul style="list-style-type: none"> <li>▪ Involved in the production of controversial weaponry,</li> <li>▪ Suppliers of essential or non-essential components or services,</li> </ul>

Sustainability indicator in relation to adverse impacts	Parameter	Impact 2023	Impact 2022	Explanation	Actions taken, actions envisaged and targets set for the forthcoming reporting period
					<ul style="list-style-type: none"> <li>Engaged directly in designated activities, or indirectly if they hold more than a 50% stake in firms that produce controversial weapons or provide essential or non-essential components or services.</li> </ul> <p>In instances of exposure to controversial weaponry through third-party investment vehicles, due to the nature of this asset, CaixaBank AM sets a maximum exposure limit. Should there be direct exposure to a company connected to controversial arms, CaixaBank AM will proceed to divest from that position.</p> <p><b>Dialogue and voting</b></p> <p>CaixaBank has engaged in dialogue with CaixaBank AM (service provider) to take the necessary mitigation measures to reduce PAI.</p> <p>In this regard, CaixaBank AM will initiate dialogue with third-party managers to encourage a reduction in exposure to controversial weaponry when established limits are exceeded.</p> <p><b>Data limitations</b></p> <p>The coverage and quality of the data are adequate for active management of the indicator.</p>

**INDICATORS APPLICABLE TO INVESTMENTS IN SOVEREIGN AND SUPRANATIONAL ENTITIES** (calculation basis 16,444,702,258.72 euros)

Environmental	<p><b>15. GHG intensity</b> (tCO<sub>2</sub>e / Billion EUR GDP)</p>	GHG intensity of investment host countries	243.0	252.5	<p>The indicator provides the weighted average of the GHG (greenhouse gas) emissions intensity relative to the gross domestic product (GDP) of the recipient countries.</p> <p><b>Coverage of the indicator 2023 / 2022 → 99% / 97%.</b></p> <p>The evolution of the indicator and of the coverage is considered adequate.</p>	<p><b>Integration of ESG factors</b></p> <p>The transition towards a model of economy sustainable and decarbonizada is one of the great overall challenges. The transition to a sustainable and decarbonised economic model is one of the greatest challenges that governments face. CaixaBank AM aims to contribute to this challenge by reducing the impact of its operations and investing in sustainable projects.</p> <p>To manage these PAI, CaixaBank AM integrates climate metrics into its investment decision-making processes. CaixaBank AM considers the GHG emissions indicators of states and also evaluates the ESG (Environmental, Social, and Governance) quality of the states where it invests.</p> <p><b>Dialogue and voting</b></p> <p>CaixaBank has engaged in dialogue with CaixaBank AM (service provider) to take the necessary mitigation measures to reduce PAI.</p>
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Sustainability indicator in relation to adverse impacts	Parameter	Impact 2023	Impact 2022	Explanation	Actions taken, actions envisaged and targets set for the forthcoming reporting period
Socials	<b>16. Investment host countries subject to social breaches</b> <i>(No. and %)</i>	<b>Absolute: 5.3</b> <b>Relative: 4.4</b>	<b>Absolute: 0.0</b> <b>Relative: 0.0</b>	<p>The indicator reports the number of recipient countries of investment that are subject to social breaches and the percentage they represent of the total recipient countries of investment.</p> <p>There are no direct investment positions in the debt of countries with social violations. The exposure arises solely from investments made through third-party vehicles and pertains to small-scale holdings in government bonds issued by China, Lebanon, Iraq, Tunisia, Turkey, Russia, Belarus, and Venezuela.</p>	<p>In this regard, in 2023 CaixaBank AM joined the Transition Pathway Initiative (TPI), which is developing the ASCOR (Assessing Sovereign Climate-related Opportunities and Risks) project, designed to develop methodologies for assessing sovereign debt from a climate risk perspective.</p> <p><b>Data limitations</b></p> <p>The coverage and quality of the data are adequate for active management of the indicator, although there is no generally accepted methodology for evaluating public debt from this perspective.</p> <p><b>Integration of ESG factors</b></p> <p>Before any investment, CaixaBank AM evaluates the potential for violations by the State of key social issues as outlined in international treaties or applicable national legislation. CaixaBank AM monitors the severity of social breaches and the development of the ESG rating.</p> <p>Should there be a direct investment in the public debt of countries with social violations, CaixaBank AM will divest from that position. When it comes to exposure through third-party investment vehicles, given the nature of this asset, the Investment Manager sets a maximum exposure limit.</p> <p><b>Dialogue and voting</b></p> <p>CaixaBank has engaged in dialogue with CaixaBank AM (service provider) to take the necessary mitigation measures to reduce PAI. In this regard, CaixaBank AM will initiate dialogue with third-party managers to encourage the reduction of investments in the public debt of countries with social violations, when the established limits are exceeded.</p> <p><b>Exclusions and restrictions:</b></p> <p>According to the ESG Risk Integration Policy, in the realm of human rights, CaixaBank AM enforces a series of exclusions, refraining from investing in states that commit serious violations of human rights.</p> <p><b>Data limitations</b></p> <p>This year's data cannot be compared with that of the previous year. Since May 2023, information on exposure through investments in</p>
				Number of investment host countries where social legislation has been violated (absolute number and relative number, divided by all host countries of the investment) covered by international treaties and conventions, UN principles and, where applicable, national laws.	

