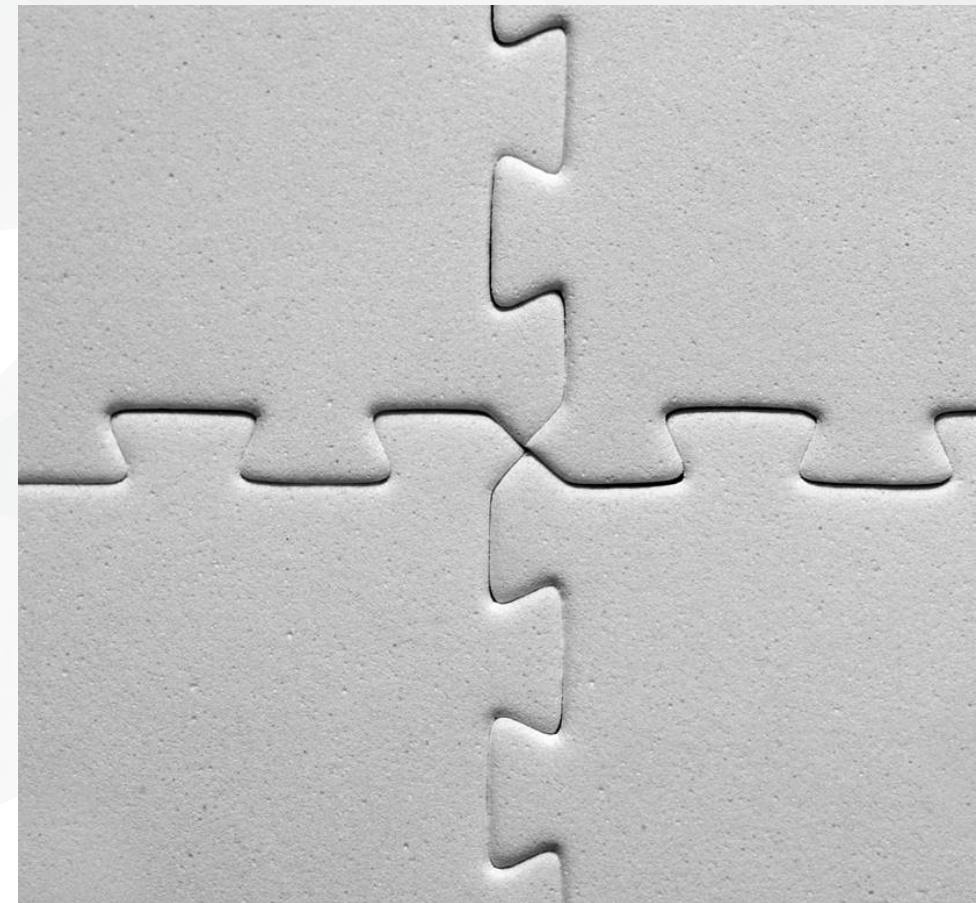


Statement of Principal Adverse Impacts of investment decisions on sustainability factors

**CaixaBank Asset Management
S.G.I.I.C., S.A.U.**

LEI code: 95980020140005337214





Statement of Principal Adverse Impacts of investment decisions on sustainability factors

Index

1. Summary	3
2. Description of the principal adverse impacts on sustainability	5
3. Description of policies to identify and prioritise the impact of Principal Adverse Impacts on Sustainability	23
3.1. Sustainable investment framework	23
3.2. Sustainability policies	28
4. Engagement policies	31
4.1. Engagement Policy (April 2021)	31
4.2. Adaptation of the policies	34
5. References to international standards	35
5.1. International standards related to environmental issues	35
5.2. International standards related to social issues	36
5.3. Adherence to other sustainability initiatives	36
5.4. Use of climate scenarios	38
6. Historical comparison	39



1 Summary

CaixaBank Asset Management S.G.I.I.C., S.A.U. (hereinafter “CaixaBank AM” or the “Management Company”) considers the main adverse effects of its investment decisions on sustainability factors. This document is the consolidated Statement of Principal Adverse Impacts (hereinafter, PAI) on sustainability for CaixaBank AM.

This statement of the main adverse impacts on sustainability covers the reporting period from 1 January to 31 December 2022. The guidelines and format set out in Annex 1 of Delegated Regulation (EU) 2022/1288¹ (the Regulatory Technical Standards, hereinafter “RTS”) have been followed as far as possible.

As part of the CaixaBank Group, CaixaBank AM bases its management on responsible action and economic efficiency, with a focus on the sustainable socio-economic development of people and the territory. The Management Company is aware of the critical role that the financial sector plays in terms of investment, channelling funds towards the promotion of activities that are beneficial to society as a whole. It is committed to making progress towards a sustainable economy.

As a participant in the financial market, CaixaBank AM includes information on the procedures, results and plans relating to the due diligence procedures implemented for the performance of its asset management business. In doing so, it complies with the requirements of Regulation (EU) 2019/2088² on sustainability-related disclosures in the financial services sector (hereinafter “SFDR”), which aims to promote transparency on how financial market participants integrate sustainability risks into their investment decision-making and investment processes.

With regard to due diligence policies (referred to throughout this document as “due diligence processes” in describing their relationship with Principal Adverse Impacts and this Statement), CaixaBank AM considers the sustainability risks and potential impacts of adverse sustainability events on its investment processes. The Management Company has due diligence processes in place to identify, prevent, mitigate and explain how these impacts are addressed.

1. The Regulation can be consulted at [EUR-Lex - 32022R1288 - EN - EUR-Lex \(europa.eu\)](#)

2. The Regulation can be consulted at [EUR-Lex - 32019R2088 - EN - EUR-Lex \(europa.eu\)](#)

This involves application of the provisions of the **Sustainability Risk Integration Policy and the Engagement Policy**.

Specifically:

1. Integration of ESG factors into investment (including monitoring of controversies):

- The following PAIs are managed: Those related to greenhouse gas emissions (PAI 1-PAI 6, PAI 15 and additional PAI 4), biodiversity (PAI 7), water (PAI 8) and waste (PAI 9).

2. Sector exclusions and restrictions the Sustainability Risk Integration Policy establishes that:

- The following PAIs are managed: social risks related to violations of the Global Compact (PAI 10), countries subject to social breaches (PAI 16), companies involved in human rights breaches (PAI 14 additional) and controversial weapons (PAI 14).

3. Long-term engagement (including dialogue with issuers and third-party managers, and active voting):

- Potentially applies to all PAIs. The Management Company publishes an Engagement Plan setting out the main areas and objectives of engagement, and its expectations regarding the performance of investors.

CaixaBank AM systematically analyses and monitors the main adverse impacts on sustainability factors, taking the necessary mitigating measures. These measures may take the form of non-investment, divestment, reduction of exposure, or placing under observation, and initiating such engagement actions as may be deemed necessary. Section 3 of this document reports on the Management Company's policies on the identification of Principal Adverse Impacts (PAIs), indicating which PAIs are being managed in accordance with the PAIs prioritised by the Management Company. The main prioritisation criteria are the quality and coverage of the available data. These PAIs are described in the table in section 2 ("Explanation").

The results of the PAI indicators for 2022 provided in this Statement are not comparable with the results published in the "Statement of Principal Adverse Impacts of investment decisions on sustainability factors" for 2021. This is because of changes in the methodologies used to calculate the indicators, as well as changes in the scope and perimeter of data reported between this year and the previous tax year.




