

Engagement Policy

CAIXABANK ASSET MANAGEMENT SGIIC, S.A.U.

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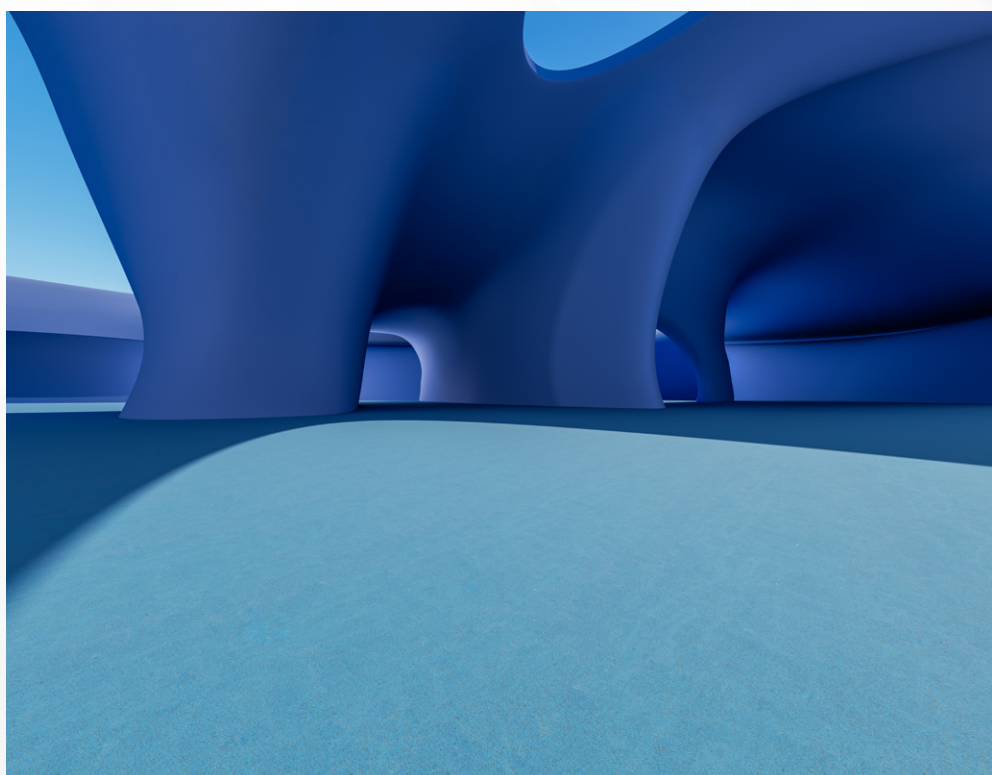


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1 Introduction

CaixaBank Asset Management SGIC, S.A.U. (“**CaixaBank AM**”, or the “**Management Company**”) in its commitment to progress towards a sustainable economy in which long-term profitability is combined with social justice and environmental protection, establishes in its Engagement Policy (“**Engagement Policy**” or the “**Policy**”) the principles followed for participation in the decisions of the companies in which CaixaBank AM invests through dialogue actions and by exercising the political rights associated with its status as a shareholder.

The analysis of a company or investment must address not only the purely economic aspects, but also all risks and opportunities, including environmental, social and governance criteria (“**ESG**”). These two dimensions are complementary: companies with strong governance and sustainability policies are more likely to act in the best interest of all stakeholders and are in a better position to manage not only financial but also non-financial risks.

This Engagement Policy is aligned with this approach and is part of CaixaBank AM's Socially Responsible Investment (“**SRI**”) model, based on three fundamental pillars:

- The incorporation of ESG aspects into the investment analysis and decision-making process in addition to traditional financial criteria;
- The long-term involvement of the Management Company with the companies in which it invests, with the exercise of voting rights at the General Shareholders' Meeting (proxy voting)
- Dialogue with listed companies on material or controversial issues relating to ESG factors (“*engagement*”).

The objectives pursued by CaixaBank AM through these actions are to promote constructive dialogue in relation to relevant ESG issues, helping to promote best policies and practices and long-term involvement in companies, improving the financial and non-financial performance of these companies.

