



# 2024 Engagement Plan

Dialogue and voting actions

# Contents

01

## Global engagement strategy:

Channels to create dialogue	4
> Direct dialogue with companies, organisations and management bodies	4
> Collaborative dialogue	5
Dialogue process	5

---

02

## Priority areas for engagement actions

6

03

## Prioritisation criteria and engagement targets by area

8



# Global engagement strategy

The CaixaBank Group, of which CaixaBank Asset Management, SGIIC, S.A.U. ("CaixaBank AM") forms part, bases its management on responsible action and economic efficiency, with a focus on the sustainable socio-economic development of people and regions. This sustainable approach is reflected in three core ambitions:



**Driving the sustainable transition** of companies and society



**Leading positive social impact** and promoting financial inclusion



**Promoting a responsible culture** by being a benchmark in governance



CaixaBank AM, in accordance with the mission and values of the CaixaBank Group, takes into consideration environmental, social and governance (ESG) criteria in the management of its products in accordance with the United Nations Principles for Responsible Investment (PRI), to which it has adhered since 2016.

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:



It has **exclusions and restrictions policies** and has developed a **responsible investment model**, based on the incorporation of environmental, social and governance (ESG) factors into the investment analysis and decision-making process, in addition to the traditional criteria.



It exercises the political rights inherent to the status of shareholder, in particular voting rights and initiates regular dialogue with companies and issuers, public or private, on material or controversial issues relating to ESG factors, promoting the creation of value and long-term profitable operations in the companies in which it invests.



## VOTING RIGHTS

It is exercised at the **general shareholders' meetings (AGM)** of listed securities comprising the portfolios, in accordance with the provisions of CaixaBank AM's Involvement Policy.



**Voting behaviour\***: support only for **proposals that promote greater transparency** and improved sustainability performance and, with the same objective in mind, opposition to proposals that do not promote these goals.

\*CaixaBank AM is advised by a voting advisor who makes voting recommendations based on its sustainable voting policy. The suitability of this policy based on CaixaBank AM's criteria is regularly reviewed and CaixaBank AM takes an objective and independent decision on how to vote.



## ESG DIALOGUE PROCESSES

They are initiated, after monitoring the companies in which CaixaBank AM invests, in those cases where a **need for engagement is identified, with the objective of achieving a change in the companies' behaviour** on certain pertinent ESG issues for the management company.

# Channels for creating dialogue

## Direct dialogue with companies, organisations and management bodies

Dialogue activities are created directly with issuers, through CaixaBank AM teams or represented by a third party specialising in sustainability, through various mechanisms:

01.

### DIRECT DIALOGUE WITH COMPANIES OR ORGANISATIONS

Efficient if it includes the following key elements:

-  Clearly defining goals, priorities and material issues for dialogue.
-  Assessing results, paying attention to the most significant impacts of investments, both positive and adverse, over the appropriate time period.
-  Defining, where necessary, a scaling strategy.
-  Setting target deadlines for dialogue and partners.
-  Sharing these results with investment teams to incorporate them into the bank's investment process, in line with the ESG criteria integration strategy.

02.

### DIALOGUE WITH COMPANIES CONDUCTED THROUGH A THIRD PARTY

-  A prior analysis is carried out, the criteria, goals and processes proposed by the supplier are assessed and these outsourced actions are monitored in detail. Additionally, it is ensured that the goal and tone of the outsourced dialogue activities are aligned with CaixaBank AM's Engagement Policy.

03.

### DIALOGUE WITH THIRD-PARTY FUND MANAGERS

-  CaixaBank AM applies a due diligence procedure to external managers, in relation to its Responsible Investment Policies, commitments and resources in ESG matters.
  - The integration of ESG factors into their decision-making processes and their voting policies and dialogue with issuers are assessed.
-  Dialogues are held with fund managers to ensure that they adequately integrate ESG aspects into their investments and maintain engagement with issuers in line with market best practices.
  - Priority is given to dialogue with managers whose products identify areas for improvement linked to our policy of integrating sustainability risks, to the Principal Adverse Impacts detected and to the priority issues identified in this document.