2 Description of the principal adverse impacts on sustainability

The table in this section details the PAIs considered by the Management Company, particularly in the “Explanation” section. The following points should be borne in mind before considering the details in the table:

- The Statement shows the average values for the PAI indicators of CaixaBank AM’s cash positions in the Collective Investment Schemes (hereinafter, CISs) it manages (including fixed income, equities and public debt), including both direct and indirect investment through third-party vehicles, but excluding treasury and derivative positions.³
- The calculation basis for the indicators applicable to investments in companies is €41,384 million. The calculation basis for the indicators applicable to investments in sovereign and supranational entities is €26,499 million. The indicators (“Result” column) have been calculated by averaging the data for the monthly close for the period for both the calculation base and the value of the indicator, rather than using quarterly data. This increased frequency of the data for calculating the average provides a more reliable picture of the average equity in the financial year and the values of the indicators during the period, provided the latter are available.
- The results of the indicators have mainly been obtained from information provided by the data provider MCSI ESG.⁴ The indicator data currently encompass exposure to both direct investment and third-party vehicles.

3. ivative exposures (including short positions) and cash balances have been excluded from the calculation of equity to be considered for the purposes of this Statement. For these purposes, derivatives are exposures held to manage the underlying risks of the portfolio managed, while cash exposures are tactical exposures for management. Both of these are excluded from the management anchor for PAI purposes.

4. MSCI Inc. (LEI: 549300HTIN2PD78UB763) is a US provider of data, tools and support services for investment decisions, with over 50 years of research, data and technology experience. Visit the MSCI website for more information: <https://www.msci.com/>



The percentage coverage of the specific data for each indicator shows the percentage of assets on which the calculation has been made. This is specified in the Explanation section of the table. The coverage of some data is low, and the indicator is, therefore, not very representative. This is because insufficient data is available from the companies or because the quality of the data is inadequate due to the current methodologies not being sufficiently robust:

- This is the case, for example, with PAI 6 on intensity of energy consumption by sector with high climate impact, where the coverage is limited, and PAI 16 on countries subject to social breaches, where coverage is limited in the case of exposure through funds managed by third parties.
- In the cases of PAI 7 on activities affecting sensitive areas with regard to biodiversity, PAI 8 on emissions to water, PAI 9 on hazardous and radioactive waste, and PAI 12 on the gender pay gap, the quality and increase of information received from companies in the coming period may lead to a worsening of the data and changes in the management strategy for these PAIs.

This lack of data coverage or quality for some indicators does not allow active management of all the adverse incidents that may occur. CaixaBank AM will work with the data provider to improve the data coverage and quality as far as possible, so as to obtain greater reliability for subsequent years. CaixaBank AM will also explore data sources from other providers.

With regard to the measures adopted in 2022 and the objectives set for the following period, the table shows those cases where, because they are considered priority PAIs, measures were expressly adopted in 2022 and/or specific objectives or actions have been established for 2023. However, those cases in which the PAIs are not considered such a high priority, or for which initial data is still being collected and studied, are not included, as it is not possible to adopt specific measures until their suitability has been analysed.

Sustainability indicator in relation to adverse impacts	Metric	2022 result	Explanation	Actions taken, actions envisaged and targets set for the forthcoming reporting period
INDICATORS RELATED TO CLIMATE CHANGE AND OTHER ENVIRONMENT-RELATED INDICATORS				
Greenhouse gas emissions	1. Greenhouse gas emissions (tCO ₂ e)	Scope 1 GHG emissions	2,640,481.6 Volume of scope 1 GHG emissions generated directly by the companies in which CaixaBank invests. Indicator coverage 81%.	Integration of ESG factors The transition to a sustainable and decarbonised economic model, limiting 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 transition process is a source of risks and opportunities for companies and their business models. CaixaBank AM aims to contribute to this challenge by reducing the impact of its operations and investing in sustainable projects, and by engaging with the companies and issuers in which it invests. CaixaBank AM manages these PAIs by integrating material climate metrics for each sector - such as GHG emissions, energy intensity and the carbon footprint - into its investment decision-making processes. It assesses the ESG quality of the company using their rating or specific factors as indicators and monitors the climate change impact of the companies in which it invests. CaixaBank AM is committed to ensuring products with climate change objectives outperform the market in terms of climate-related indicators. To meet this commitment, the Management Company follows the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).
		Scope 2 GHG emissions	483,896.6 Scope 2 GHG emissions are the GHG emissions generated indirectly through the activity of investee companies (consumption of electricity or other energy sources) Indicator coverage 81%.	
		Scope 3 GHG emissions	14,281,943.4 Scope 3 GHG emissions are the indirectly generated GHG emissions in the value chain of investees that are not under the control of the investees. Indicator coverage 81%.	
		Total GHG emissions (scopes 1, 2 and 3)	17,617,780.7 The total GHG emissions are the sum of all these emissions. Indicator coverage 81%.	
	2. Carbon footprint (tCO ₂ e/Million EUR EVIC)	Carbon footprint	425.3 The carbon footprint is the weighted average of the total GHG emissions of investee companies divided by the value of the company measured in millions of euros. Indicator coverage 81%.	
	3. GHG intensity of investee companies (tCO ₂ e/Million EUR sales)	GHG intensity of investee companies	1,000.4 GHG intensity is the weighted average of the total GHG emissions generated by investee companies divided by their sales measured in million euros. Indicator coverage 84%.	

Greenhouse gas emissions	4. Exposure to companies active in the fossil fuel sector (%)	Proportion of investments in companies active in the fossil fuel sector	8.8	<p>This indicator shows 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 fossil gaseous fuels or from their dedicated distribution (including transportation, storage and trade)</p> <p>Indicator coverage 87%.</p>	<p>Exclusions and restrictions: in accordance with its Sustainability Risk Integration Policy, CaixaBank AM may decide not to invest in companies or countries that may pose a material risk to the Management Company meeting its commitments regarding climate change and the decarbonisation of its portfolio. In addition to this general restriction, CaixaBank AM restricts investment in: companies whose turnover is more than 25% dependent on coal-fired power generation and mining of thermal coal; companies where exploration, production or transportation activity involving oil sands, or oil and gas exploration, production or transportation in the Arctic, account for more than 10% of their turnover; and companies where more than 50% of group revenues come from oil and gas that are not promoting the energy transition.</p> <p>Dialogue and voting</p> <p>In 2022, CaixaBank AM initiated or maintained direct dialogue with ten companies in which it addressed climate change through its specialist provider. CaixaBank AM is also a member of and directly participates in open dialogue through the Climate Action 100+ initiative.</p> <p>With regard to voting, in 2022 it supported 359 shareholder proposals at the Annual General Meetings it participated in, of which 66 related to climate change issues. Refer to the 2022 Annual Report on Dialogue and Voting for more information.</p> <p>In terms of its future objectives, the 2023 Engagement Plan establishes that climate change is one of the priority issues to be addressed in terms of sustainability. More specifically, this involves promoting the transition to a sustainable and decarbonised economic model and limiting global warming in line with the objectives of the Paris Agreement, identifying the expectations and objectives to be met through dialogue. Refer to the 2023 Engagement Plan for details of the commitment, criteria and objectives to be achieved through dialogue.</p>
	5. Proportion of non-renewable energy production and consumption (%)	Proportion of non-renewable energy production and consumption of investee companies compared to renewable energy sources (proportion of total energy sources)	70.5	<p>This indicator provides the weighted average of the percentages of non-renewable energy production and consumption of investee companies.</p> <p>Non-renewable energy sources are those 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 and other ocean energy, hydropower and energy from biomass, landfill gas, sewage treatment plant gas and biogas.</p> <p>Indicator coverage 76%.</p>	