2 Objective and scope

The purpose of this Policy is to set out the general principles, objectives and criteria governing the engagement activities of CaixaBank AM, in compliance with the requirements established in Law 35/2003, of 4 November, on Collective Investment Schemes (“**Spanish Law on Collective Investment Schemes**”), which includes the measures established in Directive 2017/828¹ regarding the promotion of long-term shareholder engagement (“Directive on the promotion of long-term shareholder engagement”) and Royal Decree 1082/2012, which implements the above-mentioned Law², also taking into account the provisions of the Code of Good Practices for Institutional Investors, asset managers and proxy advisors in relation to their duties with respect to the assets conferred or services provided, approved by the Spanish National Securities Market Regulator (“**CNMV**”) on 22 February 2023 (“**Code of Best Practices for Investors**”), to which the Management Company has adhered.

This Engagement Policy applies to all assets managed by the Management Company, except for those for which the holders have decided to withhold the exercise of voting rights and carry out engagement activities themselves; and any subsidiaries with their own engagement policy.

In accordance with the requirements of the Law on Collective Investment Schemes, CaixaBank AM’s voting rights will be exercised in companies whose shares are admitted to trading on a regulated market in the European Union.

In accordance with Royal Decree 1082/2012, which implements the Law on Collective Investment Schemes, and in its commitment to promote the exercise of shareholder rights, CaixaBank AM also exercises voting rights when the issuer is a company with its registered office in a member state of the Organisation for Economic Co-operation and Development (hereinafter “**OECD**”) and its shares are admitted to trading on a regulated market located or operating in a member state of the OECD.

Regarding dialogue actions, CaixaBank AM may carry them out on any type of asset issued by public or private issuers that the Management Company considers relevant in matters relating to ESG factors.

In any case, CaixaBank AM has a system of governance for the SRI model whose bodies supervise all investments and the engagement activities that it is advisable in each case to carry out to promote and defend the interests of the shareholders or unitholders of the collective investment schemes (“**CIS**”) managed by the Management Company.

1 Directive 2017/828 of the European Parliament and of the Council amending Directive 2007/36/EC as regards the promotion of long-term shareholder engagement.

2 Royal Decree 1082/2012, of 13 July, approving the regulation for implementation of Law 35/2003, of 4 November, on Collective Investment Schemes.

3 Regulatory framework for reference

This Policy has been drafted taking into account the European regulatory framework and, in particular, the following standards:

- Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the promotion of long-term shareholder engagement.
- Regulation (EU) 2019/2088 of the European Parliament and of the Council, of 27 November 2019, on sustainability-related disclosures in the financial services sector and its implementing regulations.
- Commission Implementing Regulation (EU) 2018/1212 of 3 September 2018 laying down minimum requirements for the implementation of the provisions of Directive 2007/36/EC of the European Parliament and of the Council as regards the identification of shareholders, the provision of information and the facilitation of the exercise of shareholders' rights.
- Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088.
- Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU as regards sustainability reporting by companies.

Likewise, this Policy complies with the provisions of the applicable Spanish legislation.

Specifically, the Law on Collective Investment Schemes, as amended by Law 5/2021 with regard to the promotion of long-term shareholder engagement in listed companies, establishes, the obligation for CIS management companies to develop and make publicly available an engagement policy describing how they integrate their involvement as shareholders or shareholder managers into their investment policy, publishing annually a report on their implementation, including a general description of their behaviour in terms of voting rights, an explanation of the most important votes and, where applicable, the use of proxy advisors.

Royal Decree 1082/2012, which implements the aforementioned Law, clarifies that the obligation to exercise all the rights inherent to the securities included in the funds managed for the exclusive benefit of unitholders, especially the right to attend and vote at general meetings, includes the obligation to have a policy in relation to the exercise of voting rights.

In addition, this Engagement Policy has been drawn up taking into account the principles, clarifications and expectations of the Code of Good Investor Practices, to which CaixaBank AM has adhered since January 2024.

4 General principles

CaixaBank AM diligently engages in dialogue and exercises the political rights inherent to the status of shareholder, in particular voting rights, for the exclusive benefit and in the interests of unitholders and shareholders. CaixaBank AM also takes into account various policies adopted by the group of companies of which CaixaBank, S.A. is the parent company (hereinafter CaixaBank, S.A., together with CaixaBank AM and other CaixaBank, S.A. subsidiaries, the “**CaixaBank Group**” or the “**Group**”) and the various international standards and regulations to which the Group is committed, such as:

- The United Nations Global Compact.
- OECD Guidelines for Multinational Enterprises.
- The Principles for Responsible Investment (hereinafter “**PRI**”).
- The United Nations Guiding Principles on Business and Human Rights.
- The United Nations Sustainable Development Goals (SDGs).

