



Annual report on dialogue and voting 2023

April 2024





1 **Socially responsible investment model**

1.1 Welcome letter

Welcome letter from the Director General

I am pleased to share our second annual report on dialogue and voting (engagement) activities with you, in which we look at the active role we play in promoting sustainable finance.

Belonging to the CaixaBank Group, a benchmark in sustainable banking, means we must promote management that is consistent with creating value for society as a whole and that makes us operate in a distinct manner, committing ourselves to our surroundings. CaixaBank Asset Management views the sustainable economy as a real commitment to creating value for society and the environment, which is why we have aligned our strategy with the Sustainable Development Goals (SDGs) and, therefore, with the 2030 Agenda, integrating social, environmental and good governance criteria in all our investment decisions.

As investment managers, society expects us to incorporate environmental, social and corporate governance (ESG) aspects into our activity, as well as traditional financial criteria. Here at CaixaBank Asset Management, we are convinced that attention to ESG can help us make better long-term investment decisions for our clients. We include these factors in our analysis, investment decisions and risk management. CaixaBank Asset Management also plays an active role in fostering dialogue with companies, either directly or through partnerships with other investors, and we systematically vote at shareholders' meetings to protect the interests of our stakeholders. We look to contribute to transforming companies to achieve a world more in line with the CaixaBank Group's values, based on our founding roots with a strong social component.

The Dialogue and Voting Report reflects part of our contribution towards channelling investments in sustainable investment and integrating environmental, social and governance factors into our activity's framework, fulfilling our purpose of having a positive impact on society and the planet. With this publication, we make this transformative effort more transparent by outlining the issues on which we have placed the greatest emphasis in the last year, such as our participation in a total of 762 shareholder's meetings and 635 active dialogues with companies on ESG issues.

The world is changing and today, more than ever, we must take sustainability into account in our decisions to achieve positive change for new generations.

CaixaBank Asset Management will continue to work on driving change and our commitment to transparent reporting, which will be reflected in future dialogue and voting reports.



1 Socially responsible investment model

1.2 Introduction to the Engagement Policy

Since its beginnings, CaixaBank AM SGIIC, SAU ("**CaixaBank AM**" or "**the Management Company**") has demonstrated a strong commitment to moving towards a sustainable economy, combining long-term profitability with social justice, environmental protection and good governance.

An investment analysis looks at not purely economic aspects, but all risks and opportunities, including environmental, social and governance ("**ESG**") criteria. These two dimensions are complementary, as companies or issuers with sound governance and sustainability policies are more likely to act in the best interests of all stakeholders, and are better positioned to manage both financial and non-financial risks.

CaixaBank AM has developed an Engagement Policy ("**the Engagement Policy**"), which is available on its website and fully aligned with this approach. The policy sets out the general principles, objectives and criteria governing CaixaBank AM's engagement activities, in compliance with the requirements established in current regulations.

“We are committed to a sustainable economy that combines profitability with social justice, environmental protection and good governance”



1.2 Introduction to the Engagement Policy

The Engagement Policy is part of CaixaBank AM's socially responsible investment (SRI) model, which is based on three fundamental pillars:

The inclusion of ESG aspects in the investment analysis and decision-making process, in addition to traditional financial criteria.

The Management Company's long-term engagement with the companies in which it invests, exercising its voting rights at the general shareholders' meetings.

Dialogue with public or private companies and issuers on material or controversial issues related to ESG factors.

CaixaBank AM's objective with this policy is **greater long-term engagement with issuers, improving their financial and non-financial performance:**

- Promoting constructive dialogue actions in relation to those major ESG aspects, thereby contributing to **endorsing best policies and practices.**
- Driving the **long-term value creation** of investments, fostering value creation and a profitable long-term business for issuers.

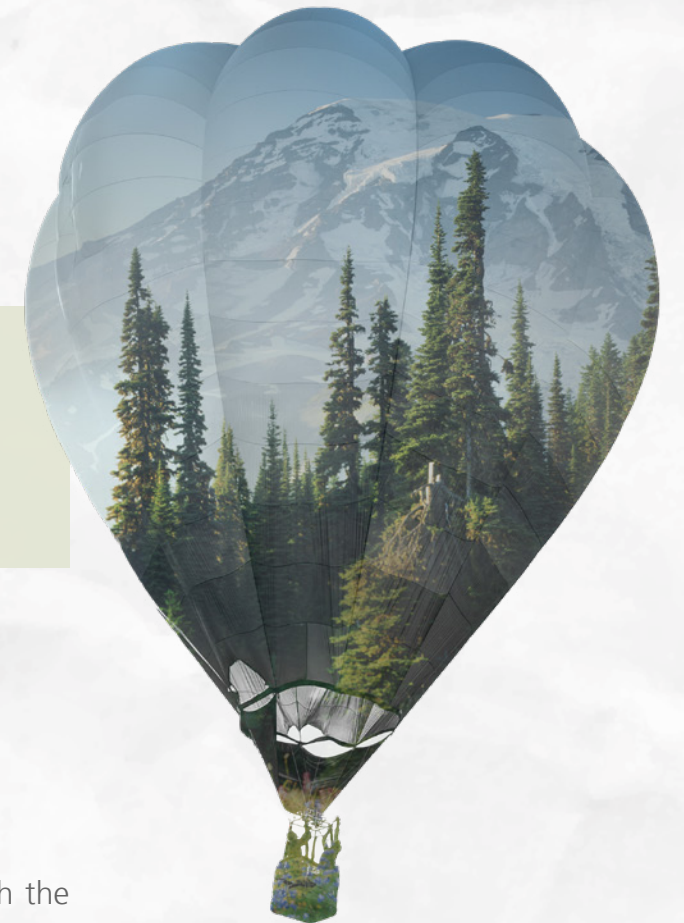
To demonstrate our commitment, and in the interests of greater transparency, we have developed this annual CaixaBank AM dialogue and voting report. Here, we publish the strategy and key metrics of our engagement activities in 2023. Specifically:



In relation to exercising the political rights inherent in the assets managed by CaixaBank AM: voting rights are exercised at the AGMs of issuers whose securities are traded on regulated markets of the Organisation for Economic Co-operation and Development ("**OECD**"), pursuant to CaixaBank AM's Engagement Policy.



Dialogue actions carried out directly by the CaixaBank AM team or other external specialist teams, or through collaborative dialogue actions carried out in conjunction with other stakeholders.





2 Sustainability and long-term engagement

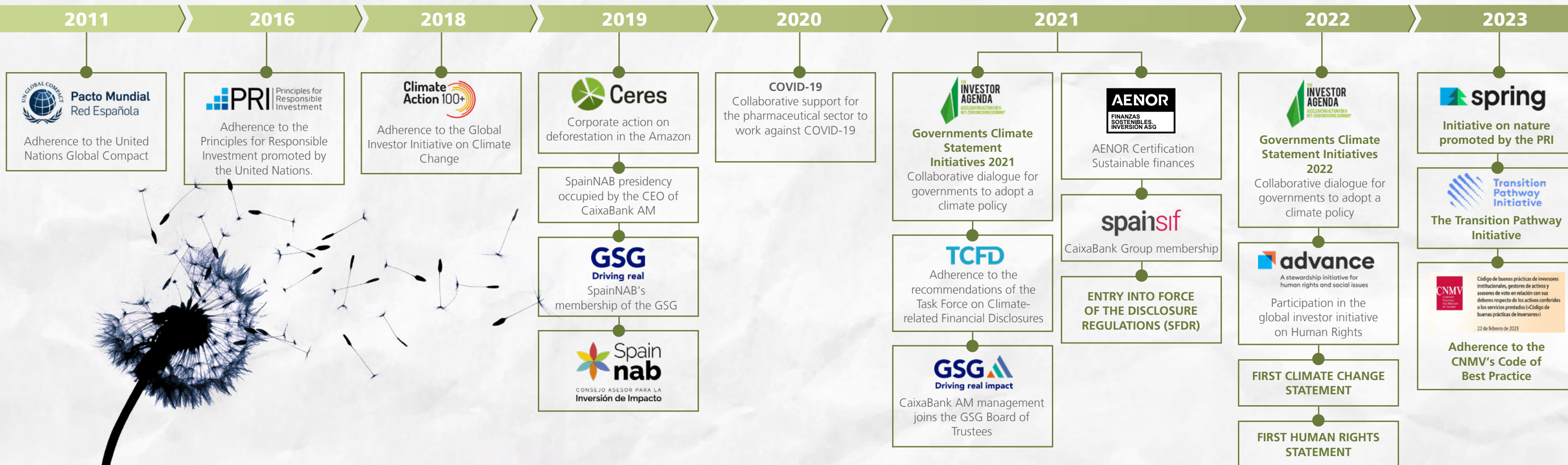
2 Sustainability and long-term engagement

2.1 CaixaBank AM's main milestones

CaixaBank AM is the management company of collective investment institutions ("CII") of the group of companies of which CaixaBank, S.A. is the parent company ("the CaixaBank Group" or "the Group"). Founded in 1985, the Management Company is domiciled in Spain, present in Portugal and Luxembourg through its subsidiary management companies, and offers investment solutions with the main objective of meeting the needs of its clients.