Greenhouse gas emissions	6. Energy consumption intensity by sector with high climate impact (GWh/million EUR revenue)	Energy consumption in GWh per million EUR revenue by investee companies, by sector with high climate impact	Total: 1.1		<p>This indicator shows the sum of the weighted averages of exposure to sectors with high climate impact, namely: (A) agriculture, forestry and fishing; (B) mining and quarrying; (C) manufacturing; (D) electricity, gas, steam and air conditioning supply; (E) water supply, sewerage, waste management and decontamination; (F) construction; (G) wholesale and retail trade, and repair of motor vehicles and motorbikes; (H) transport and storage, and; (L) real estate activities.</p> <p>Indicator coverage 53%.</p>	<p>Data limitations</p> <p>The data coverage for the PAI 6 indicator is poor. This means its value is not representative and does not permit active management of adverse incidents that may occur in these indicators.</p> <p>CaixaBank AM is working with the data provider to improve the data coverage and quality for this indicator as far as possible, to achieve greater reliability for subsequent years.</p>
			Sector A: Agriculture, forestry and fishing	0.6		
			Sector B: Mining and quarrying	10.4		
			Sector C: Manufacturing industry	1.8		
			Sector D: Electricity, gas, steam and air conditioning supply	6.3		
			Sector E: Water supply, sanitation, waste management and decontamination	1.7		
			Sector F: Construction	0.3		
			Sector G: Wholesale and retail trade, and repair of motor vehicles and motorcycles	0.4		
			Sector H: Transport and storage	2.3		
			Sector L: Real estate activities	0.5		

Biodiversity	7. Activities that negatively affect sensitive areas in terms of biodiversity (%)	Proportion of investments in companies with headquarters or operations located in or near sensitive areas for biodiversity when their activities affect these areas.	0.0	<p>This is an estimate by our specialist provider based on evidence of the company's involvement in controversial activities related to sensitive areas in terms of biodiversity.</p> <p>Activities that adversely affect biodiversity are considered to be those that impair natural habitats and the habitats of species and disturb the species for which the protected areas were designated, to which none of the findings, mitigation measures or impact assessments adopted in accordance with directives, or national provisions or international standards considered equivalent to those directives by EU bodies, have been applied.</p> <p>Sensitive areas in terms of biodiversity include the Natura 2000 network of protected areas, UNESCO World Heritage sites, Key Biodiversity Areas and other protected areas, as referred to in Appendix D of Annex II to Commission Delegated Regulation (EU) 2021/2139.</p> <p>Indicator coverage 87%.</p>	<p>Integration of ESG factors</p> <p>CaixaBank AM monitors impact on biodiversity by analysing activities that negatively affect sensitive areas in terms of biodiversity, particularly through alerts that enable it to detect any new serious controversies involving companies in its portfolio.</p> <p>Before any investment, the company's potential exposure to controversies linked to substantial adverse impacts on biodiversity and other issues is assessed. CaixaBank AM also analyses the ESG assessment of the company provided by specialist providers. This assessment includes management indicators for material biodiversity risks related to the company's sector.</p> <p>Exclusions and restrictions: In accordance with its Sustainability Risk Integration Policy, CaixaBank AM does not invest in companies that seriously violate the fundamental principles of the United Nations Global Compact on environmental protection, including those that pose any threat to biodiversity.</p> <p>Dialogue and voting</p> <p>In 2022, CaixaBank AM initiated 15 dialogues linked to protection of biodiversity, through a specialist service provider. Refer to the 2022 Annual Report on Dialogue and Voting for more information.</p> <p>Data limitations</p> <p>The quality of the data and an increase in the information received from companies in the coming year may lead to the data worsening and changes to the management strategy for this PAI.</p>
--------------	--	--	------------	--	---

Water	8. Emissions to water (Tons of emissions to water/million EUR invested)	Tons of emissions to water generated by investee companies per million EUR invested (weighted average).	35.7	<p>This indicator shows the weighted average of tons of emissions to water by 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>Indicator coverage 11%.</p>	<p>Integration of ESG factors</p> <p>CaixaBank AM monitors impact on water resources by analysing activities that negatively affect these resources. In particular, this is performed through alerts that enable it to detect new controversies that may affect companies in its portfolio.</p> <p>Before any purchase, CaixaBank AM assesses the company's possible exposure to controversies related to adverse impacts on water resources, among others. It also analyses ESG assessments of the company provided by specialist providers, which consider indicators linked to exposure to water stress and water resource management, where these are material in the sector of the company being analysed.</p> <p>Exclusions and restrictions: In accordance with its Sustainability Risk Integration Policy, CaixaBank AM does not invest in companies that seriously violate the fundamental principles of the United Nations Global Compact on environmental protection, including those that pose any threat to water resources.</p> <p>Dialogue and voting</p> <p>In 2022, CaixaBank AM initiated 30 dialogues linked to protection of management of water resources, through a specialist service provider. Refer to the 2022 Annual Report on Dialogue and Voting for more information.</p> <p>Data limitations</p> <p>Greater coverage and data quality and an increase in the information received from companies in the coming year may lead to changes in the management strategy for this PAI.</p>
-------	---	---	-------------	---	---





Waste	<p>9. Ratio of hazardous waste and radioactive waste (Tons of hazardous and radioactive waste/million EUR invested)</p>	Tons of hazardous waste and radioactive waste generated by investee companies per million EUR invested (weighted average)	<p>11.2</p>	<p>This indicator shows the weighted average of tons of hazardous and radioactive waste generated by investee companies per million euros invested.</p> <p>Waste considered hazardous under 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>Indicator coverage 34%.</p>	<p>Integration of ESG factors</p> <p>CaixaBank AM monitors the impact of its investments in relation to hazardous and radioactive waste. In particular, this is done through alerts that enable it to detect new controversies that may affect companies in its portfolio.</p> <p>Before any purchase, CaixaBank AM assesses the company's potential exposure to controversies linked to pollution and deficient management of hazardous waste, among others. It also analyses ESG assessments of the company provided by specialist providers, which consider indicators linked to waste management (including hazardous waste), where this is material in the sector of the company being analysed.</p> <p>Exclusions and restrictions: In accordance with its Sustainability Risk Integration Policy, CaixaBank AM does not invest in companies that seriously violate the fundamental principles of the United Nations Global Compact on environmental protection, including those involved in any type of pollution due to poor management of hazardous waste.</p> <p>Dialogue and voting</p> <p>In 2022, CaixaBank AM initiated six dialogues linked to waste management through a specialist service provider. Refer to the 2022 Annual Report on Dialogue and Voting for more information.</p> <p>Data limitations</p> <p>Greater coverage and data quality, and an increase in the information received from companies in the coming year, may lead to the data worsening and changes to the management strategy for this PAI.</p>
-------	--	---	--------------------	---	---