Sustainability indicator in relation to adverse impacts	Parameter	Impact 2023	Impact 2022	Explanation	Actions taken, actions envisaged and targets set for the forthcoming reporting period
					third-party manager vehicles has been available, while the 2022 data in the report pertained solely to direct investment positions.

#### INDICATORS APPLICABLE TO INVESTMENT IN REAL ESTATE ASSETS (basis for calculation 0.00 euros)

Fossil fuels	<b>17. Exposure to fossil fuels through real estate assets</b>	Share of investments in real estate assets related to extraction, storage, transport or manufacture of fossil fuels	-	-	CaixaBank had no exposure to this type of asset during the reporting period	Not applicable
Energy efficiency	<b>18. Exposure to energy inefficient real estate assets</b>	Percentage of investments in energy inefficient real estate assets	-	-	CaixaBank had no exposure to this type of asset during the reporting period	Not applicable

#### OTHER INDICATORS OF THE PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS (calculation basis 22,037,705,779.52 euros)

##### INDICATORS RELATED TO CLIMATE CHANGE AND OTHER ADDITIONAL ENVIRONMENT-RELATED INDICATORS

Emissions	<b>4. Investments in companies with no carbon reduction initiatives (%)</b>	Percentage of investments in companies with no carbon reduction initiatives to fulfil the Paris Agreement	27.5	34.6	<p>The indicator shows the percentage of assets under management invested in companies that have no initiatives to reduce carbon emissions.</p> <p><b>Coverage of the indicator 2023 / 2022 → 93% / 85%.</b></p> <p>The evolution of the indicator and of the coverage is considered adequate.</p>	<p><b>Integration of ESG factors</b></p> <p>This indicator complements the management of the other PAI indicators related to climate change. It is aligned with the sustainability strategy and Climate Change Statement of the CaixaBank Group as detailed in PAI 1, 2, 3, 4, 5, and 6, as well as with the CaixaBank Engagement Policy and the CaixaBank AM Engagement Policy.</p> <p>CaixaBank AM monitors the climate change impact of the companies in which it invests through the analysis of their GHG emissions.</p> <p><b>Exclusions and restrictions:</b></p> <p>In accordance with the ESG Risk Integration Policy, CaixaBank AM may decide not to invest in companies that could pose a material risk to CaixaBank AM of not meeting its climate change and decarbonisation commitments of their portfolio. In addition to this general restriction, CaixaBank AM limits investment in companies with more than 5% of their revenue derived from coal-fired power generation and thermal coal mining; in companies for which the exploration, production, or transportation of oil sands, or the exploration, production, or transportation of oil and gas in the Arctic region, constitutes</p>
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Sustainability indicator in relation to adverse impacts	Parameter	Impact 2023	Impact 2022	Explanation	Actions taken, actions envisaged and targets set for the forthcoming reporting period
Human Rights	<b>14. Number of detected cases of serious human rights issues and incidents</b> <i>(No./ Millions EUR invested)</i>	0.0	0.0	<p>The indicator provides cases detected per million euros invested in companies in which cases of serious human rights problems and incidents have been identified.</p> <p><b>Coverage of the indicator 2023 / 2022 → 95% / 87%.</b></p> <p>The evolution of the indicator and of the coverage is considered adequate.</p>	<p>more than 10% of their revenue. and in companies where more than 50% of Group turnover is oil and gas and which do not promote the energy transition.</p> <p><b>Dialogue and voting</b></p> <p>CaixaBank has engaged in dialogue with CaixaBank AM (service provider) to take the necessary mitigation measures to reduce PAI.</p> <p>In 2023, CaixaBank AM initiated or continued dialogues with 339 companies, addressing climate change either directly or via its specialized service providers. The reduction of GHG emissions was the focus of 333 of these discussions. CaixaBank AM is also a member of the Climate Action 100+ initiative and participates directly in the open dialogues.</p> <p>In exercising voting rights in 2023, CaixaBank AM supported 81 shareholder-driven proposals on environmental issues, including 27 targeting climate change and 17 focusing on GHG emissions. <i>See more details in the Annual Dialogue and Voting Report 2023.</i></p> <p>Looking ahead, the <b>2024 Engagement Plan</b> continues to prioritize climate change as a key sustainability issue. It specifically aims to facilitate the transition to a sustainable and decarbonized economy, aligning with the Paris Agreement's goals to limit global warming, and establishing clear expectations and targets through dialogue. <i>For further details, refer to the 2024 Engagement Plan.</i></p> <p><b>Data limitations</b></p> <p>The coverage and quality of the data are adequate for active management of the indicator.</p> <p><b>Integration of ESG factors</b></p> <p>The management of this PAI aligns with the sustainability strategy and Human Rights Principles of the CaixaBank Group, which includes CaixaBank AM, as well as with both entities' Engagement Policies; and with a high level of coverage.</p> <p>CaixaBank AM evaluates any potential serious human rights violations by companies. Specialised providers perform these</p>