As a result of its commitment to a more sustainable economy, the Management Company has participated in various initiatives, alliances and collaborations with benchmark organisations over the last few years, with the ultimate aim of driving the necessary change and moving towards becoming a sustainable asset manager. This progress has required significant effort.

Such participation also influences the way in which CaixaBank AM engages and develops its Engagement Policy, which is why the details are included in this document.



2.2 Governance, Policies and Commitments Framework

- Board of Directors
- Appointments, Remuneration and Sustainability Committee
- Management Committee
- Global Risk Committee
- Socially Responsible Investment Committee

- [Statement on Climate Change](#)
- [CaixaBank's Human Rights Principles](#)
- [Statement on Nature](#)
- [Sustainability principles](#)

- [Sustainability Risks Integration Policy](#)
- [Engagement Policy](#)
- [Conflict of Interest Policy](#)
- [Engagement Plan 2024](#)



2.2 Governance, Policies and Commitments Framework

Governing bodies

– Board of Directors

The Board of Directors is the highest level in setting the Management Company's business strategies, risk strategy and risk management policies.

– Appointments, Remuneration and Sustainability Committee

Oversees compliance with the Company's environmental and social policies and rules, so that they fulfil their mission to promote the interests of society and consider the legitimate interests of other stakeholders.

– Management Committee

Responsible for implementing the Strategic Plan and the consolidated budget approved by the Board of Directors. For this, it adopts resolutions related to ESG matters either directly or through its delegated committees.

– Global Risk Committee

A body reporting to the Management Committee that is responsible for the overall management, control and monitoring of the risks incurred by CaixaBank AM.

– Socially Responsible Investment Committee (SRI)

Monitors the strategy and responsible investment practices and their promotion within the management company, helping to improve its quality and reputation.



2.2 Governance, Policies and Commitments Framework

CaixaBank Group corporate policies and principles

— Statement on Climate Change

This Statement sets out, inter alia, the following areas of action:

- Supporting viable projects compatible with a carbon neutral economy and solutions to climate change.
- Managing the risks arising from climate change and moving towards net zero in the credit and investment portfolio.
- Minimising and offsetting our operational carbon footprint.
- Greater dialogue on sustainable transition and collaborating with other organisations to move forwards together.
- Reporting our progress transparently.

In this context, CaixaBank AM considers that it has a key role to play as a financial institution in implementing these objectives so as to influence the need to accelerate the transition to a carbon neutral economy by investing in sustainable projects, supporting sustainable transition, minimising and offsetting the impact of operations and engaging in dialogue with the CaixaBank Group's stakeholders.

— CaixaBank's Human Rights Principles

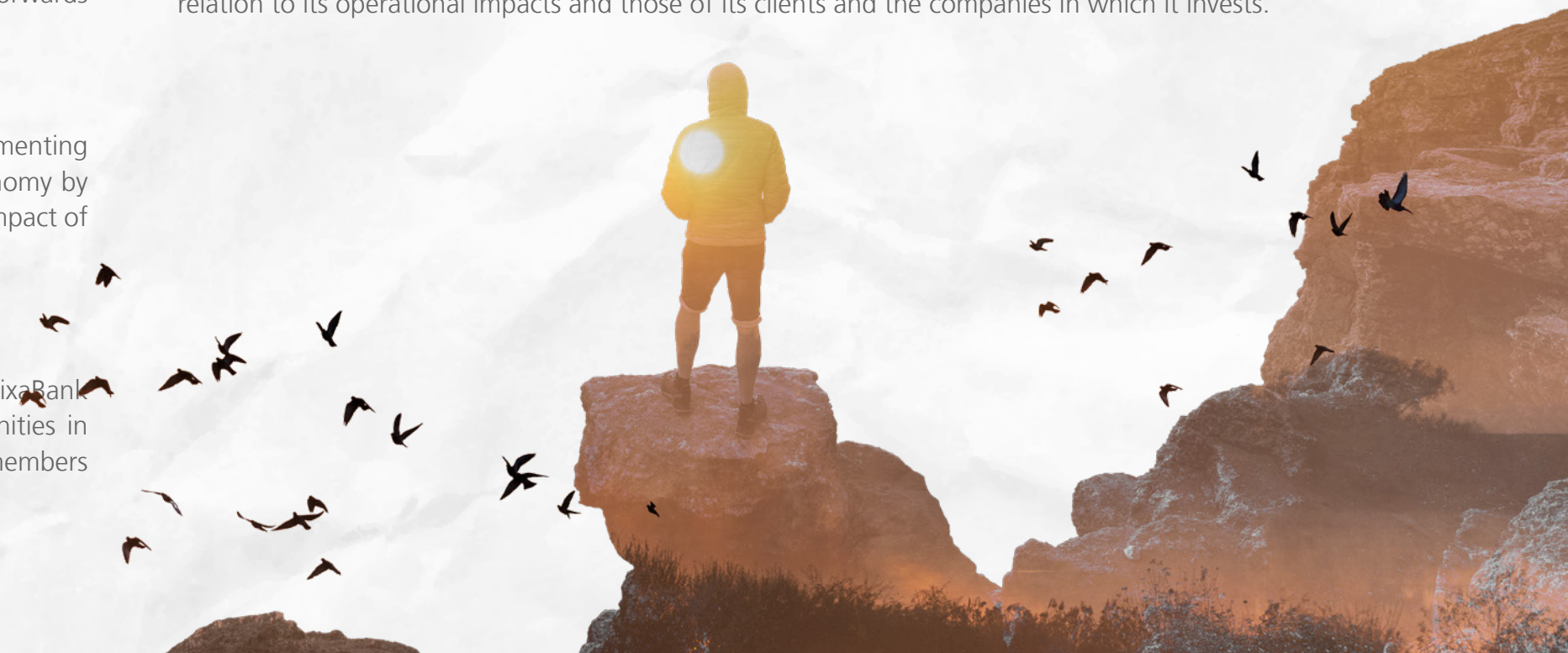
These action principles constitute the guide on human rights matters for the relationships that CaixaBank AM has with its employees, clients, shareholders, suppliers, business partners and the communities in which it carries out its business and activities. These Principles apply to employees, directors and members of the Governing Bodies of the Management Company.

— Sustainability principles

The Sustainability Principles define and establish the general action principles and the main commitments to stakeholders that the CaixaBank Group must follow in terms of sustainability. These principles are framed within the scope of the corporate mission and values.

— Statement on Nature

The Statement on Nature shows CaixaBank's commitment to multiple actions to reduce the negative impact on nature and to preserve it and contribute to strengthening biodiversity and ecosystems, both in relation to its operational impacts and those of its clients and the companies in which it invests.



2.2 Governance, Policies and Commitments Framework

CaixaBank AM policies and plans

— Engagement Policy

The Engagement Policy applies to all assets managed by the Management Company, except those for which their holders have decided to withhold the exercise of voting rights and carry out engagement activities. The purpose of this policy is to set out the general principles, objectives and criteria governing CaixaBank AM's dialogue and voting activities, in compliance with regulatory requirements and considering the best national and international practices on this issue.

— Sustainability Risks Integration Policy

The Sustainability Risks Integration Policy establishes the action principles for including ESG criteria in the processes and decision-making when providing investment products and services – together with traditional financial criteria – from the point of view of risk, defined as an ESG event or condition which, if it were to occur, could have a material negative impact on the value of the investment.

— Engagement Plan 2024

CaixaBank AM believes that the transition towards 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. As a result, CaixaBank AM actively votes at AGMs and regularly engages in open dialogue with public and private companies and issuers on material issues related to ESG factors, which allow it to promote value creation and long-term profitable business in the companies in which it invests.



2 Sustainability and long-term engagement

2.3 Memberships and Alliances

Over the years, CaixaBank AM has also fostered various alliances with benchmark organisations, including SpainNAB, Spainsif and GSG.