CaixaBank AM's [Engagement Policy](#) describes the general principles, criteria and engagement objectives

## Collaborative dialogue

CaixaBank AM is part of an initiative or working group and engages in dialogue with other investors.

These initiatives often promote change through:



Public statements on a specific topic or activity, addressed to governments or company boards.



Working groups promoting dialogue between investors and companies on environmental or social issues, etc.

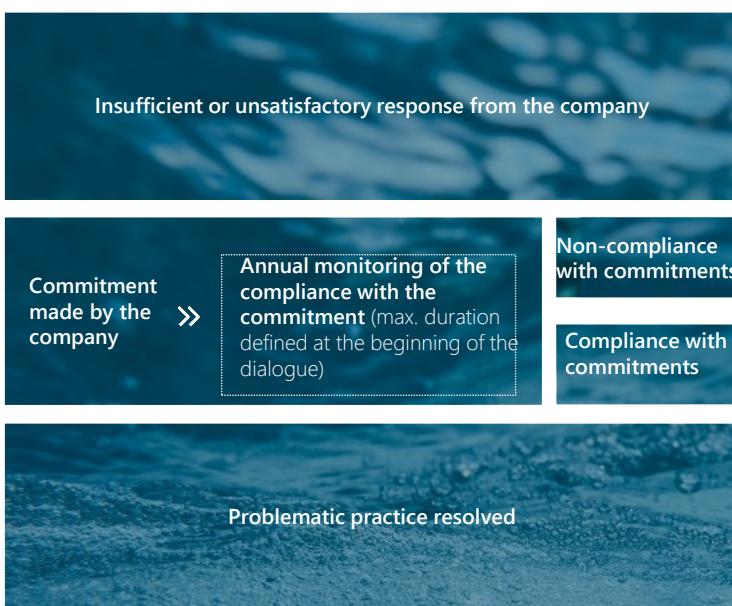
These collaborative initiatives, by bringing together different investors, can achieve greater impact and efficiency. Companies do not have to deal individually with the requirements of different investors on the same matter on which there is a consensus among several investors.

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

## Dialogue process

01.

OPEN DIALOGUE (ONGOING)



03.

- Possible alternatives** (depending on the case). In no particular order:
- Active exercise of voting rights
  - Reduction in position/exposure
  - Divestment
  - Change of contact person
  - Joining a collaborative initiative

02.

01.

As a first step, **the objectives and aspects to be addressed are defined**. For each case, the most appropriate governance guidelines are identified, as well as the contact persons and channels, the timeframe, the maximum period of dialogue and the monitoring and assessment indicators.

02.

The **duration of the process** can vary significantly, depending on factors such as the subject matter, sector of activity, applicable regulation, etc. This tends to be a years-long process, during which time CaixaBank AM, or the specialist acting on its behalf, is in regular contact with the issuer and assesses its progress according to the targets set.

03.

The **outcome** of these engagement efforts is incorporated into the investment decision-making process. In some cases, if the company's response is not adequate and/or it is considered that the objectives cannot be met, a scaling process is used to try to meet the objectives and achieve the desired change.

# Priority areas for engagement actions

This Engagement Plan for 2024, in line with CaixaBank AM's Engagement Policy, aims to prioritise the most relevant engagement actions: i.e. those that can have the greatest impact on the behaviour of issuers and that allow for the most efficient use of available resources.

## » SELECTION OF PRIORITIES AND ISSUERS



**STEP ONE:** Identification of priority issues taking into account:

▶ **01.**

the **ambitions** of the CaixaBank Group in terms of sustainability,

▶ **02.**

the **commitments** in sustainability undertaken by CaixaBank AM, such as the PRI, the Task Force on Climate-Related Financial Disclosures (TCFD) and other sectoral initiatives,

▶ **03.**

the **global context** and **practices** regarding sustainability,

**STEP TWO:** From the selected themes, identify those that are relevant to our investment universe, considering:

▶ **04.**

the **principal adverse impacts** (PAIs) of investments. In particular when:

- The indicators in our portfolios are considered an adverse impact (PIA).
- Companies are not publishing the necessary data to calculate the indicators.
- The data published do not meet the necessary quality requirements.