**ADDITIONAL INDICATORS ON SOCIAL AND LABOUR ISSUES, RESPECT FOR HUMAN RIGHTS, AND THE FIGHT TO COMBAT CORRUPTION AND BRIBERY**

Sustainability indicator in relation to adverse impacts	Parameter	Impact 2023	Impact 2022	Explanation	Actions taken, actions envisaged and targets set for the forthcoming reporting period
					<p>assessments, reporting on the companies' human rights incidents.</p> <p>CaixaBank AM tracks these violations through dispute monitoring, particularly using an alert system to detect new issues or severity changes in the companies it invests in. In the event of a particularly severe incident, a dedicated working group conducts an analysis and, if deemed necessary, the SRI Committee may decide to continue the investment.</p> <p><b>Exclusions and restrictions:</b></p> <p>According to the ESG Risk Integration Policy, in the area of human rights, CaixaBank AM establishes a series of exclusions, not investing in issuers that seriously violate the fundamental principles set out in the United Nations Global Compact, specifically in the area of human rights.</p> <p><b>Dialogue and voting</b></p> <p>CaixaBank has engaged in dialogue with CaixaBank AM (service provider) to take the necessary mitigation measures to reduce PAI.</p> <p>This commitment is channeled by CaixaBank AM through various means, including engagement and voting actions, as well as adherence to the 'Advance' initiative promoted by the Principles for Responsible Investment (PRI). Through this initiative, CaixaBank AM has been directly involved in dialogues with companies to address their performance on these matters.</p> <p>In the year 2023, there were 47 dialogues held with companies concerning Human Rights issues, facilitated by specialized service providers to discuss their performance in this area. <a href="#">See more details in the Annual Dialogue and Voting Report 2023.</a></p> <p><b>Data limitations</b></p> <p>The coverage and quality of the data are adequate for active management of the indicator.</p>

## 3. Description of policies to identify and prioritise the impact of Principal Adverse Impacts on Sustainability

CaixaBank has a set of policies (see sections 3.2 and 4 for more details) to identify and prioritise PAI on sustainability factors.

The following briefly contextualises how the investment framework is established, the integration of ESG factors into investment analysis, the due diligence process undertaken, and the methodology for identifying Principal Adverse Impacts (PAI), which includes a selection methodology for additional indicators and for detecting and assessing key adverse incidents. This also covers additional PAI, thereby illustrating the cross-sectional nature of the procedure and the involvement of all CaixaBank AM departments (through delegation from CaixaBank).

All the policies presented here are continuously updated. They are reviewed periodically (at least annually or as deemed necessary, upon the recommendation of any division that identifies a need or expediency) and are approved by the respective governing bodies. For each policy, the date on which it was approved by the governing bodies is indicated.

### 3.1 Sustainable investment framework

The CaixaBank Group has developed a corporate framework<sup>6</sup> for investment operations applicable to the provision of discretionary portfolio management or investment advisory services, based on three main pillars:

1. **The integration of ESG investment factors (including controversy monitoring)** in addition to traditional financial criteria into investment decisions and analysis in the context of investment advice and discretionary portfolio management, as described in the Sustainability Risk Integration Policy:

- Among other factors, key ESG indicators for the sector or company as well as sustainability ratings are taken into account in the investment selection and analysis. These indicators and ratings take into account in their construction the adverse impacts of issuers and their performance on issues such as climate change, good governance practices, etc.
- CaixaBank AM also actively monitors potential serious sustainability controversies that may be associated with an issuer in its portfolio or investment universe (which may include biodiversity or human rights issues).
- PAI related to greenhouse gas emissions (PAI 1 - PAI 6; PAI 15 and additional environmental PAI 4), biodiversity (PAI 7), water (PAI 8) and waste (PAI 9) are managed.

In this context, both sustainability risks and the impact of potential adverse events will be taken into account within the investment processes of CaixaBank's discretionary management client portfolios, as well as in the funds managed by CaixaBank AM that incorporate the consideration of Principal Adverse Impacts (PAI).

2. **Sector exclusions and restrictions:** in addition, CaixaBank AM's Sustainability Risk Integration Policy establishes the following:
  - CaixaBank AM may decide against investing in issuers or countries that gravely breach the core principles contained in the United Nations Global Compact, particularly regarding human rights, labor rights, environmental protection, and anti-corruption efforts. Similarly, it may opt out of investing in issuers that potentially pose a significant risk of

<sup>6</sup> [Marco Integracion ASG Publica eng.pdf \(caixabank.com\)](#)

failing to honor their climate change commitments, including those related to the decarbonization of their portfolios. Moreover, it enforces specific exclusions and restrictions for activities connected with thermal coal, oil and gas, weaponry, and oil sands.