In particular, the general principles of corporate action set out in the Code of Ethics are applicable in matters of involvement, based on the values and commitments set out in that document and which, in turn, some of them are reflected in the Code of Best Practices for Investors, among which the following stand out:

- **Respect** for people, equal opportunities, cultures and their diversity, institutions, the pluralism of the territories in which CaixaBank AM operates and environmental sustainability.
- **Ethical, sustainable, and good governance-based action**, fostering the exploitation of opportunities to promote a more sustainable economy, collaborating on solutions to major social and environmental challenges, and promoting a responsible governance culture.
- **Acting honestly, responsibly, and professionally**, complying in all cases with the laws, regulations and other legally binding rules, establishing measures that prevent the practice of unlawful conduct.
- **Creation of shared value and long-term relationships** with stakeholders based on trust and transparency, making all relevant information on our activity at their disposal.
- **Maintaining the confidentiality** of all information to which CaixaBank AM may have access in its relations with stakeholders, protecting privacy and personal information to the maximum extent possible.

5 Engagement objectives

The CaixaBank Group bases its management on responsible action and economic efficiency, with a focus on the sustainable socio-economic development of people and regions. In this regard, the CaixaBank Group has defined different ambitions and principles in the areas of sustainability, human rights, climate change and nature, among others, integrating them into its management as part of its fiduciary obligations.

Based on these ambitions and principles and taking into account applicable regulations and national and international recommendations, the main objectives of the Management Company's engagement activities will be as follows:

- **Maximise the creation of shared value** for stakeholders and foster long-term relationships based on trust and transparency.
- **Identify, prevent and mitigate the main adverse impacts** of investment decisions on sustainability factors.
- **Promote the profitability and responsible management of CaixaBank AM's business**, seeking a balance between financial and non-financial performance.
- **Extend responsible principles and practices** to jointly advance social and environmental progress.
- **Comply with the commitments adopted by the Management Company in the areas of sustainability, human rights, climate change and nature**, as well as any others of a similar nature that may be adopted.

These objectives will be specified annually in CaixaBank AM's Engagement Plans, which will specify the prioritisation criteria and objectives of the dialogues by thematic area in order to identify the activities that can have the greatest impact on issuers' behaviour and use the available resources in the most efficient way.

6 Dialogue actions

CaixaBank AM, in accordance with the action principles defined by the Group, understands sustainability as a driver of long-term change in markets, countries and companies that affects future performance and ultimately improves the investment process for our clients. It therefore develops its engagement or dialogue activities with issuers of securities on ESG issues in the belief that constructive dialogue can improve behaviour in relation to environmental and social factors, as well as improve risk management and corporate governance.

CaixaBank AM understands dialogue as interaction with the public and private issuers in its investment universe to understand how they manage ESG risks and take advantage of the business opportunities associated with sustainability challenges, and to ensure that their business strategies are appropriate to promote long-term value creation. This dialogue process starts when a need for involvement is identified, i.e. with a specific objective for improvement, and the objectives of the different dialogue actions may vary depending on the need identified. In short, the goal is to achieve a change in the behaviour of the companies as regards certain material matters by persisting in relevant aspects.

CaixaBank AM, in accordance with its fiduciary responsibility, and with the aim of being an active owner of the investments it makes, establishes mechanisms to initiate dialogue actions with the aim of modifying any possible conduct identified that:

- May be contrary to the values of CaixaBank AM or stakeholders and shareholders in the vehicles it manages.
- Are not aligned with the strategic opportunities and risks identified by CaixaBank AM, and CaixaBank Group, such as climate change, the objectives of the Paris Agreement through their support to the Task Force on Climate-Related Financial Disclosures (TCFD), as well as the opportunities and risks expressed through the Sustainable Development Goals (SDGs).
- Do not conform to the best standards of good corporate governance, in particular, to the Principles and Recommendations of the CNMV's Code of Good Governance for Listed Companies or to those of the codes of good governance applicable in each case.
- They may have a negative impact on society, the environment, as well as on the reputation or solvency of the company.
- Involves holding, through investment funds managed by other entities, positions in companies excluded by CaixaBank AM.
- Do not represent the interests expressed by clients and unitholders, provided that they do not contradict any of the above general principles.