 Climate Action 100+	 CONSEJO ASESOR PARA LA Inversión de Impacto	 Pacto Mundial Red Española Global Compact. <i>Signatory Partner</i>	 Working group to encourage companies to inform their investors about the risks related to climate change and how they manage them.	 GSG Driving real impact GSG / SpainNAB	 FINANZAS SOSTENIBLES. INVERSION ASG AENOR Sustainable Finance Certification
 CaixaBank AM ICADE Observatory and Sustainable Finance	 A stewardship initiative for human rights and social issues	 CaixaBank Group membership	 Initiative on nature promoted by the PRI	 The Transition Pathway Initiative	



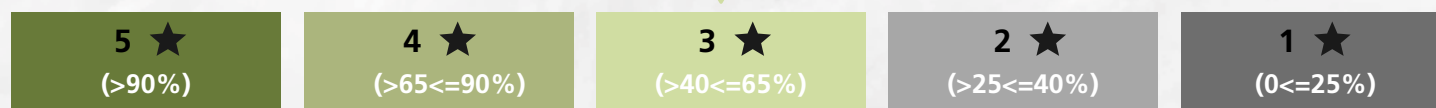
2 Sustainability and long-term engagement

2.3 Memberships and Alliances

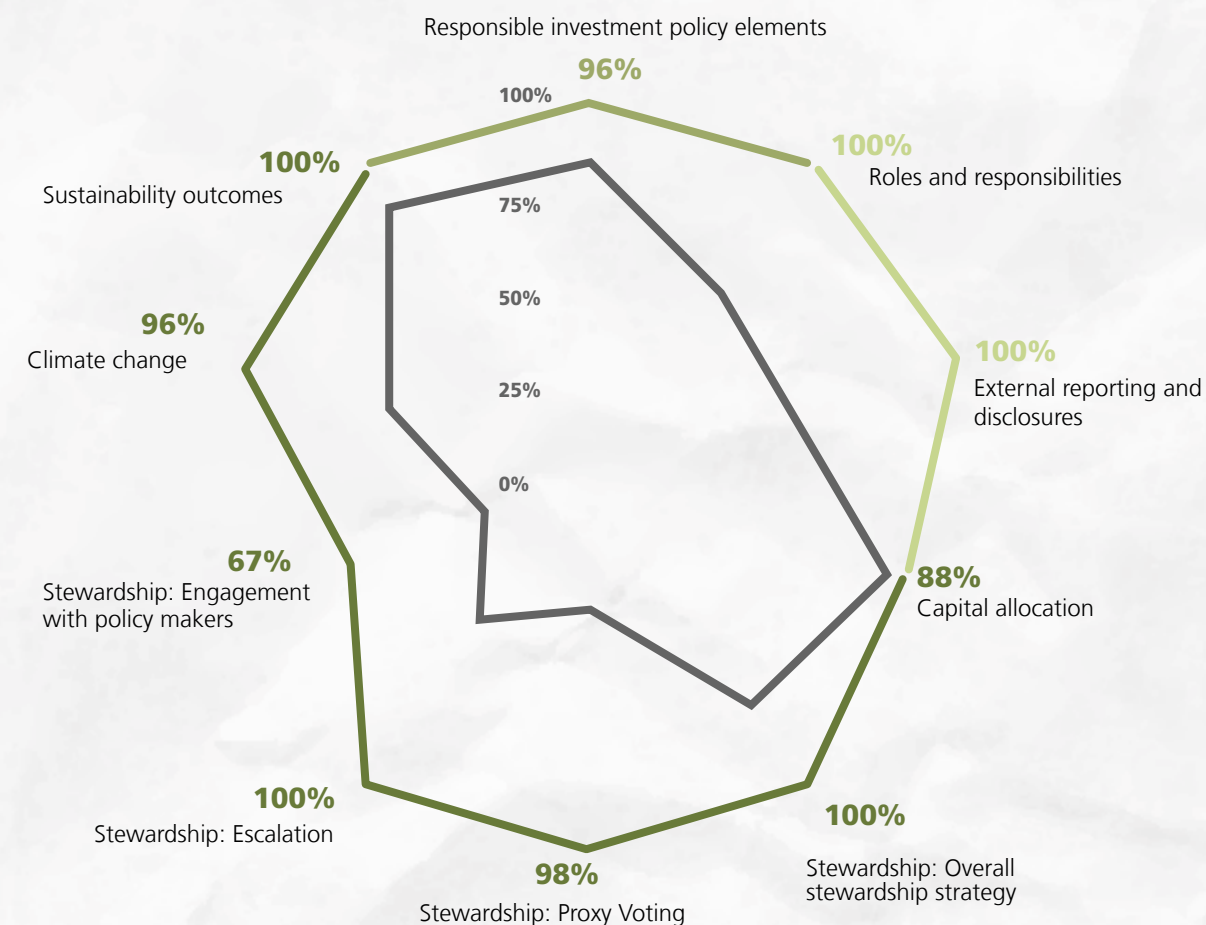


95% **CaixaBank**
ASSET MANAGEMENT

60% sector average



★★★★★	95%	Policy, Governance & Strategy
★★★★★	92%	Confidence Building Measures
<hr/>		
★★★★	67%	Indirect-Listed Equity-Passive
★★★★	74%	Indirect-Listed Equity-Active
★★★★	74%	Indirect-Fixed Income-Passive
★★★★	83%	Indirect-Fixed Income-Active
<hr/>		
★★★	65%	Direct-Listed Equity-Passive equity
★★★★★	96%	Direct-Listed Equity-Active fundamental
<hr/>		
★★★★	81%	Direct-Fixed Income-SSA
★★★★	81%	Direct-Fixed Income-Corporate



“CaixaBank AM achieves 5 stars, with a score of 95 in the Governance, Policy & Strategy module”



3 Engagement plan

3.1 Global engagement strategy

The CaixaBank Group's management is based on **responsible action and economic efficiency**, with a focus on the sustainable socio-economic development of people and the territory.

This sustainable approach translates into three major ambitions:



Bolster
the sustainable
transition of
companies and
society



Lead
the positive social
impact and favour
financial inclusion



Promote
a responsible
culture by being
a benchmark in
governance

CaixaBank AM, in line with the CaixaBank Group's mission and values, considers socially responsible investment criteria in the management of products, in accordance with the PRI, to which the company has adhered since 2016.

Here, CaixaBank AM believes that the transition towards a more sustainable economy can be achieved both through investment decisions and long-term engagement with the issuers in which it invests, exercising the political rights inherent in the status of a partner, in particular voting rights, and initiating regular dialogue with public and private companies and issuers on material or controversial issues related to ESG factors, promoting value creation and a profitable long-term business in the companies in which it invests. Although the entity has exclusion and restriction strategies, this is not the basis of its SRI model. The pillars of this are the integration of ESG factors into decision-making processes and engagement with issuers. The Management Company considers it a priority to drive change towards best practices through constructive

dialogue with issuers and the implementation of active voting policies, as they can have a favourable effect on issuers' long-term performance and **contribute to further economic, social and environmentally sustainable progress**.

As a general rule, voting rights are exercised at the AGMs of issuers whose securities are traded on regulated markets in the European Union or the OECD, in line with the principles contained in the Engagement Policy, which, among others, consider sustainability, the medium- and long-term financial and non-financial performance of the issuers in which it invests and the good governance recommendations that apply. Dialogue with issuers is also valued and voting may be used as a mechanism for opposition.

Following the monitoring of companies in which it invests, dialogue processes are begun in those cases where a need for engagement is identified with the aim of achieving a change in the behaviour of issuers on certain ESG issues that are relevant to the Management Company.

The criteria of CaixaBank AM's Conflicts of Interest Policy are applied throughout our engagement strategy, to protect and guarantee the interests of investors/stakeholders at all times. No conflicts of interest related to engagement arose in 2023.

“We exercise voting rights based on an assessment of company performance, taking into account environmental, social and governance issues”

3.2 Channels to establish dialogue

Direct dialogue with issuers

In this case, **dialogue actions are established directly with issuers, through the Management Company's own teams, or through an independent third party specialising** in ESG on behalf of the Management Company.

1

Direct dialogue with companies or organisations will be effective if it includes the following main elements:

- Clear definition of objectives, the priorities of the dialogue and material topics for the dialogue.
- Establishment of dialogue and dialogue partner objectives.
- Assessing the results of the dialogue and monitoring them over an appropriate period of time.
- Sharing these results with investment teams to feed into their investment process in line with the strategy of implementing ESG criteria.
- Definition of a scaling strategy where necessary.

2

With **third-party funds**, a due diligence procedure is applied to external managers in relation to their sustainable policies, resources and ESG commitments. Among other aspects, the analysis looks at the integration of ESG factors in their decision-making processes, voting policies and dialogue with issuers. It also systematically monitors the exposure of external managers' CII to CaixaBank AM's exclusion criteria. Dialogue is maintained to ensure that they properly integrate ESG aspects into their investments and engage in line with best market practices in the companies in which they invest.

3

When **an independent third party acts on our behalf**, a prior analysis is carried out, the proposed criteria, objectives and processes are assessed, and these outsourced actions are monitored in detail. It also ensures that the objective and tone of the externalised dialogue actions align with CaixaBank AM's engagement policy.

CaixaBank AM is currently advised by Institutional Shareholder Services Europe, S.A. (ISS) and EOS Federated Hermes, which are instructed to initiate the above-mentioned actions.

This [engagement policy](#) describes the general principles, criteria and procedures for CaixaBank AM's engagement in its capacity as manager of collective investment institutions.

3.2 Channels to establish dialogue

Collaborative dialogue

In this case, the Management Company joins an initiative or working group and engages in dialogue with other investors.

These initiatives often promote change through:



Public declarations
on a specific topic or activity,
which may be addressed to
governments or the boards of
directors of certain issuers



Working groups
that promote dialogue between
investors and the company on
material or relevant issues

These collaborative initiatives can achieve greater impact and efficiency by bringing together different investors. Companies do not have to deal individually with the requirements of different investors on the same topic, on which there is consensus among several investors.

[CaixaBank AM's website](#) lists the collaborative dialogues in which it participates.



3.3 Dialogue process

Dialogue with companies is carried out following an established process that could be simplified as follows:



The first step is to define the objectives and issues to be addressed. For each case, the most appropriate governance guidelines are identified, as well as the contact persons and channels, the timetable, the maximum period of dialogue and the monitoring and evaluation indicators.