- Additionally, CaixaBank AM manages the following Principal Adverse Impacts (PAI): social issues linked to violations of the UN Global Compact and the OECD Guidelines for Multinational Enterprises (PAI 10), infractions in countries with social breaches (PAI 16), companies with severe human rights problems and incidents (additional PAI 14), and involvement with controversial weaponry (PAI 14).

### 3. Long-term engagement (including dialogue with issuers and third-party managers via CaixaBank AM, as specified in the CaixaBank Discretionary Portfolio Management Engagement Policy):

- The purpose of the dialogue actions carried out through CaixaBank AM (within the framework of the aforementioned delegation) is to improve and change the behaviour of companies on certain relevant matters, including, when discovered, negative incidents or ways to improve the management of their impact, both positive and negative. Potentially applies to all PAI.

CaixaBank conducts systematic analysis and monitoring of the key adverse impacts on sustainability factors, implementing necessary mitigation measures with a minimum frequency of once every quarter. These measures may consist of not investing, divesting, reducing exposure or placing it under observation and, if necessary, taking whatever action is deemed necessary.

As regards the allocation of responsibility for the application of policies within the framework of organisational policies and procedures, both CaixaBank and CaixaBank AM apply the three lines of defence model, in which the first line of defence is responsible for the application of policies, the second for monitoring their application and the third for auditing them. This is a cross-cutting task in each of the aforementioned lines and the policies are applied from the outset.

## Details on ESG integration in investment analysis

ESG integration is the explicit and systematic incorporation of ESG considerations into the analysis of investments in the underlying assets of portfolios managed by CaixaBank AM in the discretionary portfolio management delegated by CaixaBank. In addition, as indicated in point 1 of the preceding section, the analysis and/or investment decision will take into account both the sustainability risks and the main negative events (if any), as defined below:

- **Risks of sustainability** are experts as all event or environmental state, social or of governance that, of happening, could supply a material effect actual or potential negative on the value of the investment.
- **Principal adverse impacts** are defined as those impacts arising from investment decisions that may have negative effects on sustainability factors.

The ESG integration process ultimately aims to mitigate the effects of sustainability risks and principal adverse impacts, while still focusing on the goal of generating risk-adjusted returns.

## Due diligence process

CaixaBank Group has established risk-based due diligence processes to identify, measure, assess, manage, prevent, mitigate, and report on how it addresses both actual and potential negative impacts in its activities, supply chain, and broader business relationships.

In addition, CaixaBank voluntarily and actively engages in facilitating and directing change through dialogue and active voting policies enacted by CaixaBank AM (except for discretionary portfolio management, to which the Voting Policy is not applicable). This is also achieved by offering financial products and assets managed by entities within the Group.

As such, the due diligence practices intrinsic to its business operations are

further strengthened in the domain of investment decisions with specific due diligence actions. On occasion, due diligence processes may inform decisions on whether to proceed with or discontinue certain activities or investments as a measure of last resort—either because the risk of a negative impact is too great or because mitigation efforts prove insufficient.

Considering that due diligence should be proportionate to the level of risk and tailored to the unique circumstances and context of a specific company, CaixaBank AM's investment decision-making processes adhere to the following principles:

- Identifying actual or potential adverse impacts.
- Taking measures to stop, prevent or mitigate these adverse impacts.
- Monitoring the implementation and results of these measures.
- Reporting on how the principal adverse impacts are addressed.

In that regard, CaixaBank AM has implemented a specific procedure in order to adequately monitor compliance with these principles with recurring frequency. In practice, the due diligence process is continuous, iterative and not necessarily sequential, since different stages can take place simultaneously with outcomes feeding back into each other.

### Methodology for the identification of **principal adverse impacts**

The PAI identification process is integrated into the investment decision-making process carried out by CaixaBank AM in the discretionary portfolio management delegated by CaixaBank.

CaixaBank AM uses a proprietary methodology to analyse, assess and monitor adverse impacts on sustainability generated through investments made.

In order to determine the existence of possible adverse impacts, CaixaBank AM periodically assesses the performance of the PAI indicators against the results obtained in the immediately preceding period. An adverse impact on sustainability factors may be deemed to exist when there is evidence of a material deterioration in the performance of these indicators; or, for some indicators, when certain thresholds established through CaixaBank Group policies or procedures, which include restrictions on investment in certain activities or sectors, are exceeded.

In particular, the Group has policies in place to exclude or restrict investments in companies found to be in breach of the principles of the UN Global Compact (following a process of case analysis and remediation assessment), in breach of key international treaties and standards, or which have exposure to controversial sectors.

In any case, should an adverse impact be identified, CaixaBank AM will assess it in accordance with the criteria set out in the policy, application procedure and the Engagement Plan for the relevant financial year.