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

<p>Social and labour issues</p>	<p>10. Infringements of the principles of the UN Global Compact and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises (%)</p>	<p>Proportion of investments in companies linked to breaches of the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises</p>	<p>0.5</p>	<p>This indicator shows the percentage of investee companies that do not comply with these international standards. These breaches are not reported by the companies. The data provider analyses events or activities involving the companies that may violate one of these principles or guidelines.</p> <p>The existing exposure is very low. This exposure is mainly due to the vehicles of third-party management companies and positions authorised after considering that the controversy flagged by the data provider is not a real controversy, or not as serious as indicated, under the procedure set down in the exclusions policy.</p> <p>Indicator coverage 87%.</p>	<p>Integration of ESG factors</p> <p>CaixaBank AM monitors the degree of controversies relating to the principles of the United Nations Global Compact. In particular, it does this through alerts from providers that enable it to detect new controversies or events that may affect the companies. Any very serious events detected are analysed by the specialist working group and submitted for approval by the SRI Committee, when necessary.</p> <p>Before any investment, CaixaBank AM assesses any possible breaches of the principles of the United Nations Global Compact by the company. This analysis is performed by specialist providers, whose assessments highlight controversies involving non-compliance with these principles by the companies.</p> <p>Exclusions and restrictions:</p> <p>In relation to international treaties and standards, through the Sustainability Risk Integration Policy, the Management Company has put in place a series of exclusions whereby it does not invest in companies involved in serious breaches of the fundamental principles of the United Nations Global Compact, particularly in relation to human rights, labour rights, the environment and corruption.</p> <p>Dialogue and voting</p> <p>CaixaBank AM is involved in dialogue and voting in relation to potential breaches of the major international principles and treaties in this area: Among other channels, it performs these actions through its membership and direct involvement in dialogues under the Advance initiatives, promoted by the Principles for Responsible Investment (PRI), and the Climate Action 100+ initiative, which address human rights and environmental performance.</p> <p>In 2022, 110 dialogues were launched with companies regarding possible violations of the main international treaties, through a specialist service provider. Refer to the 2022 Annual Report on Dialogue and Voting for more information.</p> <p>Data limitations</p> <p>The coverage and quality of the data are adequate for active management of this indicator.</p>
---------------------------------	---	---	-------------------	---	--



<p>Social and labour issues</p>	<p>11. Absence of processes and compliance mechanisms to monitor compliance with the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises (%)</p>	<p>Proportion of investment in companies without policies to monitor compliance with the UN Global Compact principles or the OECD Guidelines for Multinational Enterprises; or without grievance or complaint handling mechanisms to address infringements of the UN Global Compact principles or the OECD Guidelines for Multinational Enterprises.</p>	<p>40.1</p>	<p>This indicator shows the percentage of investees that do not have policies in place to monitor these standards. The provider deems there to be a breach of the OECD Guidelines when no public policy is in place. Indicator coverage 86%.</p>	<p>Integration of ESG factors</p> <p>When an adverse impact is identified under PAI 10, the company's policies and processes are subject to further analysis to ensure they comply with the principles of the Global Compact.</p> <p>Data limitations</p> <p>Due to the limited publication of this information by the companies, the quality of the data means that it is not yet possible to manage this adverse impact in a systematic manner, but only when an adverse impact is first detected under the PAI 10 indicator.</p>
---------------------------------	---	--	--------------------	--	---



Social and labour issues	12. Gender pay gap, unadjusted (%)	Unadjusted average gender pay gap of investee companies	14.0	<p>This indicator shows the weighted average of the unadjusted salary gap in investee companies.</p> <p>The unadjusted salary gap is the difference between the average gross hourly earnings of salaried male and female employees as a percentage of the average gross hourly earnings of salaried male employees.</p> <p>This indicator does not consider segmentation by professional category, age, seniority or contract type.</p> <p>Indicator coverage 23%.</p>	<p>Integration of ESG factors</p> <p>The coverage of this indicator is low. The limited information published by the companies on the salary gap does not permit systematic integration of this adverse impact on investment processes.</p> <p>Dialogue and voting</p> <p>The Management Company encourages companies to improve their information and data quality, through dialogue. The 2023 Engagement Plan identifies good governance and good social practices as a priority issue in sustainability. The priority objectives for establishing dialogue actions include transparency about the salary gap, through publication of a salary gap report. Refer to the 2023 Engagement Plan for more details.</p> <p>Regarding voting, in 2022 the Management Company supported three shareholder proposals calling for greater transparency on the salary gap in their company. Refer to the 2022 Annual Report on Dialogue and Voting for more information.</p> <p>Data limitations</p> <p>Greater coverage and data quality and an increase in the information received from companies in the coming year may lead to changes in the management strategy for this PAI.</p>
--------------------------	---	---	-------------	---	---

Social and labour issues	13. Gender diversity of the board of directors (%)	Proportion between the n° of women on the board of directors and the total n° of board members (men and women) of investee companies ⁵	34.2	<p>This indicator shows the weighted average percentage of women on the board of directors of the investee companies.</p> <p>Indicator coverage 85%.</p>	<p>Integration of ESG factors</p> <p>CaixaBank AM assesses the gender diversity of the board of directors of the companies. It actively participates in promoting gender diversity on the board of directors through its votes at annual general meetings. It also analyses ESG assessments of the company provided by specialist providers, which consider indicators linked to gender diversity within the governance pillar.</p> <p>Dialogue and voting</p> <p>In 2022, CaixaBank AM initiated two dialogues linked to gender diversity. With regard to voting, in 2022 it voted against 98 AGM items on this issue in 48 companies.</p> <p>In 2022, the Management Company voted against the re-election of directors and, in particular, against the re-election of members of the appointments committee at 40 Annual General Meetings, due to a lack of diversity on the board of directors.</p> <p>The priority areas for sustainability identified in the 2023 Engagement Plan include good governance and good social practices. More specifically, the priority objectives for establishing dialogue actions include compliance with the most demanding standards in the market in terms of the minimum presence of women on boards of directors.</p> <p>Data limitations</p> <p>The coverage and quality of the data are adequate for active management of this indicator.</p>
--------------------------	--	---	-------------	--	---

5. Average proportion of women on the management board of investee companies.



Social and labour issues	14. Exposure to controversial weapons (anti-personnel mines, cluster bombs, chemical and biological weapons) (%)	Proportion of investments in companies engaged in the manufacture or sale of controversial weapons.	0.1	<p>This indicator shows the percentage of assets under management invested in companies involved in the manufacture or sale of controversial weapons.</p> <p>The current exposure to this is very low and solely due to investment through the vehicles of third-party management companies.</p> <p>Indicator coverage 87%.</p>	<p>Integration of ESG factors</p> <p>CaixaBank AM systematically monitors its exposure through companies involved in controversial weapons. Before any purchase, CaixaBank AM assesses the potential exposure of the company or investment vehicle to controversial weapons, including anti-personnel mines, cluster bombs, and chemical and biological weapons.</p> <p>Exclusions and restrictions</p> <p>Under the Sustainability Risk Integration Policy, CaixaBank AM will not invest in companies involved in the development, production, maintenance or trading of controversial weapons. This means companies:</p> <ul style="list-style-type: none"> - Involved in the production of controversial weapons, - That provide essential or non-essential components or services, - That are involved in such activities directly, or indirectly if they own more than 50% of companies that produce controversial weapons or provide components or services, whether essential or non-essential. In the case of exposure to controversial weapons through the investment vehicles of third-party management companies, the Management Company establishes a maximum threshold for such exposure, due to the characteristics of these assets. CaixaBank AM will sell any positions involving direct exposure to a company linked to controversial weapons. <p>Dialogue and voting</p> <p>When the thresholds are breached, dialogue is established with the third-party management companies to reduce the exposure to such weapons.</p> <p>Data limitations</p> <p>The coverage and quality of the data are adequate for active management of this indicator.</p>
--------------------------	--	---	------------	---	--