6.1 Information sources

Different sources of key information are available and use to identify events that may lead to the initiation of engagement/dialogue. From these sources, criteria for initiating engagement and dialogue are established. The main ones are detailed below:

- ESG data provided by the ESG information providers contracted by CaixaBank AM. In this case, a dialogue action may be initiated when a company has data on material ESG aspects that are considered not to be in line with the priority criteria and objectives identified in the Management Company's Engagement Plan, when a very serious controversy is reported or when it is detected that the company is linked to the controversial activities indicated in CaixaBank AM's Sustainability Risk Integration Policy.

- The analyses and recommendations of a voting advisor hired by CaixaBank AM to make informed decisions regarding the exercise of voting rights at general meetings of listed companies. In this case, the recommendation on the reason for voting against any of the items submitted by the Board of Directors of listed companies for approval by the general meeting may lead to the initiation of a dialogue action.
- Information published by issuers themselves in compliance with applicable regulations or on a voluntary basis.
- The communiqués and sanctions of regulators and supervisory bodies. In such cases, it may lead to the initiation of a dialogue action and sanctions with a clear reputational and solvency impact for companies and suppliers.
- News published by the media, financial analyses or those stated by the suppliers themselves proactively or reported in the periodic questionnaires carried out for this purpose by CaixaBank AM.
- The PRI collaborative platform where signatories or the organisation proposes dialogue activities to the other signatories.
- Those promoted by CaixaBank AM or CaixaBank Group customers, once they have been analysed and validated by the corresponding decision-making bodies.

6.2 Channels for establishing dialogue

CaixaBank AM may carry out engagement actions: directly with the companies or issuers through the Management Company's teams; in collaboration with other investors; or through a third party on its behalf.

In the case of dialogues with public or private companies or issuers of financial products, when considered appropriate and preserving CaixaBank AM's independence and interests at all times, priority is given to collaborative actions that can achieve a greater impact on changing the conduct of companies.

To this end, the Management Company will analyse the requirements, objectives, principles, and operational aspects of the initiatives or working groups and, where appropriate, adhere to and subscribe to public statements on a given topic or activity and/or conduct joint dialogues with other investors to achieve greater impact and efficiency.

In relation to third-party products, such as investment funds, in addition to the dialogue processes, a due diligence procedure is applied in relation to their sustainability policies, resources and commitments, which assesses, among other aspects, the integration of ESG factors in their decision-making processes and the policies, procedures and mechanisms they have in place in terms of engagement.

For example, when an issuer does not meet the requirements described in the Sustainability Risk Integration Policy³ CaixaBank AM will endeavour to carry out actions aimed at ensuring compliance in the shortest possible time, in keeping with economically reasonable management.

When an independent third-party acts on behalf of CaixaBank AM, a prior analysis is performed, assessing the criteria, objectives and processes proposed, and these outsourced actions are monitored in detail. In addition, it is monitored that the purpose and tone of externalised dialogue actions are aligned with this Policy.

³ You can consult CaixaBank Asset Management's Sustainability Risk Integration Policy at the following [link](#)

CaixaBank AM will promote an open dialogue with issuers, adopting in each case the appropriate channel established in the Open Dialogue Procedure with Issuers, aimed at adopting the necessary measures to modify the controversial practices or activities, and may even disinvest in the event of incompatibility of the activities carried out by the issuer with the principles, objectives or strategies of the Management Company.

6.3 Implementing engagement actions

CaixaBank AM takes the following aspects into consideration in order to ensure adequate monitoring of dialogue actions:

- Set the objectives of the dialogues and circumstances under which an escalation strategy will be implemented, with actions and measures to be implemented in case these dialogues are inconclusive.
- Develop an inventory of issues or aspects to be taken into consideration when engaging with investee companies, which will be considered and reviewed prior to meetings and discussions with relevant companies. The following will be considered in particular: investment strategy, financial and non-financial return on investment, risks, capital structure, quality of corporate governance and social and environmental impact.
- Establish performance criteria applicable to the dialogue process, such as:
 - Determine the relevant stakeholders in the company.
 - Contact relevant stakeholders to explain the purpose of the Management Company.
 - Ensure that all issues included in the inventory are discussed at the meetings.
 - Collect the responses of the companies in order to carry out an analysis of strengths and weaknesses with respect to the objective pursued by the Management Company and share with them the assessment of the information received.
 - Carry out internal monitoring and evaluation.
 - Implement the necessary measures to guarantee the confidentiality required by the applicable regulations.
- Reset and adjust dialogue goals after each meeting, if necessary. CaixaBank AM will periodically reassess the indicators considered, as well as other relevant information on the company, in order to make a decision on whether the conditions are in place to implement a scaling strategy.
- The escalation strategy is defined individually for each dialogue on a case-by-case basis and may consist of contacting a different interlocutor, initiating a collaborative dialogue, using the vote at the general meeting as an opposition mechanism, reducing the position/exposure or even divesting, depending on the level of achievement of the objectives set by the Management Company.