The duration of the process can vary significantly, depending on factors such as the topic, sector of activity, applicable regulation, etc. It usually takes place over an average period of several years, during which time the engagement specialists are in regular contact with the issuer and assess its progress against the objectives set.

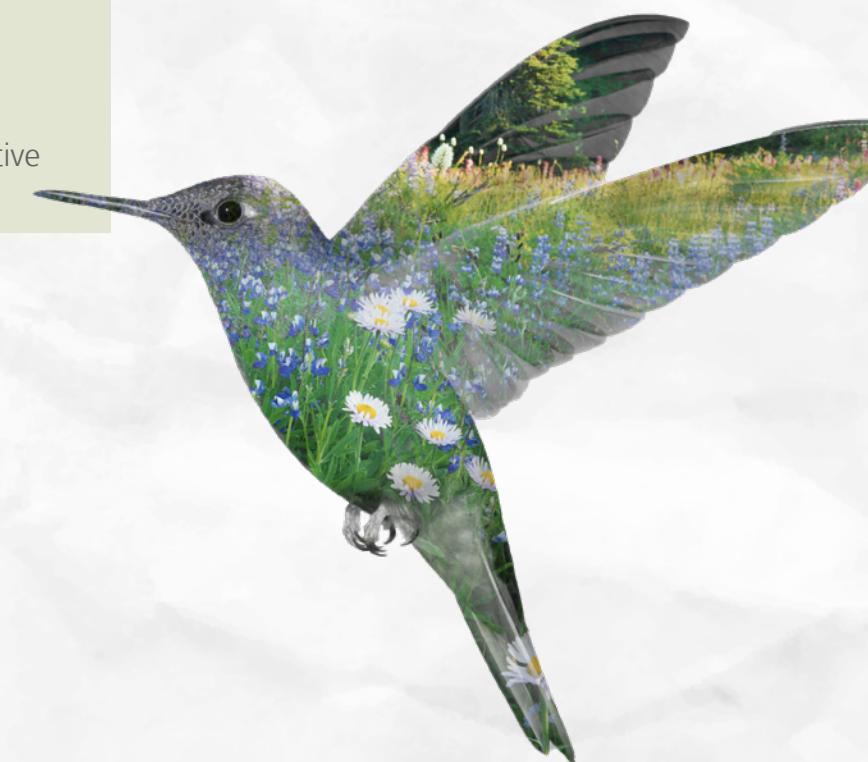
The outcome of this engagement work is incorporated into the investment decision-making process. In some cases, if the company's response is not adequate or it is deemed that the objectives cannot be met, an escalation process is chosen to try to meet the objectives and achieve the desired change.

“During the dialogue process, we maintain regular contact with the issuer and evaluate progress in accordance with the objectives set”



3.3 Dialogue process

Possible outcomes of the dialogue process



3.4 Priority areas and criteria 2024

The objectives of CaixaBank AM's engagement activities are set out annually in the Annual Engagement Plans, which specify the prioritisation criteria and objectives of the dialogue by thematic area to identify the activities that could have the greatest impact on the conduct of issuers, employing the resources available in the most efficient manner.

Selection of priorities and issuers

FIRST STEP: identification of priority topics taking into consideration:

- > **01** The CaixaBank Group's **ambitions** in terms of sustainability,
- > **02** CaixaBank AM's sustainability **commitments**, such as the PRI, the Task Force on Climate-related Financial Disclosures (TCFD) or other sectoral initiatives,
- > **03** the **context** and **global practices** on sustainability issues.

SECOND STEP: from the selected topics, identify those that are relevant to our investment universe, considering:

- > **04** The **main adverse impacts** (MAIs) of the investments. Specifically when:

 - The indicators of our portfolios consider an adverse impact
 - Companies are not publishing the data needed to calculate the indicators
 - The data published is not of the required quality
- > **05** The **profile of the portfolio**:




 - Its sector and geographic exposure, ESG characteristics, etc.

THIRD STEP: once the priority topics have been selected, **issuers** with whom dialogue will be initiated are identified:

- > **06** The **resources** available in CaixaBank AM
- > **07** in which CaixaBank AM has **a relevant position** (in absolute and/or relative terms), and/or investment in products with a sustainable focus
- > **08** and/or in which the **social and/or environmental impact** of the dialogue is potentially high.

3.4 Priority areas and criteria 2024

Priority areas in terms of sustainability

 <p>Climate change and nature</p>	
<p>MAI 1-6 GHG EMISSIONS* MAI 7 BIODIVERSITY MAI 8 WATER MAI 9 WASTE</p>	<p>The transition towards a sustainable and decarbonised economic model that limits global warming to below 2°C, preferably 1.5°C in line with the Paris Agreement targets, is one of the greatest global challenges. This is compounded by the challenge of nature loss and degradation, a trend that the Kunming-Montreal Global Biodiversity Framework seeks to halt and reverse in order to live in harmony with nature by 2050. Both challenges are closely interconnected.</p>
 <p>Human rights and breaches of key international standards</p>	
<p>MAI 10-11: SOCIAL AND LABOUR ISSUES</p>	<p>The impact of companies on people and societies and respect for human and labour rights is a reflection of the ethical culture of companies and their long-term value creation model.</p>
 <p>Good governance and best social practices</p>	
<p>MAI 12-13: SOCIAL AND LABOUR ISSUES</p>	<p>Good governance is key to ensuring that companies are managed efficiently and ethically, that they incorporate sound management and supervisory structures and effective control mechanisms, and that they are accountable to their stakeholders.</p>

*Greenhouse gases.



4 Dialogue and voting actions 2023

4 Dialogue and voting actions 2023

During 2023, the Management Company carried out the dialogue actions and exercised the political rights inherent in the status of a partner in a diligent manner, for the exclusive benefit and in the interests of the shareholders and stakeholders of the CII's managed.

For this, the policies, standards and regulations to which the CaixaBank Group adheres – such as those listed below – have been taken into account when preparing the Engagement Policy:

- The UN Global Compact;
- The Principles for Responsible Investment ("PRI");
- The United Nations Guiding Principles on Business and Human Rights;
- The UN Sustainable Development Goals ("SDGs").
- OECD Guidelines for Multinational Companies.

4.1 Exercise of voting rights

CaixaBank AM exercises the political rights inherent in the status of a partner, specifically voting rights, and regularly engages in dialogue with public and private companies and issuers on material and controversial issues mainly related to ESG factors, which allow it to promote value creation and long-term profitable business in the companies in which it invests.

For such purposes, CaixaBank AM is advised by ISS, an independent provider of corporate governance and investment solutions with global reach, which, on the basis of the sustainability policy, prepares voting recommendations on the proposed resolutions that a given company will submit to a vote at its AGM.

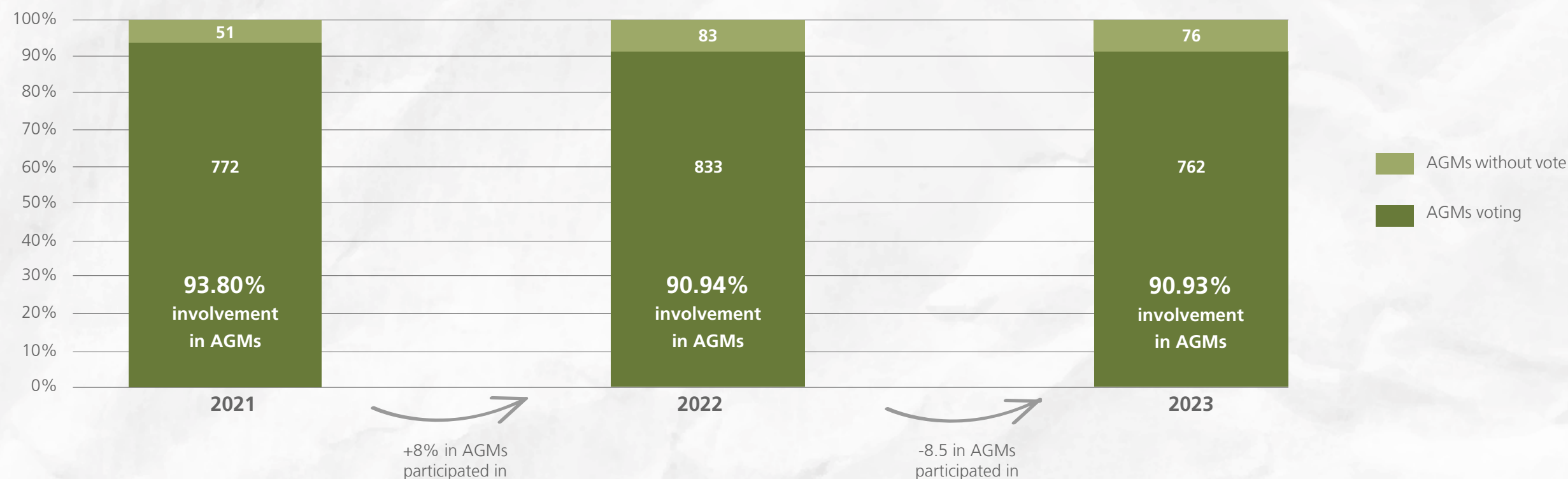
Both ISS's sustainability policies and its voting recommendations are reviewed and analysed by CaixaBank AM to ensure they are in line with the SRI model and the interests of the shareholders and stakeholders of the managed CII's. Following this analysis, which may involve entering into dialogue with the company, the final vote is cast, which may not coincide with ISS's recommendation.