INDICATORS APPLICABLE TO INVESTMENTS IN SOVEREIGN AND SUPRANATIONAL ENTITIES⁶

Environmental	15. GHG intensity (tCO ₂ e/ €bn GDP)	GHG intensity of investment host countries	256.4	<p>This indicator shows the weighted average intensity of GHG emissions in terms of the gross domestic product (GDP) of the host countries of the investment.</p> <p>Indicator coverage 95%.</p>	<p>Integration of ESG factors</p> <p>The transition to a sustainable and decarbonised economic model is one of the greatest global challenges. This transition is a source of risks and opportunities for governments. CaixaBank AM aims to contribute to this challenge by reducing the impact of its operations and investing in sustainable projects.</p> <p>CaixaBank AM integrates climate metrics into its investment decision-making processes to manage these PAIs. The Management Company considers the GHG emission indicators and the ESG quality of the states in which it invests.</p> <p>Dialogue and voting</p> <p>In 2022, we joined the Investor Agenda initiative. This initiative aims to get governments around the world to adopt climate policies that will bring their greenhouse gas emissions into line with the target of limiting the global temperature increase to 1.5°C by 2030, among other things.</p> <p>Data limitations</p> <p>The coverage and quality of the data are adequate for active management of this indicator.</p>
---------------	---	--	--------------	--	---

6. The calculation base is based on equity of €26,498,883,994.62.

Social	16. Investment host countries subject to social breaches (% and No.)	The number of investment host countries subject to social breaches (absolute number and relative number, divided by all investment host countries) covered under international treaties and conventions, United Nations principles and, where applicable, national laws.	Absolute 0 Relative 0%	This indicator shows the number of investment host countries subject to social breaches, and the % this represents of the total investment host countries. Indicator coverage 84%.	<p>Integration of ESG factors</p> <p>Before any purchase, CaixaBank AM assesses any possible violations by the state of the main social aspects in international treaties and national regulations.</p> <p>CaixaBank AM monitors the seriousness of social breaches and the performance of the ESG rating.</p> <p>Exclusions and restrictions:</p> <p>Under the ESG Risk Integration Policy, the Management Company has established a series of exclusions in the area of human rights. It does not invest in states with serious violations of human rights.</p> <p>Data limitations</p> <p>The data for this indicator in this Statement is based solely on direct positions, due to the lack of coverage of this data for third-party funds.</p>
INDICATORS APPLICABLE TO INVESTMENTS IN REAL-ESTATE ASSETS					
Fossil fuels	17. Exposure to fossil fuels through real-estate assets	Proportion of investments in real-estate assets related to the extraction, storage, transport or manufacture of fossil fuels	-	CaixaBank AM had no exposure to this type of asset during the reporting period.	Not applicable
Energy efficiency	18. Exposure to real-estate assets that are not energy efficient	Percentage of investment in real-estate assets that are not energy efficient	-	CaixaBank AM had no exposure to this type of asset during the reporting period.	Not applicable

OTHER INDICATORS OF THE PRINCIPAL ADVERSE IMPACTS ON THE SUSTAINABILITY FACTORS⁷

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

Emissions	4. Investments in companies with no carbon reduction initiatives (%)	Percentage of investments in companies with no carbon reduction initiatives to fulfil the Paris Agreement	34.0	This indicator shows the percentage of assets under management invested in companies with no initiatives to reduce carbon emissions. Indicator coverage 84%.	<p>Integration of ESG factors</p> <p>In line with the sustainability strategy and Declaration on Climate Change of the CaixaBank Group, of which CaixaBank AM forms part, as detailed above (PAIs 1, 2, 3, 4, 5 and 6). And the Management Company's Engagement Policy. This indicator complements the management of the other PAI indicators related to climate change.</p> <p>CaixaBank AM monitors the climate change impact of the companies in which it invests by monitoring and analysing their GHG emissions.</p> <p>Exclusions and restrictions:</p> <p>In accordance with its ESG Risk Integration Policy, CaixaBank AM may decide not to invest in companies or countries that may pose a material risk to the Management Company meeting its commitments regarding climate change and the decarbonisation of its portfolio. In addition to this general restriction, CaixaBank AM restricts investment in: companies whose turnover is more than 25% dependent on coal-fired power generation and mining of thermal coal; companies where exploration, production or transportation activity involving oil sands, or oil and gas exploration, production or transportation in the Arctic, account for more than 10% of their turnover; and companies where more than 50% of group revenues come from oil and gas that are not promoting the energy transition.</p>
-----------	---	---	-------------	---	--

7. The calculation base is based on equity of €41,384,451,713.11.

					<p>Dialogue and voting</p> <p>During 2022, CaixaBank AM opened 114 dialogues, 11 of which addressed climate change, through its specialist provider. CaixaBank AM is also a member of, and participates actively in, open dialogue through the Climate Action 100+ initiative.</p> <p>With regard to voting, in 2022 it supported 359 shareholder proposals at the Annual General Meetings it participated in, of which 66 related to climate change issues. Refer to the 2022 Annual Report on Dialogue and Voting for more information.</p> <p>In terms of its future objectives, climate change has been established as one of the priority issues to be addressed in terms of sustainability in dialogue with companies, More specifically, this involves promoting the transition to a sustainable and decarbonised economic model, and limiting global warming in line with the objectives of the Paris Agreement, identifying the expectations and objectives to be met through dialogue. Refer to the 2023 Engagement Plan for details of the commitment, criteria and objectives to be achieved through dialogue.</p> <p>Data limitations</p> <p>The coverage and quality of the data are adequate for active management of this indicator</p>
ADDITIONAL INDICATORS ON SOCIAL AND LABOUR ISSUES, RESPECT FOR HUMAN RIGHTS, AND THE FIGHT TO COMBAT CORRUPTION AND BRIBERY					
Human rights	14. Number of detected cases of serious human rights issues and incidents (No.)	Number of cases of serious human rights issues and incidents linked to companies invested in on a weighted average basis	0	This indicator shows the number of assets under management invested in companies in which cases of serious human rights problems and incidents have been identified. Indicator coverage 86%.	<p>Integration of ESG factors</p> <p>Aligned with the sustainability strategy and Human Rights Principles of the CaixaBank Group, of which CaixaBank AM forms part, as well as the Management Company's Engagement Policy, with a high level of coverage.</p> <p>CaixaBank AM evaluates possible violations by the company involving serious breaches of human rights. This monitoring is performed by specialist providers, whose assessments include incidents involving human rights in which the companies are involved.</p>



					<p>CaixaBank AM monitors these breaches through the degree of controversy, particularly through alerts that enable it to detect new controversies or changes that might take place in companies in the portfolio. Any very serious events detected are analysed by the specialist working group and submitted for approval by the SRI Committee, when necessary.</p> <p>Exclusions and restrictions:</p> <p>In the area of human rights, the Management Company's ESG Risk Integration Policy establishes a series of exclusions, not investing in companies that seriously violate the fundamental principles of the United Nations Global Compact, particularly in the area of human rights.</p> <p>Dialogue and voting</p> <p>CaixaBank AM channels this commitment through various channels, including membership of the "Advance" initiative promoted by the Principles for Responsible Investment (PRI), through which the Management Company participates directly in dialogue with companies to address their performance in this area.</p> <p>In 2022, 110 dialogues were launched with companies in relation to violations of the main international treaties in areas such as human rights violations, with their performance in this area being addressed by a specialist service provider. Refer to the 2022 Annual Report on Dialogue and Voting for more information.</p> <p>Data limitations</p> <p>The coverage and quality of the data are adequate for active management of this indicator.</p>
--	--	--	--	--	---



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

CaixaBank AM has a raft of policies (see sections 3.2 and 4 for more details) to detect and prioritise PAIs relating to sustainability factors.