7 Exercise of voting rights

CaixaBank AM exercises its voting rights in line with its SRI model, addressing the issues of social responsibility and sustainable development, as well as governance factors, as these are essential in the evaluation of a company. Thus, through the exercise of voting rights, the Management Company aims to promote the improvement of identified ESG deficiencies.

The quality of information on the governance of the company, its changes, its position in relation to best market practices and its relations with stakeholders/interest groups are essential components. They are therefore fully integrated into the voting decisions adopted by CaixaBank AM.

The Management Company will exercise the right to vote based on the evaluation of the medium-term and long-term performance of the companies it invests in, taking into account environmental aspects (e.g. pollution, sustainable use of resources, climate change and protection of biodiversity), social aspects (e.g. gender equality) and governance aspects (e.g. remuneration policies), in line with its adherence to the PRI.

CaixaBank AM diligently exercises attendance and voting rights to the exclusive benefit and interest of unitholders and shareholders, depending on the nature of each of the corporate resolutions submitted to the general meeting for consideration, based on publicly available information or information made available to the shareholders on the occasion of the general meeting.

In this regard, CaixaBank AM will consider the recommendations of the codes of good governance applicable in each case and will follow the following principles when exercising its right to vote, developed in the CaixaBank AM Voting Rights Exercise Procedure:

- Fair, complete and transparent financial information is essential for the exercise of voting rights. The insufficient quality of the information or the existence of qualifications in the audit report may lead to abstention or negative vote.
- In relation to sustainability, the issuer is expected to have a climate transition action plan aligned with CaixaBank AM's sustainability objectives in the sectors in which it is considered relevant.
- Proposals to grant discharge to the Board of Directors shall be supported provided that it has performed its duties with the diligence of an orderly businessman and in strict compliance with the duties inherent to the position of director.
- It will be in favour of profit sharing, provided that the company's financial situation has been favourable over time.
- The development and/or outcome of any dialogue that may have taken place with the issuers, which may lead to a vote against all or some of the proposed resolutions formulated by the management body.
- As regards the appointment, re-election, or removal of members of the Board of Directors, their contribution to the appropriate composition of the board shall be assessed, with special consideration given to the diversity of profiles and the balanced presence of women and men.
- With regard to the election or re-election of auditors, it shall favour those who have demonstrated their efficiency and independence in the discharge of their duties.
- In relation to directors' remuneration, an appropriate proportion between fixed and variable components is expected, with variable components linked to measurable performance criteria, both financial and sustainability, and a balance between meeting short-, medium- and long-term objectives.
- In relation to the capital structure, they consider that all those agreements that provide greater liquidity to the security or increase its trading volume will be favourable.
- Proposals relating to related party transactions shall be supported provided that the applicable legal formalities have been observed and the audit committee report concludes that the transaction is fair and reasonable from the point of view of the issuer and shareholders other than the related party.

- As regards the delegation of powers from the general meeting to the Board of Directors, proposals shall be supported provided that they do not harm the interests of shareholders and comply with applicable regulations and recommendations.
- Proposals relating to amendments to the by-laws or to internal corporate rules, to essential assets or to structural changes and those made by other shareholders will be considered on a case-by-case basis, depending on their specific cases.
- In general, proposals for agreements not included in the agenda will not be supported, considering the relevance of the matters that may constitute their subject matter and the impossibility of adequately analysing their compatibility with this Policy.
- The appropriateness of giving advance notice to investee companies and their management bodies of the direction of the vote and the reasons for the vote shall be assessed on a case-by-case basis.

CaixaBank AM directly exercises the attendance and voting rights inherent to the shares admitted to trading on securities markets, or by delegating to another shareholder, with the vote indicated in the proxy being mandatory, as previously decided by CaixaBank AM.