▶ **05.**

the **portfolio profile**:

- its sectoral and geographic exposure,
- ESG characteristics, etc.



**STEP THREE:** Once the priorities have been selected, those **issuers** with which to initiate a dialogue are identified:

▶ **06.**

the **resources** available at CaixaBank AM.

▶ **07.**

in which CaixaBank AM holds a **relevant position** (absolute and/or relative) and/or investment in products with a sustainable approach

▶ **08.**

and/or in which the **social and/or environmental impact** of the dialogue is potentially high



## » 2024 ENGAGEMENT PLAN: SUSTAINABILITY PRIORITIES



The transition to a sustainable and decarbonised economic model that limits global warming to below 2°C, preferably 1.5°C in line with the Paris Agreement targets, is one of the biggest global challenges. Added to this challenge is the loss and degradation of nature, a trend that the Kunming-Montreal Global Biodiversity Framework seeks to halt and reverse in order to live in harmony with nature by 2050. The two challenges are closely interconnected.

This transition process is a source of risks and opportunities for companies and their business models. Boosting the decarbonisation of the economy and contributing to conserving and restoring nature can have a favourable effect on companies' results in the long term and contribute to greater economic, social and environmentally sustainable progress.

- ↗ [CaixaBank AM Climate Change Statement](#)
- ↗ [CaixaBank Nature Statement](#)
- ↗ [CaixaBank AM Sustainability Risk Integration Policy](#)
- ↗ [Public support for TCFD](#)

PIA 1-6	GHG EMISSIONS
PIA 7	BIODIVERSITY
PIA 8	WATER
PIA 9	WASTE



The impact of companies on people and societies and the respect of human and labour rights is a reflection of the ethical culture of companies and their long-term value creation model. It also has a direct impact on their social licence to operate: Sustainable companies create sustained value for their stakeholders.

Companies must respect human rights and have adequate measures in place to prevent, mitigate and, where appropriate, remedy negative impacts on people and communities.

As a general principle, an approach of dialogue with companies is adopted, unless there is evidence of a clear violation of the Global Compact Principles, in which case an exclusion criterion is applied.

- ↗ [CaixaBank AM Human Rights Principles](#)
- ↗ [Signing the United Nations Global Compact Principles](#)

PIA 10-11: SOCIAL AFFAIRS  
AND LABOUR AFFAIRS



Good governance is key to ensuring that companies are efficiently and ethically managed, that they incorporate sound management and supervisory structures and effective control mechanisms, and that they are accountable to their stakeholders.

To this end, they should have appropriate policies, practices and processes in place that take into account tax compliance, adequate remuneration and good social and labour practices.

This engagement takes place mainly through voting at the AGM.

- ↗ [CaixaBank AM Code of Business Conduct and Ethics](#)
- ↗ [Principles for Action in Sustainability](#)
- ↗ [Anti-corruption Policy](#)

PIA 12-13: SOCIAL AND  
LABOUR ISSUES

# Prioritisation criteria and dialogue targets by area



## Criteria for selection and prioritisation of issuers with which to establish dialogue

High intensity of greenhouse gas (GHG) emissions.

Non-existence of, insufficient ambition towards and/or non-compliance with decarbonisation targets.

Relevant exposure to fossil fuels.

Relevant exposure to activities with a potentially high impact on nature.

## Expectations for priority issuers and targets

Definition and implementation of science-based decarbonisation commitments (short, medium and long term or similarly ambitious and verified by external sources).

Governance of the company's environmental strategy in the highest governance bodies.

Monitoring of the recommendations of the *Task Force on Climate-related Financial Disclosures (TCFD)*.