4.1 Exercise of voting rights

Involvement in Annual General Meetings (AGMs)

In recent years, CaixaBank AM has continued to exercise voting rights at AGMs to promote best practices in ESG matters and thereby protect and promote the long-term rights and interests of the shareholders and stakeholders of the managed CII.

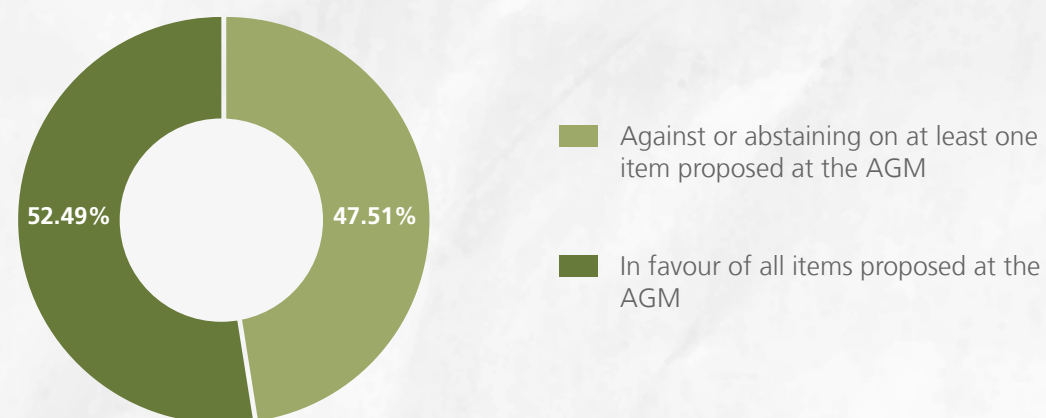


In 2023, the Management Company voted on 10,786 agenda items at the 762 AGMs in which it participated. The lower number of votes compared to 2022 is due to factors related to the number of companies held by the Management Company in its portfolios, as well as a lack of proxy recognition in certain countries.

4.1 Exercise of voting rights

Details of the AGMs participated in during 2023

Specifically, in 2023, voting rights were exercised at 762 AGMs out of the total of 838 in which the Management Company had voting rights, representing a participation rate of 90.93%. Of those 762 AGMs, CaixaBank AM voted in favour of all the proposed resolutions at 400 AGMs, while at the remaining 362 AGMs it voted against or abstained from voting on some of the proposals.



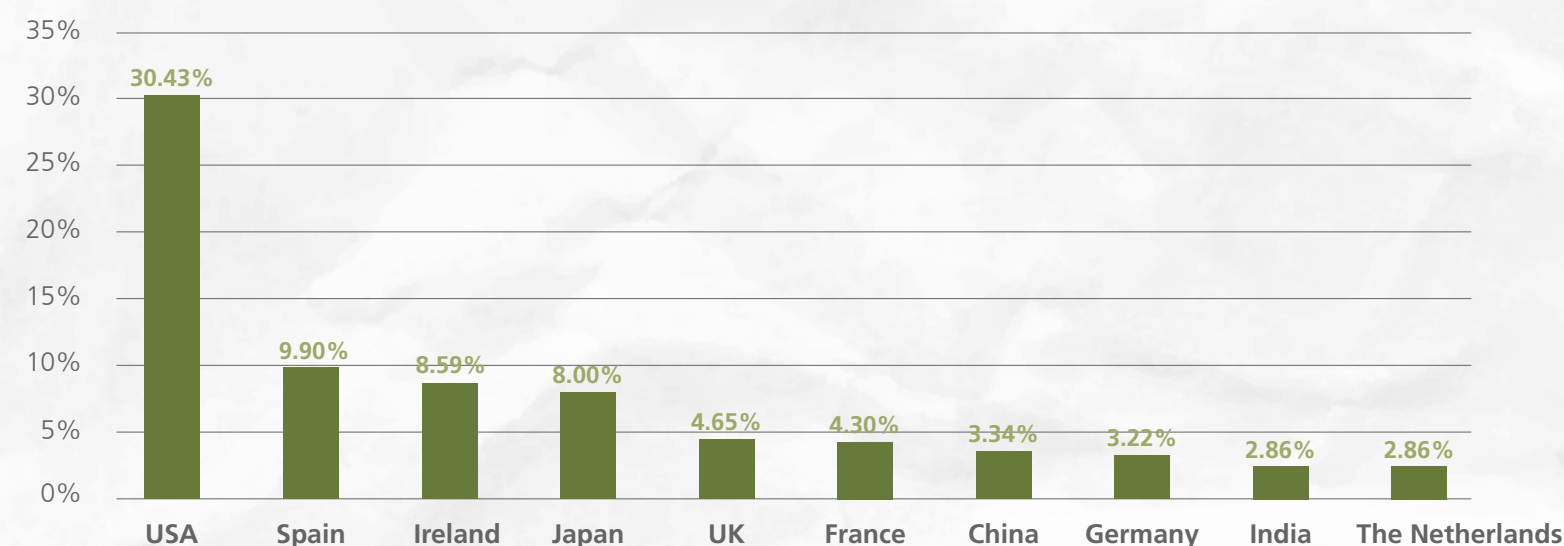
During this period, 10,786 proposed resolutions were voted on, representing 91.38% of a total of 11,804 proposals on which voting rights were available.

Items voted in favour of	9,506 (88.13%)
Items voted against	900 (8.34%)
Abstentions and blank votes	152 (1.42%)
Say on Pay* frequency	228 (2.11%)

*Voting in relation to directors' remuneration policy.

Details by country

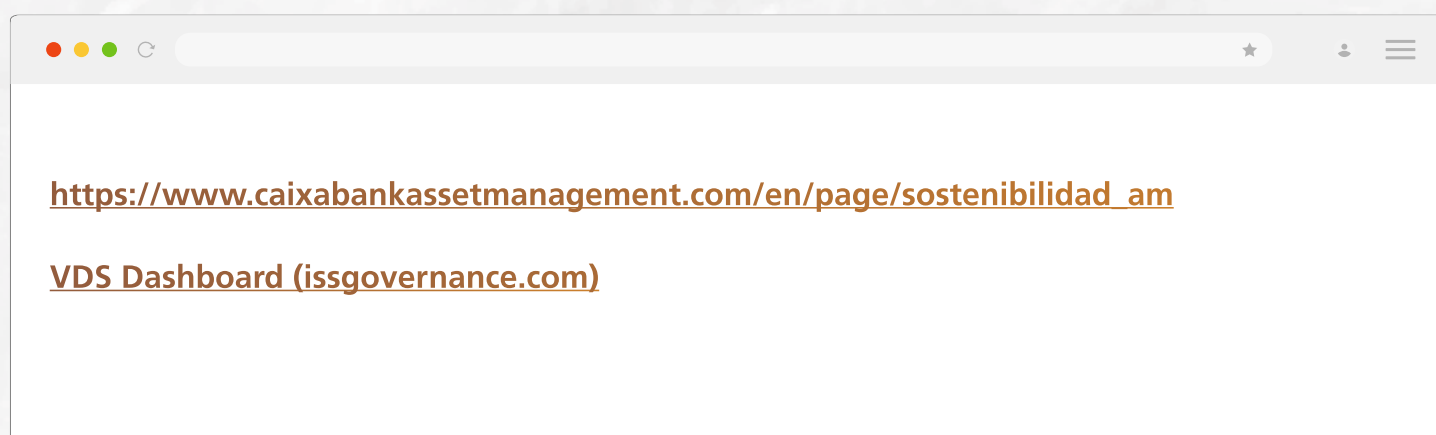
CaixaBank AM is committed to supporting a strong corporate governance culture, effective management of environmental and social issues, and compliance with applicable regulations. Similarly, we are fully aware that governance frameworks can be complex and multidimensional, given the aspirational nature of the best practices we promote. In this sense, we vote at AGMs across almost 40 markets, although the top 10 account for 78% of the total number of AGMs.