These measures may consist of not investing, divesting, reducing exposure or placing under observation. These measures may be complemented, where appropriate, by the exercise of active ownership through engagement measures such as dialogue and/or the exercise of voting rights to which CaixaBank AM is entitled in proportion to its shareholding in the investee company (excluding discretionary portfolio management, as there is no delegation of the exercise of voting rights by the client).

In the defined methodology, no scenario analysis, probability of occurrence or margins of error are applied.

MSCI<sup>7</sup> is used as the main data provider as the main data provider. When insufficient coverage or poor data quality make it impossible to actively manage all potential adverse impacts, CaixaBank AM collaborates with the data provider

<sup>7</sup> MSCI Inc. (LEI: 549300HTIN2PD78UB763) is an American provider of data, tools, and support services for investment decision-making with over 50 years of experience in research, data, and technology. For more information on MSCI, see its website: <https://www.msci.com/>



to, as much as possible, enhance both the coverage and the quality of the data, aiming for improved reliability in future assessments. Additionally, CaixaBank AM investigates alternative data sources from other providers.

### Criteria for the selection of **additional indicators**

In order to select the additional PAI indicators to be reported on, an analysis was carried out prioritising the following factors:

- The availability and coverage of the indicator by the data provider.
- The alignment of the indicator with the Group's policies, as set out in section 3.2 of this statement.
- The possible margin of error associated with the calculation process performed by the data provider.

As a result of this analysis, the additional PAI indicators listed in point 2 above have been selected and are set out below:

- Table 2, indicator 4: Investments in companies without carbon reduction initiatives.
- Table 3, indicator 14: Number of detected cases of serious human rights problems and incidents.

## 3.2 Sustainability policies

CaixaBank's investment advisory, analytical and management processes, including those associated with the discretionary management portfolio delegated to CaixaBank AM, take into account various policies adopted by the Group in this area. These policies make up a framework of control to avoid events that can lead to adverse impacts on sustainability, as well as to minimise and mitigate them to the extent possible, including the following:

### Guidelines of the **Corporate Sustainability Risk Management Policy / ESG** [March 2024]

The purpose of this policy is to establish the principles, premises and mechanisms to ensure that the ESG risks associated with customers and proprietary investments are governed, managed and controlled such that they comply with the expectations of the Group's stakeholders. The contents contained in the policy include: a regulatory framework, a system of governance, management, and control, as well as the corporate strategy regarding ESG risks, among other elements. It governs the management of the social and environmental impacts of investee companies' activities.

### General Principles of the **Corporate Anti-Corruption Policy** [May 2023]

CaixaBank, through its Corporate Anti-Corruption Policy, which supplements the Ethical Code and forms part of the CaixaBank Group's Criminal Prevention Model, unequivocally rejects any behavior that may be directly or indirectly associated with corruption. The bank maintains a fundamental principle of adhering to the laws and regulations that are in effect at any given time and conducts its operations to the highest standards of responsibility. As a signatory of the United Nations Global Compact, CaixaBank pledges to uphold the ten principles, which include actively combating corruption in all forms, such as extortion and bribery.

The Policy serves as a crucial instrument to prevent the Group, as well as its external collaborators, whether acting directly or through intermediaries, from engaging in behaviors that could violate the law or the fundamental principles of action outlined in CaixaBank's Ethical Code.

Furthermore, the Policy details the behaviors, practices, and activities that are prohibited to avoid scenarios that may constitute as extortion, bribery, trading in influence, or making facilitation payments.

### **Human Rights Principles** [March 2024]

The principles of action are the guide with regard to human rights within the relationships that CaixaBank establishes with its employees, customers,

shareholders, suppliers, commercial partners and the communities where it performs its business and activities.

In addition, the Entity periodically analyses human rights affairs in association with its activity and introduces due diligence processes to assess the risk of non-compliance, followed by proposals of measures to prevent or remedy detrimental impacts and measures to maximise positive effects. Specifically, the company commits to conducting this evaluation at least every three years, or more frequently should circumstances warrant.

### Declaration on **climate change** [March 2024]

This Statement sets out the following lines of action, among others:

- Supporting feasible projects that are compatible with a carbon neutral economy and climate change solutions.
- Managing climate change risks and progressing towards the emission neutrality of the lending and investment portfolio.
- Minimising and offsetting our carbon footprint.
- Fostering dialogue on sustainable transition and collaborating with other organisations to progress together.
- Reporting on our progress transparently.

In this context, CaixaBank believes that as a financial institution, it plays a key role in achieving these goals by driving the urgency to expedite the transition to a carbon-neutral economy via the financing and investment in sustainable projects; supporting the sustainable transition; minimising and offsetting the impact of operations; and dialogue with the Group's stakeholders, including emitters.

### Nature Declaration [February 2024]

The Declaration sets out CaixaBank's main lines of action to help reverse the loss and degradation of nature, including but not limited to the following courses of action:

- Progress in managing impacts and risks related to nature;
- Direct capital flows towards purposes that are compatible with the conservation, restoration, and sustainable use of nature, as well as integrating nature into decision-making processes;
- Support clients and contribute to channeling funds towards activities with positive impacts on nature;
- Engage in active involvement and dialogue with clients, issuers, regulators, and other stakeholders; and
- Participate in collaborative initiatives to generate knowledge and contribute to addressing the drivers of nature loss.