Promoting the dissemination of the assessment and management of impacts and dependencies on nature, prioritising the *Task Force on Nature-related Financial Disclosures (TNFD) as a framework of reference*.

In the case of intensive sectors, having a plan in place for diversifying activities or reducing intensity where appropriate.

## Deadline and annual dialogue targets

### Timeline

These are long-term objectives whose progress is evaluated on an annual basis. In the event of a failure to meet the targets and/or commitments made, such as the announced paths (max. 5 years of follow-up), the dialogue is closed and a new dialogue strategy and action is defined.

### Perimeter, target and channels

By 2024 CaixaBank AM aims to have active climate dialogues with companies accounting for at least 15% of the emissions financed. These dialogues may be direct or with an active role in collective initiatives or outsourced to specialist independent suppliers where appropriate.

Nature-related dialogues will be pursued primarily through collaborative dialogues, in addition to relying on direct dialogues or outsourced services to specialised independent suppliers, where appropriate.

**SCOPE**

 **HUMAN RIGHTS AND VIOLATIONS OF  
KEY INTERNATIONAL STANDARDS**

**Criteria for selection  
and prioritisation  
of issuers with which  
to establish dialogue**

Areas for improvement to strengthen compliance with the principles of the United Nations Global Compact.

Controversies that may represent a possible breach of respect for human rights.

**Expectations for priority  
issuers and targets**

Termination of problematic practices.

Implementation of remedial actions.

Development of appropriate policies and controls to limit the risk of recurrence.

Strengthening transparency on problematic practices.

**Deadline, scope and  
annual dialogue targets**

**Deadline**

Depending on the type of dispute or breach, resolution deadlines can be very short term, or multi-year (max. 3 years).

**Perimeter, objectives and channels**

In the event of breaches or suspected breaches of the main international standards, the dialogue is pursued with the support from a specialist independent supplier, whose minimum commitment is to conduct 100 dialogues per year. CaixaBank AM will endorse 100% of the supplier's dialogue actions that pursue change or greater transparency in the companies in the portfolio (for example, in relation to respect for human rights in the supply chain).



## SCOPE



## GOOD GOVERNANCE AND GOOD SOCIAL PRACTICES

### Criteria for selection and prioritisation of issuers with which to establish dialogue

- Structures and policies not aligned with best governance practices.
- Limited performance in terms of gender diversity (insufficient % of women on governance bodies).
- Low level of transparency and/or performance of remuneration systems and pay gap.

### Expectations for priority issuers and targets

- Compliance with the most demanding market standards in terms of minimum presence of women on boards of directors.
- Transparency on salary differences with the publication of a gender pay gap report and, where appropriate, corrective measures, targets and deadlines to reduce the gender pay gap.
- Sound management structures (diversity, independence of the Board, separation of the figures of the CEO and chairman of the Board, etc.).
- Adequate remuneration of management and the Board.

### Deadline, scope and annual dialogue targets

#### Deadline

Depending on the type of actions, implementation deadlines may be short or medium-term.

#### Voting

Priority is given to engagement actions through voting at AGMs to promote governance structures in line with best practices.

CaixaBank AM undertakes to support shareholder proposals to improve transparency and/or the company's ESG performance and to vote against proposals when it considers, among other aspects, that there is a lack of adequate diversity in the governing bodies and an inadequate remuneration policy.

#### Dialogue

In 2024, CaixaBank AM aims to initiate at least 5 dialogues with companies whose portfolio position is relevant and in which areas for improvement have been identified (for example, in terms of the presence of women on governing bodies, or in terms of transparency, in relation to gender pay gaps).

The priorities for engagement actions are reviewed annually to cover the main sustainability issues that CaixaBank AM can materially influence and which we believe meet the expectations of clients and companies.

Information on engagement activities will be made provided in the Annual Dialogue and Voting Report and detailed information will be included on the CaixaBank AM website in relation to the exercise of voting and the collaborative initiatives we are involved in.