We will now provide brief background on: how the investment framework is established; how ESG factors are integrated into investment analysis; the due diligence process applied; and the methodology for identifying PAIs (methodology for selecting additional indicators and for detecting and assessing the main adverse impacts), including the additional PAIs. This demonstrates the comprehensive nature of the procedure and the involvement of all areas of the Management Company.

All of these policies are constantly updated. They are reviewed regularly (at least biannually, or more frequently at the request of any of the areas of the Management Company that request this, when this is deemed appropriate) and submitted for approval to the governance bodies.

3.1 Sustainable investment framework

CaixaBank AM takes into account sustainability risks and potential impacts of adverse sustainability events in its investment processes. The Management Company has due diligence processes in place to identify, prevent, mitigate and explain how these impacts are addressed. It achieves this by applying the provisions of the **Sustainability Risk Integration Policy and the Engagement Policy** (as detailed in section 4), among others. Specifically:

1. Integration of ESG factors into investment (including monitoring of controversies):

- Among other factors, material ESG indicators for the sector or company and sustainability ratings are considered in the selection and analysis process for investments: the construction of these indicators and ratings considers the adverse impacts of issuers and their performance on issues such as climate change and good governance practices.

- The Management Company actively monitors any potentially serious sustainability controversies (which may include biodiversity or human rights issues) associated with any of the issuers in its portfolio or investment universe.
- The following PAIs are managed: those related to greenhouse gas emissions (PAI 1-PAI 6, PAI 15 and additional PAI 4), biodiversity (PAI 7), water (PAI 8) and waste (PAI 9).


2. Sector exclusions and restrictions the Sustainability Risk Integration Policy establishes that:

- CaixaBank AM may decide not to invest in those companies that may pose a material risk to the Management Company meeting its commitments regarding climate change, as well as the decarbonisation of its portfolio. The Policy also provides for specific exclusions relating to coal, oil and gas, weapons and tar sands.
- The following PAIs are managed: social risks related to violations of the Global Compact (PAI 10), countries subject to social breaches (PAI 16), companies with human rights breaches (PAI 14 additional) and controversial weapons (PAI 14).

3. Long-term engagement (including dialogue with issuers and third-party managers, and active voting):

- Dialogue actions are aimed at improving and changing the behaviour of companies on important issues, including any adverse impacts detected and paths for improvement in the management of their impacts, both positive and negative. This potentially applies to all PAIs.
- The Management Company exercises its voting rights and only supports proposals that foster greater transparency and improved sustainability performance. It may vote against resolutions to achieve the same objective. This can lead to improved data on the principal adverse impacts (such as those related to corporate governance) and better management of the companies' impacts.
- The Management Company publishes an Engagement Plan setting out the main areas and objectives of engagement, and its expectations regarding the performance of investors.

CaixaBank AM systematically analyses and monitors the main adverse impacts on sustainability factors, taking the necessary mitigating measures. These measures may take the form of non-investment, divestment, reduction of exposure, or placing under observation, and initiating such engagement actions as may be deemed necessary.



The Management Company applies the three lines of defence model in allocating responsibility for the implementation of policies within its organisational strategies and procedures. In this model, the first line of defence is responsible for implementing the policies, the second for monitoring their implementation, and the third for auditing them. As explained below, this is a comprehensive approach for each of these lines of defence. These policies are applied from the outset, with, for example, the first line of defence involving the management team, sustainability and Legal Advisory, both when establishing the investment strategies and when analysing the assets that may be included in the portfolios. They involve the second line of defence (Risk and Regulatory Compliance) to verify and monitor compliance with the regulations, policies and procedures and their control framework, while the third line of defence audits them.

Details about ESG integration in investment analysis

ESG integration comprises the explicit and systematic inclusion of ESG considerations in investment analysis and investment decision-making. Furthermore, as stated in point 1 of the previous section, when analysing and/or making an investment decision, both sustainability risks and the principal adverse impacts (where applicable), as defined below, will be taken into account:

- **Sustainability risks** mean any environmental, social or governance event or condition that could have an actual or potential material adverse effect on the value of the investment if it were to occur.
- **The principal adverse impacts** mean those impacts arising from investment decisions that can have negative effects on sustainability factors.

The ESG integration process ultimately seeks to decrease the effects of sustainability risks and principal adverse impacts, without losing sight of the goal of profit generation.

The due diligence process

With regard to due diligence policies and process, CaixaBank AM has risk-based due diligence processes in place to identify, prevent, mitigate and explain how it addresses these actual and potential adverse impacts on its own activities, its supply chain and other business relationships.

The Management Company also voluntarily takes an active role in facilitating and channelling change through its dialogue and active voting policies. For this reason, the existing due diligence in its business conduct is also reinforced in the area of investment decisions through specific due diligence measures. In some cases, due diligence can help decide whether to continue or discontinue activities or investments as a last resort, either because the risk of an adverse impact is too high or because mitigation efforts have not been successful.

Bearing in mind that due diligence must be proportional to risk and adapted to the circumstances and context of a specific company, the following principles are followed in CaixaBank AM's investment decision-making processes:

- Identifying actual or potential principal 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 this regard, the management company has implemented a specific procedure to adequately monitor compliance with these principles on a recurring basis. 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.

Methods for identifying principal adverse impacts


The PAI identification process forms part of CaixaBank AM's investment decision-making process.

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

With a view to determining the existence of possible adverse impacts, CaixaBank AM will assess the performance of the PAI indicators compared to the results obtained in the immediately preceding year. 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 certain indicators, when specific thresholds established through the CaixaBank Group's policies or procedures are exceeded, which include restrictions on investment in certain activities or sectors.

Specifically, the Group has policies in place that exclude or restrict investments in companies in which it has identified violations of the principles of the UN Global Compact (following a process of analysing the cases and assessing the remediation actions), and the major international treaties and standards, or that are exposed to controversial activities or sectors.

CaixaBank AM assesses any adverse impacts identified, applying the criteria set out in the policy, the application procedures and the Engagement Plan for the corresponding period.



These measures may take the form of not investing, divesting, reducing exposure or placing the exposure under observation. These measures can be supplemented, where required, with active ownership through engagement actions, such as dialogue and/or exercising the right to vote of the Management Company according to its share in the investee company⁸.

Scenario analysis, probabilities of occurrence and margins of error are not applied, as they do not apply to the methodology defined.

With regard to data sources, as already mentioned, MSCI⁹ is used as the main data provider when the lack of coverage or data quality for particular indicators does not permit active management of all the adverse impacts that could occur. CaixaBank AM will work with the data provider to improve the data coverage and quality as far as possible, so as to obtain greater reliability for subsequent years. CaixaBank AM will also explore data sources from other providers.

Criteria for the selection of additional indicators

Analysis has been performed to select the additional PAI indicators to be reported. This analysis prioritised the following factors:

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

The additional PAI indicators listed in point 2 above were selected as a result of this analysis. These additional indicators are described below:

- Table 2, indicator 4: Investments in companies with no carbon reduction initiatives.
- Table 3, indicator 14: Number of detected cases of serious human rights issues and incidents.

⁸. For more information on such involvement initiatives, see section "4. Engagement Policy" of this document.