The Management Company has an advisory entity specialised in corporate governance and investment solutions with a global scope, which, on the basis of different policies, prepares voting recommendations on the proposed resolutions that a given company will submit to a vote at its general meeting in order to form a judgement from a broader perspective.

Both the voting policies developed by the above-mentioned company and its voting recommendations, based on the sustainability policy, are reviewed, and analysed by CaixaBank AM to ensure their alignment with the SRI model and the interests of the shareholders and unitholders of the Collective Investment Schemes managed. After analysing the voting recommendations made by the advisory company, which could involve opening a dialogue with the company, the final vote is issued, which may not coincide with the above-mentioned recommendation.

In any case, the decision as to how to vote shall be taken with complete independence and objectivity with respect to the Group. On 11 October 2018, CaixaBank, as the Parent of the Group companies of which CaixaBank AM forms part, ratified the relationship of independence that must exist at all times between CaixaBank as the Parent and CaixaBank AM, as well as any other entity that is under the control of CaixaBank AM, in respect of the exercise of the political rights inherent in the securities that make up the CIS portfolios managed by the Management Company.

CaixaBank AM, in compliance with regulations and in order to reinforce the principle of transparency, publishes information on its participation in the general meetings of the companies in which it invests in the Annual Report on Dialogue and Voting, which also sets out the strategy and issues on which most emphasis has been placed during the reporting year, as well as on the website of the Management Company, where detailed information is published on the exercise of the voting rights inherent to all the securities included in the set of CIS managed and the direction of the vote exercised in each case.

8 Managing conflicts of interest

CaixaBank AM has a Conflicts of Interest Policy⁴ which establishes, based on the CaixaBank Group's Corporate Conflicts of Interest Policy, the treatment applicable to the identification, prevention, management, and registration of conflicts of interest that may arise in the performance of the activities in which the Management Company is involved, as set out in the Procedure for the Identification and Management of Conflicts of Interest.

CaixaBank AM, in line with the provisions of the aforementioned Conflicts of Interest Policy, is committed to ensuring that potential conflicts of interest are managed effectively so that they do not harm the interests of customers, of the Management Company, of the shareholders or unit holders of the CII's managed or of the CaixaBank Group, which is guaranteed in particular:

- Establishing mechanisms that allow engagement activities and voting decisions to be carried out and adopted with complete independence and objectivity, thanks to an appropriate organisational structure that allows staff to act independently and neutrally in their missions and responsibilities.
- Implementing a long-term sustainable investment strategy that always seeks to promote and defend the interests of the shareholders and unitholders of the CIS managed by the Management Company.

For illustrative purposes, a number of circumstances that could give rise to potential conflicts of interest are identified below:

- Business partners of CaixaBank AM who are issuers of securities forming part of the portfolios managed or promoters of shareholder agreements in companies in which the Management Company has an interest.
- Employees of the Management Company who are members of the boards of directors of companies whose securities form part of the portfolios and other fiduciary accounts managed by CaixaBank AM.
- Significant shareholders of CaixaBank AM who are issuers of securities held in funds and other fiduciary accounts managed by the Management Company.
- Members of the Board of Directors of CaixaBank AM who perform senior management duties in companies whose securities are held in funds and other fiduciary accounts managed by the Management Company.

⁴ You can consult the CaixaBank AM Conflicts of Interest Policy at the following [link](#).

9 Governance, validity, and publicity

This Policy has been approved by the Board of Directors of CaixaBank AM. Any modification and/or updating thereof shall be approved by the Management Committee and ratified by the Board of Directors.

Without prejudice to the foregoing, in order to ensure that corrective action is taken with the necessary speed, purely typographical or linguistic changes shall be approved by the Management Committee.

The CaixaBank AM Engagement Policy is valid indefinitely, without prejudice to any modifications and updates that may be made as a result of the periodic reviews to which it is subject to ensure its alignment with CaixaBank AM's objectives and strategies or that may be necessary or advisable for reasons of governance, regulations or sector recommendations that are considered relevant.

This policy is available to all CaixaBank AM personnel through its Intranet (PeopleNow) for their information. Likewise, the Policy is public and is available on the Management Company's website for consultation by CaixaBank AM customers and other interested parties.

CaixaBank AM shall report annually through the Annual Dialogue and Voting Report on the application of this Policy, as well as any amendments or updates thereto, maintaining in all cases the confidentiality required by the applicable regulations.