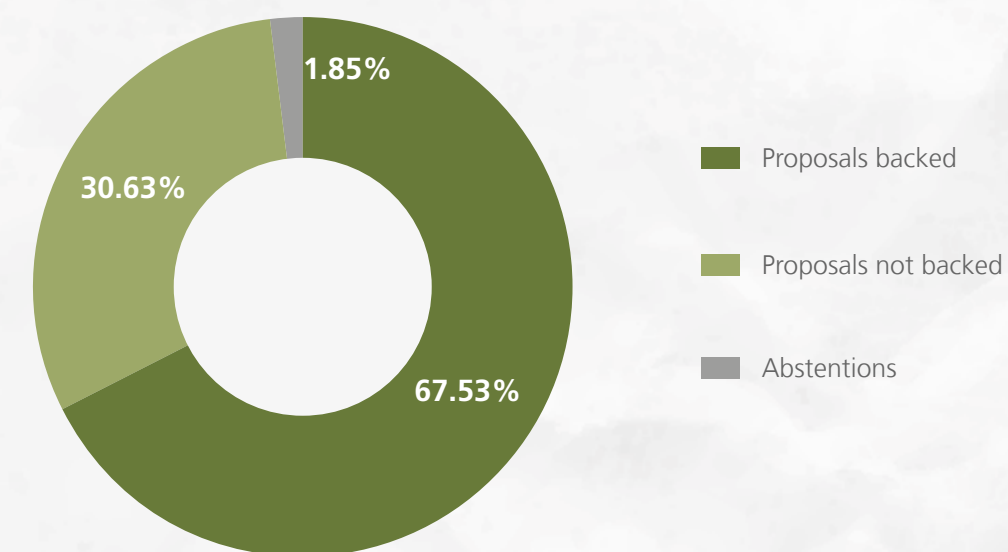
4.1 Exercise of voting rights

In compliance with regulations and to reinforce the principle of transparency, CaixaBank AM provides detailed information on its website on voting activities related to each of the managed CIIs and publishes it in this Annual Dialogue and Voting Report, indicating, among other aspects, the direction of the vote on each point and the rationale for the vote.

Detailed information on voting activities can be found at:



We believe that shareholder proposals are a key mechanism in signalling the urgency of action to boards of directors. In 2023, the shareholders of the companies in whose AGMs the Management Company has participated promoted 542 proposals for resolutions, 366 (67.53% of the total) of which were backed.



The details of the topics of the proposals that were backed are as follows:



4 Dialogue and voting actions 2023

4.2 Most significant votes

During 2023, the most significant votes in which CaixaBank AM participated, by topic, were:

Election of directors in Europe and the United States.

In Italy, market attention was focused on certain board renewals, with that issue likely to continue to attract investors' attention due to the relevance of certain future board renewals (e.g. Mediobanca), the ongoing debate around the Italian board election Voto-di-lista system, and the growing number of competing lists of candidates running. The new Italian government headed by Giorgia Meloni has been accompanied by changes in the boards of several major state-owned companies, including FTSE MIB companies such as Enel, Eni, and Banca Monte Paschi Siena.

At Universal Music Group, the Netherlands-based entertainment group, it voted against both the approval of the remuneration report and the approval of the remuneration policy supplement in relation to its CEO, Lucian Grainge. The concern is due to the proposed total remuneration package, which is considered excessive, as it includes a one-off award of up to €100 million with partly performance-based long-term incentive plans and, in addition, there is a lack of disclosure of short and long-term annual performance metrics.

In the United States, shareholder dissatisfaction with director proposals remained relatively high. Although the number of directors who did not receive majority support declined from 2022, the proportion of directors of Russell 3000 companies receiving less than 80% support remained above historical levels. A perceived lack of responsiveness to governance or remuneration concerns appears to be a key factor in the low support for directors. At the Amazon.com Inc AGM, CaixaBank AM voted against the re-election/appointment of incumbent remuneration committee members Edith Cooper, Daniel Huttenlocher and Judith McGrath, in light of the committee's weak response to the poor support it received from its shareholders on last year's remuneration.

Shareholder proposals focused on the independence of board chairs, accounting for just under half of all governance-related shareholder proposals put to a vote in 2023. In terms of gender diversity, the percentage of female directors on Russell 3000 index boards continued to grow in 2023. There were only 56 companies in the Russell 3000 with all-male boards at 30 June 2023. This is down from 74 companies at the same time last year, and down from 92 companies with all-male boards on the Russell 3000 index in 2021.



4.2 Most significant votes

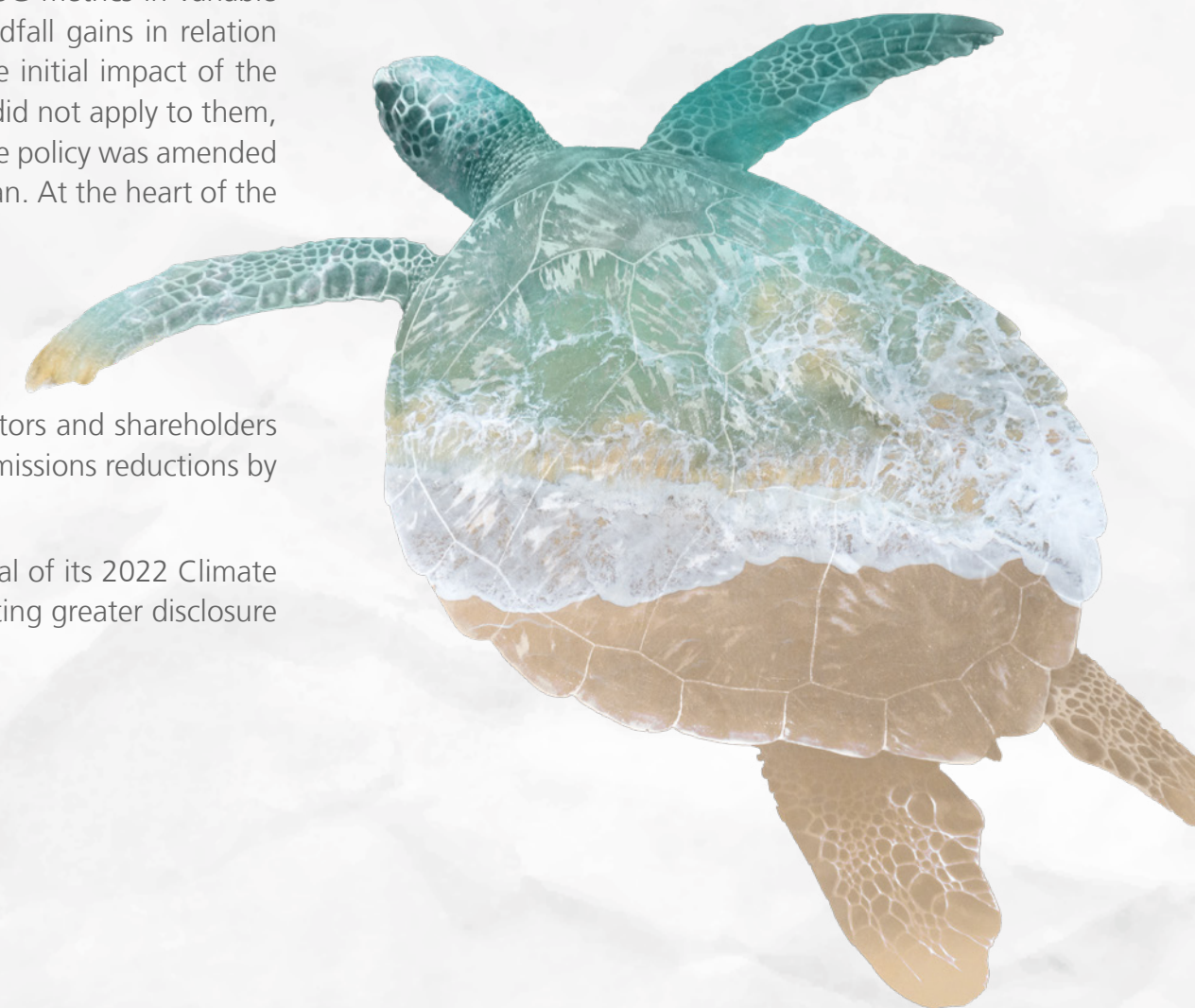
Remuneration of executives in the UK

In 2023, a significant number of UK companies' director remuneration policies were submitted for shareholder approval. Many of them reviewed their executive director remuneration structures and, as a result, a number of changes were made. For example, the inclusion of strategic objectives and ESG metrics in variable remuneration plans became widespread. With these variable remuneration plans, CaixaBank AM continued to assess the potential for windfall gains in relation to long-term incentive awards that accrued during the year under review, which often vested during share price declines precipitated by the initial impact of the COVID-19 pandemic. While most issuers made efforts to respond to concerns or provided a convincing justification as to why such a windfall did not apply to them, some companies did not do enough. In Ryanair holdings, CaixaBank AM voted against approving the remuneration policy. That was because the policy was amended to reflect changes to the CEO's (Michael O'Leary) terms and conditions as a result of a contract extension linked to the renewal of an option plan. At the heart of the concern is the potential size of that award, should the options materialise.

Climate change

Climate change risks and issues continue to be reflected in the agendas of AGMs and are of interest to many investors. Both boards of directors and shareholders made proposals for agreement on this issue in 2023. However, not all had strong levels of backing. Shareholder proposals related to Scope 3 emissions reductions by 2030, put forward at BP and Shell, failed to pass, with 17% and 20% of votes in favour respectively.

The Swiss-incorporated, London-based mining and commodities trading company Glencore saw more than 30% of votes cast against approval of its 2022 Climate Report, as doubts persisted over whether the company's targets are in line with the Paris Agreement. A shareholder proposal aimed at promoting greater disclosure of climate risks received 30% support at the same AGM.