## 4. Engagement Policy

In its investment advisory, analysis and management processes, CaixaBank takes into account the main ESG guidelines, either its own or those adopted by the CaixaBank Group. These policies make up a framework of control to avoid, foresee or mitigate events that can lead to adverse impacts on sustainability. The most relevant policies are listed below:

### 4.1 Policy on involvement in discretionary portfolio management [May 2022]

The [Engagement Policy](#) is applicable to the provision of discretionary portfolio management services, which it has delegated to CaixaBank AM. This Policy sets the principles followed to participate in the decisions of the companies and issuers it invests in, considering environmental, social and governance criteria.

This policy has the following goals:

- To encourage the engagement of intermediaries and asset managers in the governance of investee companies.
- To improve the transparency of investment strategies, engagement policies and the process for exercising voting rights, especially when using proxy advisors.

The Engagement Policy establishes engagement actions and exercising voting rights:

#### Dialogue Actions:

CaixaBank engages in dialogue with the public and private issuers in which it invests with a view to understanding how ESG risks are managed and how they take advantage of the business opportunities associated with sustainability challenges. This process of active dialogue begins when a need for engagement is identified, i.e. a specific goal for improvement, and the goals of the various dialogue actions may vary depending on the need identified. In short, the goal

is to bring about a change in the behaviour of companies on certain material issues through persistence on relevant aspects.

CaixaBank is aware that active dialogue with companies and issuers of financial products, whether public or private, serves as a tool for enhancing the sustainability of the entities and institutions in which it invests. In that regard, CaixaBank has entrusted CaixaBank AM with the management of discretionary portfolios and the exercise of dialogue actions.



### Exercise of voting rights:

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. Accordingly, CaixaBank will not exercise the voting or political rights arising from the shares held by its customers under the discretionary mandates managed, insofar as customers retain the exercise of voting rights under the provisions of the discretionary portfolio management contract.

For those contracts where discretionary portfolio management is primarily carried out with funds managed by CaixaBank AM, clients adhere to the voting policy of this institution.

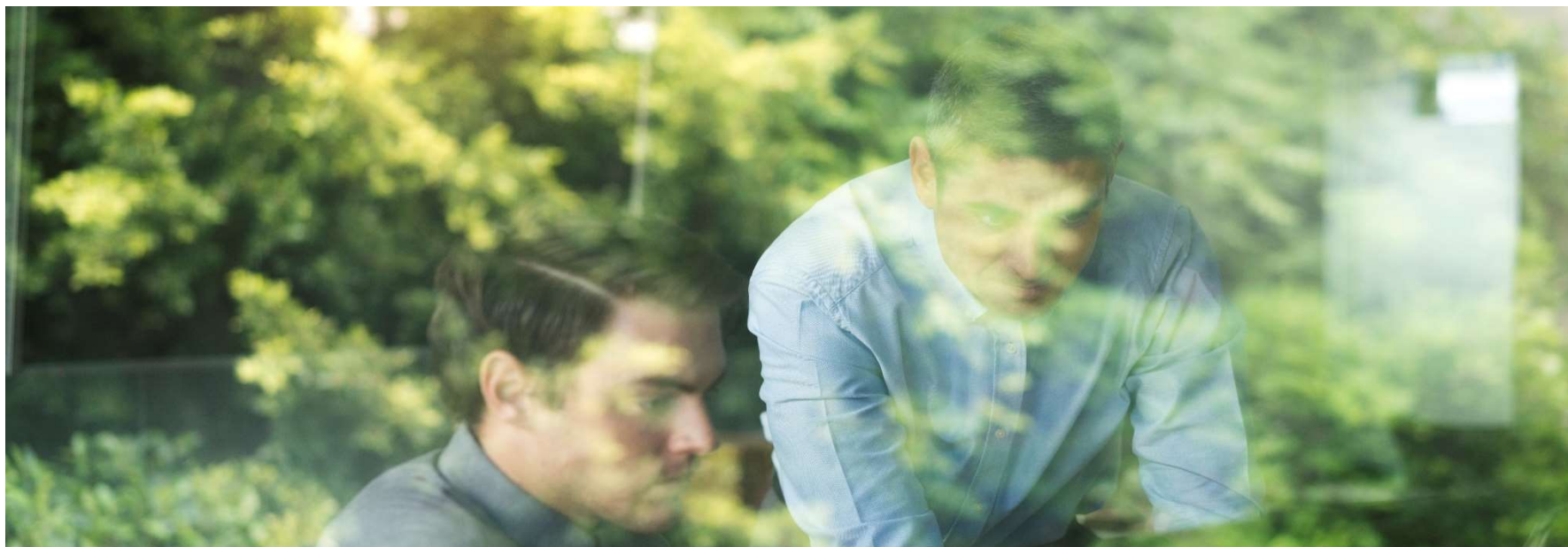
### 2024 Engagement Plan:

CaixaBank believes that the transition to a more sustainable economy and the

long-term profitability of investments can be achieved through both investment decisions and long-term engagement with the companies in which it invests, through constructive dialogue and active voting.