⁹. MSCI Inc. (LEI: 549300HTIN2PD78UB763) is a US provider of data, tools and support services for investment decisions, with over 50 years of research, data and technology experience. Visit the MSCI website for more information: <https://www.msci.com/>

3.2. Sustainability policies

In addition to the engagement policies described in point 4 of this Statement, CaixaBank AM has proprietary corporate policies to identify, assess and manage actual and potential adverse impacts. CaixaBank AM has established risk-based due diligence processes to identify, prevent, mitigate and explain how these actual and potential adverse impacts are addressed in its activities, supply chain and other business relationships.

Responsibility for the implementation of these policies rests with the corresponding bodies in the Management Company, which are defined in each policy. The Management Company applies the three lines of defence model. This determines the role and responsibilities of the areas within each of the lines of defence (depending on their function in the process) in the application of the policies.

A brief description of the main policies, principles and statements applied in the Management Company for the detection and prioritisation of the PAIs of investment decisions on sustainability factors is provided below, with the date of approval by the governance bodies:

Sustainability Risk Integration Policy (July 2022)

The Sustainability Risk Integration Policy establishes the principles of action for the incorporation of ESG criteria into processes and decision-making for the provision of investment services, along with traditional financial criteria, from a risk perspective defined as the ESG status or event that could have a material adverse impact on the value of the investment if it occurs.

In general, this Policy is applicable to investments made by third parties in all vehicles and portfolios managed by the Management Company, except for those which, as in the case of index funds, exceptionally, fall outside the scope of application of the Sustainability Risk Integration Policy, or those subsidiaries which, due to regulatory requirements, have their own policy.

Principles for action in the field of sustainability (March 2022)

The Sustainability Policy defines and establishes the general principles for action and the main commitments to stakeholders that the CaixaBank Group must follow in matters of sustainability. The principles of this policy fall within the scope of the corporate mission and values.

General Principles of the Corporate Anti-corruption Policy (September 2021)

The General Principles of the Corporate Anti-corruption Policy are corporate in nature and, therefore, apply to all CaixaBank Group companies, their employees, executives and members of the governance bodies. This document establishes the Group's commitment to fighting against corruption in all its forms, including extortion and bribery, setting forth general principles that include a regulatory framework and a standard of conduct, general principles governing corruption risk management and a reporting and whistleblowing channel. The objectives include:

- Transmitting the corporate values and principles of action, ensuring compliance with these at Group level and by employees, executives or members of the governance bodies or Group companies.
- Setting up due diligence measures for contractual relations with third parties.
- Ensuring that measures are taken to prevent or reduce the risk of corruption crimes being committed in all levels of its activity.

Principles on Human Rights (January 2022)


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. These Principles are applicable to all employees, executives and members of the governance bodies of the Management Company.

The Management Company 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.

Statement on climate change (January 2022)

This statement sets out the following lines of action:

- 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 the carbon footprint.
- Fostering dialogue on sustainable transition and collaborating with other organisations to progress together.
- Reporting on our progress transparently.



In light of this, CaixaBank AM considers that, as a financial institution, it has a key role to play in implementing these goals, with a view to: stressing the need to accelerate the transition to a carbon-neutral economy by financing sustainable projects; supporting the sustainable transition; minimising and offsetting the impact of operations; and engaging in dialogue with the CaixaBank Group's stakeholders.



4. Engagement policies

As already demonstrated, CaixaBank AM's investment analysis and management processes consider a raft of ESG policies developed in-house or adopted by the CaixaBank Group. These policies provide a control framework to try to avoid, anticipate or mitigate events that could lead to adverse impacts on sustainability. In addition to the policies, principles and statements applicable to the Management Company for the detection and prioritisation of the PAIs of investment decisions on the sustainability factors described in the previous section, the Management Company also has an Engagement Plan and Policy. These are described briefly below, with the date they were approved by the governance bodies.

4.1. Engagement Policy (April 2021)

The Engagement Policy applies to all vehicles and portfolios managed by the Management Company, except those that have decided, exceptionally, to retain the exercise of voting rights and undertake engagement activities themselves. It does not apply to subsidiaries that have their own policies due to regulatory requirements. 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 is a general policy applicable to all PAIs. The PAI indicators considered in the policies are set out in section 3.1. The way in which the Engagement Policy is adapted when there are no improvements in the PAIs is explained in the section on dialogue actions.

CaixaBank AM diligently conducts dialogue and engagement actions and exercises attendance and voting rights, always for the sole benefit and interest of the unitholders and shareholders. A brief description of how each of these issues is implemented is provided below.



Dialogue actions:

CaixaBank AM may establish dialogue actions directly with the providers of investment products and companies, in collaboration with other investors, or through a third party on its behalf. Priority is given to collaborative actions with other investors, as these are considered to have a greater impact on influencing the behaviour of companies. If dialogue with the company is chosen, this is done, as far as possible, in a way that preserves the independence of the Management Company and the interests it represents.

In the case of third-party products, such as mutual funds, in addition to the dialogue processes, regular due diligence is conducted to evaluate the ESG integration procedures at the level of the management company and the investments. Among the aspects analysed, special attention is paid to the mechanisms available for engagement, dialogue and voting.

If the dialogue with a company does not achieve a favourable outcome, voting is used as a strategy to continue engaging in dialogue with the companies based on the achievements so far (escalation). This involves measures such as supporting shareholder proposals for greater transparency or improved ESG performance, and voting against the appointment or re-appointment of board members responsible for ESG issues when adverse impacts occur.

The above applies to all of the PAIs. In other words, the approach to reducing the PAIs for an entity is to start by addressing the situation through dialogue or voting. The description of the Engagement Plan details why the Management Company considers these actions to be the most effective for improving the PAIs. If these engagement actions are unsuccessful, we consider the escalation strategy, as described above and set out in our policies and procedures.

These policies are continuously reviewed, monitored and adapted in line with regulatory requirements and developments in sustainability. It may also be possible in future to consider adapting these policies in the light of the performance of the PAI indicators.

Exercise of voting rights:

CaixaBank AM will always exercise the voting rights inherent to the listed securities in the portfolios it manages for the exclusive benefit of the unitholders. It exercises its voting rights in line with its vision of socially responsible investment, addressing the issues of social responsibility and sustainable development, as well as governance factors, as these are essential in the evaluation of a company. In exercising the right to vote, the Management Company aims to influence corporate policies in order to improve identified ESG weaknesses.

The Management Company will exercise its voting rights based on the evaluation of the medium- and long-term performance of the companies in which it invests, considering environmental, social and governance issues, in line with its membership of the Principles for Responsible Investment (PRI).

Attendance and voting rights are exercised for the listed securities directly or by delegating to another shareholder, with the vote indicated in the proxy being mandatory, as decided by CaixaBank AM.

Engagement Plan (2023):

CaixaBank AM 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: As a result, CaixaBank AM participates in corporate governance decisions through active voting at Annual General Meetings and in regular dialogue with public and private companies and issuers on material issues relating to ESG factors, in order to promote value creation and profitable long-term business in the companies in which it invests.

The Engagement Plan establishes the Management Company's overall engagement strategy, defining the channels for establishing dialogue, the priority areas for engagement actions, and the prioritisation criteria and objectives for dialogue in each area.

These priority areas include sustainability issues such as **climate change, human rights, violations of major international standards, good governance and good social practices**.