4 Dialogue and voting actions 2023

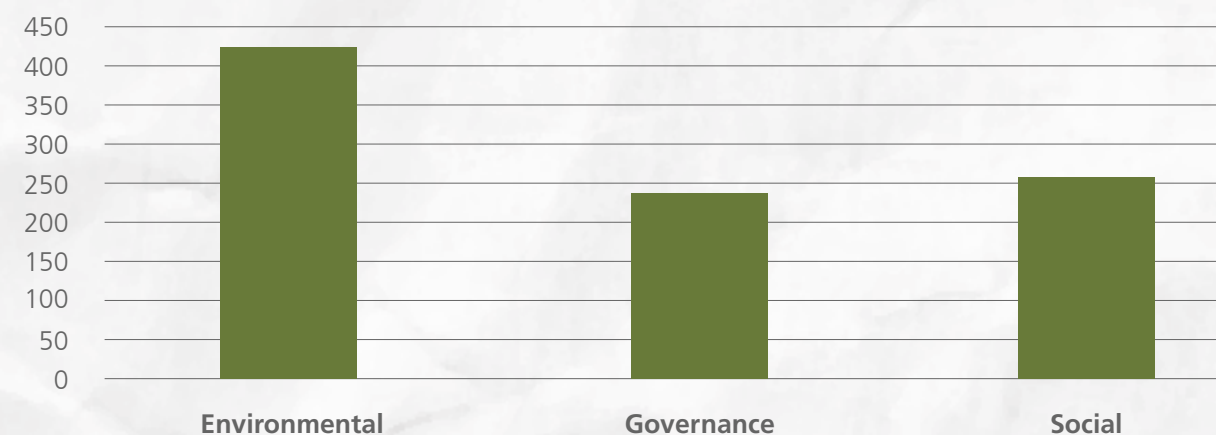
4.3 Dialogue actions

Dialogue with issuers is mainly related to ESG pillars, with the objective of promoting best policies and practices while improving financial and non-financial performance. In addition to dialogue conducted by the Management Company, CaixaBank AM has independent providers (ISS Collaborative Engagement and EOS Federated Hermes) to conduct dialogue related to compliance with the main international standards and treaties, as well as with material aspects of the companies in any ESG pillar.

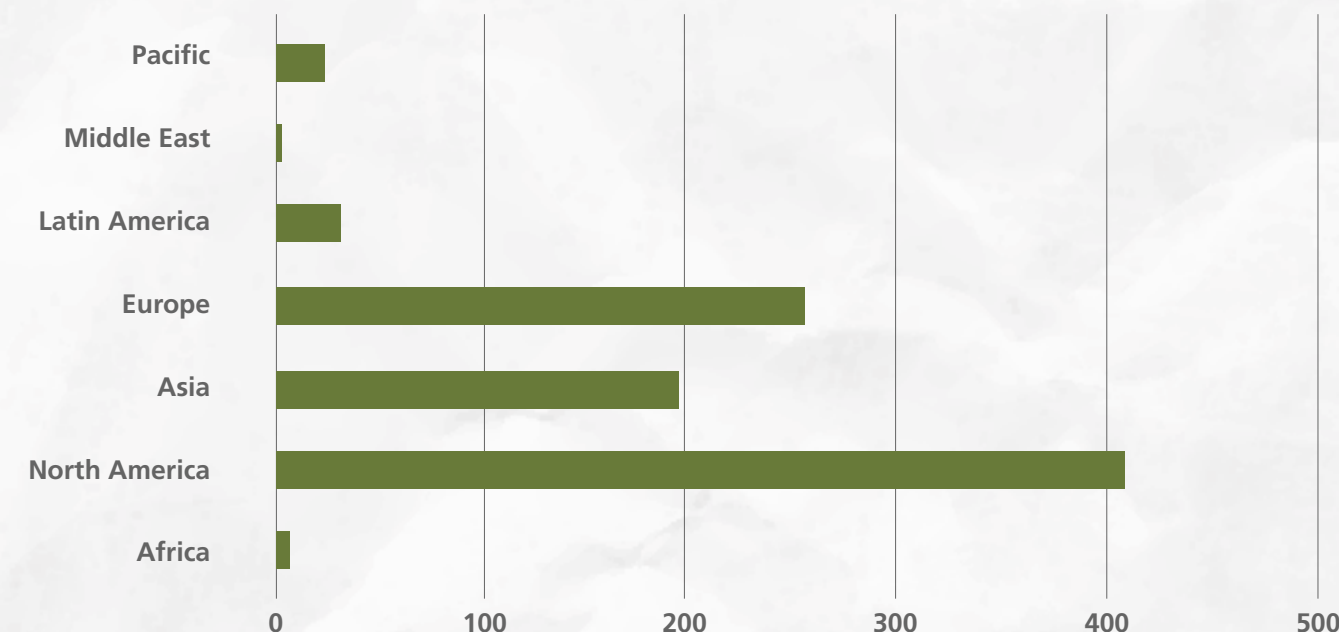
Evolution of dialogue actions

The distribution of the topics covered in the dialogues between the different ESG pillars is shown below:

Breakdown by pillar



Below is a graph showing the geographical distribution by region.



4.3 Dialogue actions

Details of dialogues in 2023

In 2023, CaixaBank AM initiated 290 dialogue actions related to significant ESG topics, six directly and the rest through EOS Federated Hermes, a specialist provider. In addition, 100 dialogue actions were also initiated in relation to compliance with international treaties and standards, which together with those initiated in previous years bring the total number of active dialogues to 635. All these dialogues are global in nature and are conducted with issuers located in 52 different countries.

In line with compliance with the fund manager's engagement plan, climate change is one of the priority and material topics for dialogue with companies. In that regard, the fund manager is involved in 367 dialogue actions on science-based decarbonisation commitments, improved environmental governance and transparency in climate risk management.

Regarding the pillars of good governance and social practices, 124 dialogue actions are underway, focusing on issuers complying with strict market standards by ensuring the presence of women on boards of directors, promoting transparency on pay differences through gender gap reporting, and maintaining robust management structures with diversity and separation of roles. It is also about ensuring fair remuneration for both board members and management, aligned with shareholders' interests.



4.4 Notable dialogue actions

To illustrate the notable dialogue actions, three dialogues with investee companies have been selected, each related to the priorities and objectives identified in the 2023 Engagement Plan: climate change, human rights and breaches of key international standards, and good governance and best social practices. These dialogues are conducted with the support of two independent specialist providers, ISS and EOS Federated Hermes. These dialogues are conducted following the dialogue process set out in the Engagement Policy detailed in Section 3.3 of this report ("Dialogue Process").

In relation to climate change, there is an assumption related to CaixaBank AM's concern about global warming, especially due to the greenhouse gas emissions of the issuers, which is a key climate change issue.

With regard to human rights and the breach of international treaties and standards, there is a case of an information leak involving a breach of consumers' right to privacy.

And, in the area of good governance and best social practices, a case of corruption is summarised in which the importance of implementing regulatory compliance systems was highlighted.

Committed to the areas of our Engagement Plan: climate change, human rights and breaches of key international standards, as well as good governance and best social practices