For CaixaBank AM's own funds, which make up the discretionary management portfolios, CaixaBank adheres to the measures CaixaBank AM takes through its involvement in corporate governance decisions, both by actively voting at general meetings and by regularly engaging in open dialogue with companies and issuers, whether public or private, on material issues related to ESG factors, in order to promote value creation and long-term profitable business in the companies in which it invests.

The 2024 Engagement Plan identifies priority areas that focus on sustainability issues, including climate change, nature conservation, human rights, compliance with key international standards, good governance, and best practices in social responsibility.



## 5. References to international standards

Through the Group's commitment to various international guidelines, it establishes business conduct criteria in adherence to the primary standards recognized internationally for due diligence. These standards encompass the Group's responsibilities and the applicable regulations for conducting its activities in particular sectors, aimed at mitigating the risk of events that might lead to sustainability-related adverse incidents.

Both CaixaBank and CaixaBank AM consider various international standards as part of their control framework to prevent events that could result in adverse impacts on sustainability and are committed to several initiatives in this domain that strengthen their management of ESG risks and factors.

The alignment between the PAI indicators and international standards is determined by the thematic areas they have in common. For instance, if CaixaBank AM (to the extent that it is responsible for the discretionary management of its client portfolios) has adopted environmental standards and commitments, the monitoring and management of the environment-related PAI indicators will be influenced, more or less, by these standards and commitments.

Refer to the detailed Table in Section 2 for the specific methods and data used, as applicable, to measure adherence to or achievement of the Paris Agreement goals, including the scope of coverage, sources of data, or the way in which the employed methods anticipate the PAI.

### 5.1 International standards related to environmental issues

The subjects and commitments outlined in these statements are associated with some of the PAI indicators relevant to environmental matters (indicators 1, 2, 3, 4, 5, 6, and 15 in Table 1; as well as indicator 4 in Table 2 of Annex I of the RTS):

- CaixaBank AM (and CaixaBank) supports the achievement of the [Paris Agreement](#) goals through its endorsement of the [Task Force on Climate-](#)

[related Financial Disclosures \(TCFD\)](#).

- [Commitment to the Transition Pathway Initiative \(TPI\)](#): global initiative that evaluates the performance of companies regarding the transition to a low-carbon economy, based on evidence. CaixaBank AM, which is committed to this initiative, targets high greenhouse gas-emitting sectors, reviewing their climate change governance, reduction of greenhouse gas emissions, and strategies for investing in low-carbon technology and other sustainable business practices.
- [Commitment to Climate Action 100+](#): in the realm of climate action, CaixaBank AM is a member of this initiative that encourages collective dialogues with the world's largest corporate greenhouse gas emitters, aiming to cut emissions, enhance climate governance, and increase transparency regarding climate issues.
- [Commitment to the Spring nature initiative](#): in the domain of nature action, CaixaBank AM supports this initiative that aims to maximize the investor community's contribution to the 2030 goal of stopping and reversing biodiversity loss, including deforestation. In alignment with the goals of the Kunming-Montreal Global Biodiversity Framework.

### 5.2 International standards related to social issues

The subjects and commitments outlined in these declarations are associated with some of the PAI indicators relevant to social and labor issues (indicators 10, 11, 12, 13, 14, and 16 in Table 1; as well as indicator 14 in Table 2 of Annex I of the RTS).

CaixaBank AM is committed to respecting the following instruments:

- [The United Nations International Bill of Human Rights](#), which comprises:
  - The Universal Declaration of Human Rights.
  - The International Covenant on Civil and Political Rights.



- The International Covenant on Economic, Social and Cultural Rights.
- [The International Labour Organisation's Declaration](#) on Fundamental Principles and Rights at Work and the eight core conventions it has identified.
- [The EU Charter of Fundamental Rights](#).
- [The Guiding Principles on Business and Human Rights of the United Nations](#).
- [The OECD Guidelines for Multinational Enterprises](#).

Furthermore, CaixaBank AM is committed to the [Advance initiative](#), which is promoted by the Principles for Responsible Investment (PRI) and aims to enhance the implementation of the United Nations Guiding Principles on Business and Human Rights through the collective influence of institutional investors.

### 5.3 Adherence to other sustainability initiatives

The subjects and commitments contained in these declarations relate to all the PAI indicators:

- [Commitment to the United Nations Global Compact \(the Global Compact\)](#): In 2011, CaixaBank AM committed to the Global Compact, which is the world's largest voluntary initiative for corporate social responsibility, aiming to integrate the 10 universal principles concerning human rights, labor, the environment, and anti-corruption into its strategy and operations.
- [Commitment to the UN Principles for Responsible Investment \(PRI\)](#),

which were developed in collaboration with UNEP FI and the Global Compact and are endorsed by the United Nations to reflect the increasing importance of environmental, social, and corporate governance (ESG) issues within investment practices.