The dialogue process comprises the following three steps:

- I. Definition of objectives and the aspects to be addressed, which are identified in each case, defining the most suitable governance guidelines.
- II. Definition of the duration of the process, which may vary significantly depending on factors such as the issue, sector of activity or regulation.
- III. Analysis of the result of the engagement work undertaken, defining investment decisions in accordance with the results obtained by the company.

CaixaBank AM exercises **voting rights** at the annual general meetings for the securities in its portfolios listed on regulated markets in the EU and OECD. The voting direction will always support proposals that promote greater transparency and improved sustainability performance. With the same objective, it may vote against proposals that do not promote these goals.

Priority areas for engagement actions:

This engagement plan is aligned with CaixaBank AM's engagement policy. Its objective is to prioritise the most significant actions for voting and dialogue, i.e. those that can achieve the greatest impact on the behaviour of issuers and that enable the most efficient use of the available resources.



These priorities have been set considering:

- I. the **ambitions** of the CaixaBank Group in terms of sustainability
- II. the **commitments** in sustainability matters assumed by CaixaBank AM, such as the Principles for Responsible Investment (PRI), the Task Force on Climate-Related Financial Disclosures (TCFD) and other sector initiatives
- III. the **global context** and **practices** regarding sustainability
- IV. the **principal adverse impacts** (PAIs) of investments
- V. the **portfolio profile** (its sector and geographical exposure, ESG characteristics, etc.)
- VI. the **funds** available at CaixaBank AM.

4.2. Adaptation of the policies

These policies are continuously reviewed, monitored and adapted in line with regulatory requirements and developments in sustainability. It may also be possible in future to consider adapting these policies in the light of the performance of the PAI indicators.

5 References to international standards

CaixaBank AM's criteria for business conduct are established through the Group's commitments to international guidelines, respecting the main internationally recognised standards for due diligence. These standards encompass the Group's responsibilities and the regulations applicable to its operations in certain sectors, with the aim of mitigating the risk of events that could lead to adverse sustainability impacts.

CaixaBank AM takes into account the following international standards in its framework of control to prevent events that could lead to adverse impacts on sustainability and has signed up to various initiatives in this area that strengthen its management of ESG risks and factors. The connection between the PAI indicators and international standards is established on the basis of issues they share. This means, for example, that if the Management Company has signed up to standards and commitments relating to environmental issues, the monitoring and management of PAI indicators related to the environment will be affected by these standards and commitments, to a greater or lesser extent.

The table in section 2 provides specific references to the methods and data used to measure compliance with and observance of the Paris Agreement targets, the scope of coverage, the data sources and how the methods used predict the PAIs.

5.1. International standards related to environmental issues

The issues and commitments in these declarations relate to some of the PAI indicators applicable to environmental issues (indicators 1, 2, 3, 4, 5, 6 and 15 in Table 1 and indicator 4 in Table 2 of Annex I to the RTS).

- CaixaBank AM supports achieving the objectives of the **Paris Agreement through its support for the Task Force on Climate-related Financial Disclosures** (TCFD).
- **Adherence to the Climate Action 100+ initiative:** in relation to climate action, CaixaBank AM is a signatory of this initiative, which promotes collective dialogue with the largest corporate emitters of greenhouse gases worldwide, with a view to reducing emissions, improving climate governance and enhancing transparency in climate matters.
- **Adherence to collaborative dialogue with GIS governance:** this urges governments to step up their level of ambition with a view to limiting the increase in global temperature to less than 1.5°C.

5.2. International standards related to social issues

The issues and commitments in these declarations relate to some of the PAI indicators applicable to social and employment issues (indicators 10, 11, 12, 13, 14 and 16 in Table 1, and indicator 14 in Table 2 of Annex I of the RTS).

The Management Company has undertaken to comply with the following international declarations:

- **The United Nations International Charter 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 ILO Declaration on Fundamental Principles and Rights at Work** and the eight covenants that this has identified as fundamental.
- **The Charter of Fundamental Rights of the European Union.**
- **The United Nations Guiding Principles on Business and Human Rights.**
- **The OECD Guidelines for Multinational Enterprises.**

The Management Company is a member of the **Advance initiative** promoted by the Principles for Responsible Investment. This initiative aims to strengthen the implementation of the UN Guiding Principles on Business and Human Rights through the collective influence of institutional investors.

5.3. Adherence to other sustainability initiatives

The issues and commitments in these declarations relate to all the PAI indicators.

- **Adherence to the United Nations Global Compact (the “Global Compact”):** Adhesion in 2011 to the Global Compact, which is the largest voluntary corporate social responsibility initiative in the world, with two main objectives:
 - To incorporate the 10 universal principles of human rights, labour rights, respect for the environment and combatting corruption into its strategies and operations.



- To channel actions towards a plan to support the broader UN goals, including the 17 Sustainable Development Goals (“SDGs”). In that regard, although CaixaBank incorporates the 17 SDGs in its sustainability strategy, contributing to all of them through its activity, social action and strategic partnerships. It focuses its actions on four priority goals:

- SDG 1 - No poverty
- SDG 8 - Decent work and economic growth
- SDG 12 - Responsible production and consumption, and
- SDG 17 - Partnerships for the goals

- **Adherence to the United Nations Principles for Responsible Investment (PRI):** These Principles were developed in collaboration with the UNEP FI and the Global Compact, and promoted by the United Nations, to reflect the increasing importance of environmental, social and corporate governance issues in the context of investment practices.

In this regard, CaixaBank AM is committed to adhering to the following principles: incorporating ESG criteria into investment analysis and decision-making processes; incorporating ESG criteria into practices and policies; fostering the transparency of ESG information among entities and promoting the principles in the investment community; collaboration and improvement in the implementation of the principles; and transparency in the communication of activities and progress with the implementation of the principles.

In relation with these commitments, the Management Company undertakes the following actions regularly to monitor compliance with its policies and commitments:

- Regular reviews of policies and memberships by governance bodies.
- Monitoring of compliance by the corresponding bodies.
- Establishing objectives and action plans, where applicable.
- Inclusion of control measures to ensure compliance.
- Reporting progress, where applicable.

5.4. Use of climate scenarios

No forward-looking climate scenarios were used in the management of the PAI indicators in this period. The scenarios currently available have been evaluated and their results are considered, for the time being, not to be reliable or of sufficient quality as they are still under development.



6 Historical comparison

The results of the PAI indicators provided for 2022 are not comparable to the results published in the “Statement of Principal Adverse Impacts (PAI) of investment decisions on sustainability factors”¹⁰ for the previous reporting period.

CaixaBank AM published the indicators considered material in the “Statement of Principal Adverse Impacts (PAI) of investment decisions on sustainability factors” for 2021 before the development and introduction of the technical standards detailing the specific PAI indicators to be considered by entities. In particular, it published indicators for scope 1 and 2 GHG emissions, the carbon footprint, carbon intensity, exposure to companies active in the fossil fuel sector, gender diversity and exposure to controversial weapons. The carbon footprint indicator was also published in relation to investment in sovereign entities and supranational bodies.

These indicators are not comparable with those published for 2022, due to:

- Developments in regulations and methodology for calculating PAI indicators.
- Changes in the coverage and quality of data provided by data providers.
- Changes to the scope and perimeter of reporting on the measurement of PAI indicators, as in the previous year only the positions related to direct investment in assets (corporate and government fixed income and equities) at the end of 2021 were reported.

¹⁰. The previous Statement can be consulted at the following link: [Policies_Statement_PAIS.pdf \(caixabankassetmanagement.com\)](https://www.caixabankassetmanagement.com/Policies_Statement_PAIS.pdf)