4.4 Notable dialogue actions

Climate change

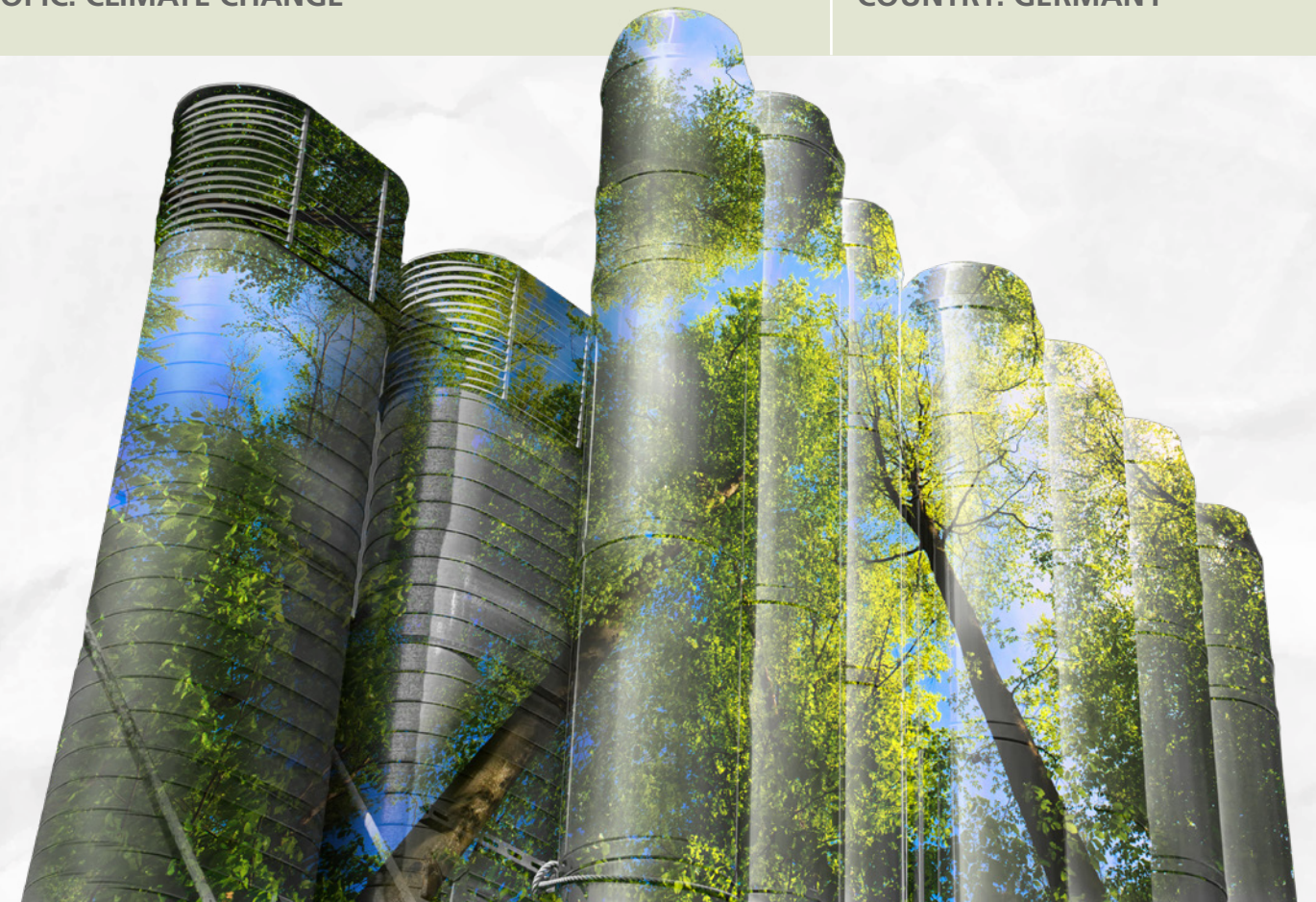
BASF is a chemical company whose strategy to address Scope 3 emissions has evolved significantly over time. Scope 3 emissions are indirect emissions that occur throughout a company's value chain and are not under the company's control. In May 2021, CaixaBank AM initiated a dialogue asking BASF to include these emissions in its net zero emissions targets. By the end of 2021, the issuer acknowledged the need to include these emissions, noting the difficulties it faced due to the lack of global standards and issues with poor data quality.

In 2023, BASF began to take more specific actions. They worked with their suppliers to collect data on carbon emissions, analysed the use of biomass as an alternative fuel and raw material, and assessed challenges related to technology and regulations. They identified key areas for reducing these emissions, such as promoting research into the use of alternative raw materials and developing new technologies.

At the time of this report, BASF has made significant progress. It has set a target of 2030 to cover Scope 3 emissions from suppliers and committed to reducing its CO₂ emissions per kilogram of purchased raw material by 15% compared to 2022. This target reflects an ambitious but realistic effort by BASF despite the absence of final sectoral guidelines from the Science Based Targets initiative (SBTi). The company has also shown progress in resolving data collection issues with its numerous suppliers – involving more than 2,000 suppliers representing 70% of emissions – with the validation of more than 25% of these emissions.

In conclusion, BASF has demonstrated a growing commitment to reducing Scope 3 emissions, despite the initial challenges related to standardisation and data collection. The company has set specific targets to reduce its carbon footprint, working closely with its suppliers and anticipating the publication of sectoral guidelines. This process underlines the complexity of addressing Scope 3 emissions within the chemicals industry, but also highlights BASF's proactive role in finding sustainable solutions and its leadership in implementing greener practices in its supply chain.

BASF	ISIN: DE000BASF111
TOPIC: CLIMATE CHANGE	COUNTRY: GERMANY



4.4 Notable dialogue actions

Human rights and breaches of key international standards

Experian PLC is an information services company. In February 2021, CaixaBank AM sent a letter to the issuer to initiate a dialogue in order to gain information on a dispute related to an alleged breach of consumers' right to privacy and cybersecurity management in South Africa. In May 2020, reports from the South African regulator identified a data breach at Experian South Africa (Pty) Ltd, an 87.5% owned subsidiary of Experian PLC, and its impact. At the first meeting with the issuer, it was concluded that while there had been no breach of cybersecurity systems, customer information was still not adequately protected. Following this meeting, the company took corrective actions to strengthen its data privacy and security controls with the implementation of new onboarding and verification processes, the hiring of a data protection officer for the Africa region, and investments to develop its information security systems.

In July 2021, the South African Personal Information Protection Act came into force, following which it was considered appropriate to analyse whether the issuer was compliant with its provisions and whether the issuer would request a new third-party assessment of the cybersecurity measures in place.

In April 2023, a further letter was sent to the company requesting information about an alleged failure to respect consumers' right to privacy and cybersecurity management in South Africa. The company responded that the incident was not a "cybersecurity" incident but a result of fraud. As a result, the company introduced additional controls and safeguards and conducted an analysis of the cause of the dispute and a risk assessment to prevent this type of incident happening again. An external audit firm appointed by the regulator also analysed the company's security systems and, while suggesting enhanced controls be implemented, did not identify any material weaknesses in the company's administrative and control processes.

This dialogue was closed in August 2023 as the matter is no longer considered to be material due to the degree of severity having decreased. In May 2023, Experian PLC confirmed its cooperation with the National Credit Regulator (NCR) and continues to meet the obligations outlined in a settlement agreement with the NCR, including the payment of an administrative penalty and the appointment of an independent auditor to review the implementation of redesigned security controls.

EXPERIAN PLC.	ISIN: JE00B4T3BW64
TOPIC: HUMAN RIGHTS	COUNTRY: SOUTH AFRICA



4.4 Notable dialogue actions

Good governance and best social practices

Between 2015 and 2016, **Samsung** vice chairman Jay Y. Lee paid 8.7 billion South Korean won in bribes to the former South Korean president's right-hand man to strengthen his control over the company. Following a retrial ordered by the Supreme Court, Mr Lee was sentenced to two and a half years in prison in January 2021. Samsung confirmed that Mr Lee has stepped down from the Board of Directors and reported on measures it has taken to address bribery, strengthen the independence of its Corporate Compliance Team and the launch of an independent Compliance Committee to oversee compliance and control functions.

In December 2022 and January 2023, dialogues were held with the company to gather feedback on this issue. Samsung Electronics stated that compliance with laws and ethical standards is its highest priority among the company's business principles. The company's compliance team implemented the Compliance Programme Management System (CPMS) that enables efficient compliance and ethics management. Samsung Electronics is implementing the Compliance and Ethics Programme aimed at promoting compliance and ethical management. To report complaints, Samsung Electronics has opened a new whistle-blower channel for external stakeholders on its website, in addition to the existing internal whistle-blower channel for its employees. The company has strengthened the review process for external sponsorship expenses to avoid potential corruption. The company also provides compliance and ethics training programmes for its senior management – and its employees – to minimise risks and prevent any illegalities that may occur during day-to-day business activities.

This dialogue has been closed as the degree of severity of the matter is considered to have decreased. Following the above-mentioned with that company, in 2021, it shared that it had strengthened the review process for external sponsorship expenses and included anti-corruption elements in risk assessments relating to senior management, to prevent the recurrence of bribery. The company's anti-corruption initiatives also include stricter reviews and verifications of donations and sponsorship processes and strengthening the independence of its Corporate Compliance Team. We consider this matter no longer to be material and that no further dialogue is necessary.

SAMSUNG ELECTRONICS CO., LTD

ISIN: KR7005930003

TOPIC: CORRUPTION

COUNTRY: SOUTH KOREA



4.5 New Initiatives: Spring and TPI



Initiative on nature promoted by the Principles for Responsible Investment ("PRI"). CaixaBank AM has joined this collaborative dialogue as a signatory, that is, giving its public support to the **investor statement**. This statement focuses on:

- Maximising the investment community's contribution to the global goal of halting and reversing biodiversity loss by 2030, including commodity-driven deforestation and aligned with the targets and ideals of the **Kunming-Montreal Global Biodiversity Framework**.
- Contributing to other sustainable development goals, such as climate change mitigation and adaptation and the promotion of human rights.
- Addressing forest loss and land degradation as a key driver in biodiversity loss, with the intention to later expand into other areas such as oceans and freshwater.
- Improving corporate practices in relation to nature and reducing risks to our investments.



The Transition Pathway Initiative (TPI) is a global initiative led by *asset owners* and supported by asset managers, which assesses the performance of companies in relation to the transition to a low-carbon economy. The TPI provides an evidence-based assessment tool that investors can use to understand how companies are managing climate change risks and their alignment with the Paris Agreement targets and emissions pathways to limit global warming to well below 2°C, aiming for 1.5°C.

The initiative focuses on high greenhouse gas emitting sectors, assessing and publishing reports on the readiness of companies for the transition to a low-carbon economy. This includes analyses of:

- Climate change governance.
- Greenhouse gas emission reductions.
- Investment strategies for low-carbon technologies and other sustainable business practices.





CaixaBank

ASSET MANAGEMENT