In this respect, CaixaBank AM pledges to adhere to the following principles: integrating ESG criteria into investment analysis and decision-making processes, embedding ESG considerations into practices and policies, enhancing the transparency of ESG information among entities, and advocating for these principles within the investment community, as well as collaborating and striving for improved implementation of the principles and transparency in reporting on activities and progress related to these principles.

Concerning its commitments and initiatives, CaixaBank AM undertakes the following actions on a regular basis to monitor adherence to policies and commitments:

- Periodic review of policies/memberships by governing bodies.
- Oversight of compliance by the relevant authorities, and, if necessary, the establishment of control measures, objectives, and action plans, as well as the reporting of progress.

### 5.4 Use of a climate scenario

No forward-looking climate scenarios have been used in the management of the PAI indicators in the current year. Although the currently available ones have been assessed, the results they provide are considered unreliable and of insufficient quality for the time being, as they are still under development.

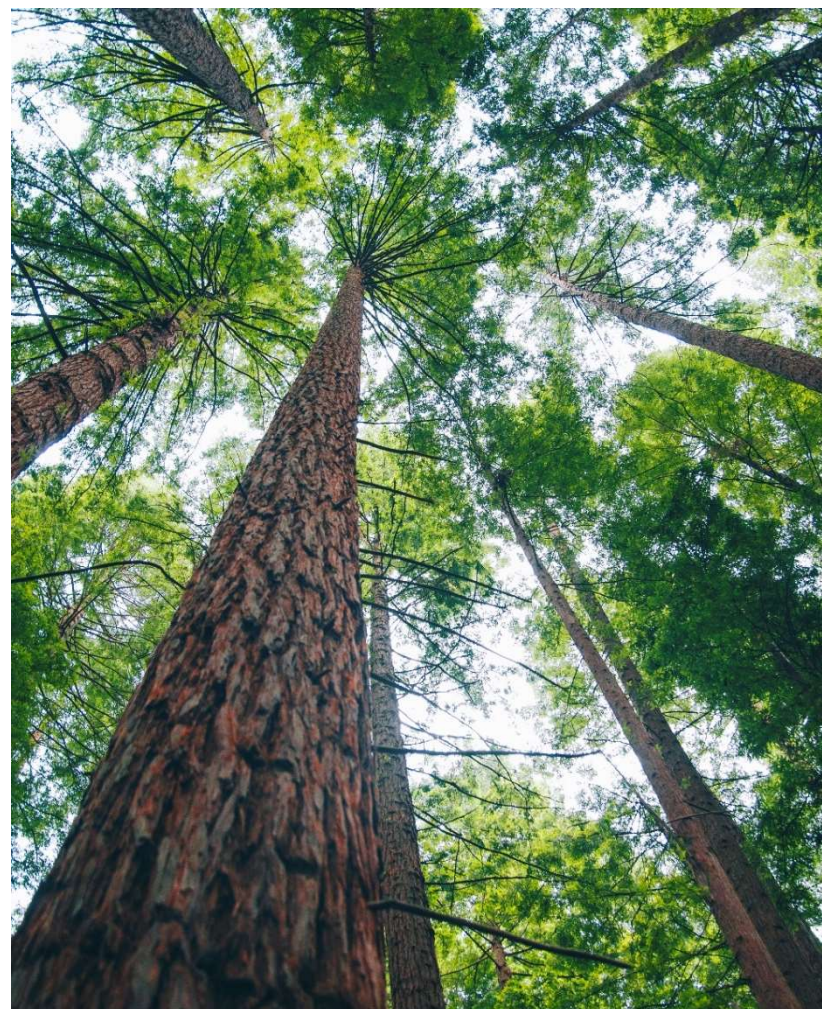
## 6. Historical comparison

The results of the PAI indicators provided for the 2022 financial year are presented solely for comparative purposes and correspond to those included in the "Statement of Principal Adverse Impacts of Investment Decisions on Sustainability Factors"<sup>8</sup> referring to the previous financial year 2022.

Please note that the results of some PAI indicators for 2023 are not comparable with those of the previous year for the following reasons:

- The calculation method for the indicator (PAI 4) renders the data non-representative and non-comparable.
- Limited coverage and/or the quality of data provided by data vendors (PAI 6, 7, 8, 9, 11, and 12).
- Lastly, changes in the scope and the reporting boundary for measuring the PAI indicators, because in the prior year, reporting only covered positions related to direct investments as of the end of 2022 (PAI 16).

Details of the indicators that are not comparable and the reasons for this are given in section 2.



<sup>8</sup> You can find the previous Statement at the following link: [Declaracion-Principales-Incidencias-Adversas-CaixaBank-2023-ENG.pdf](#)