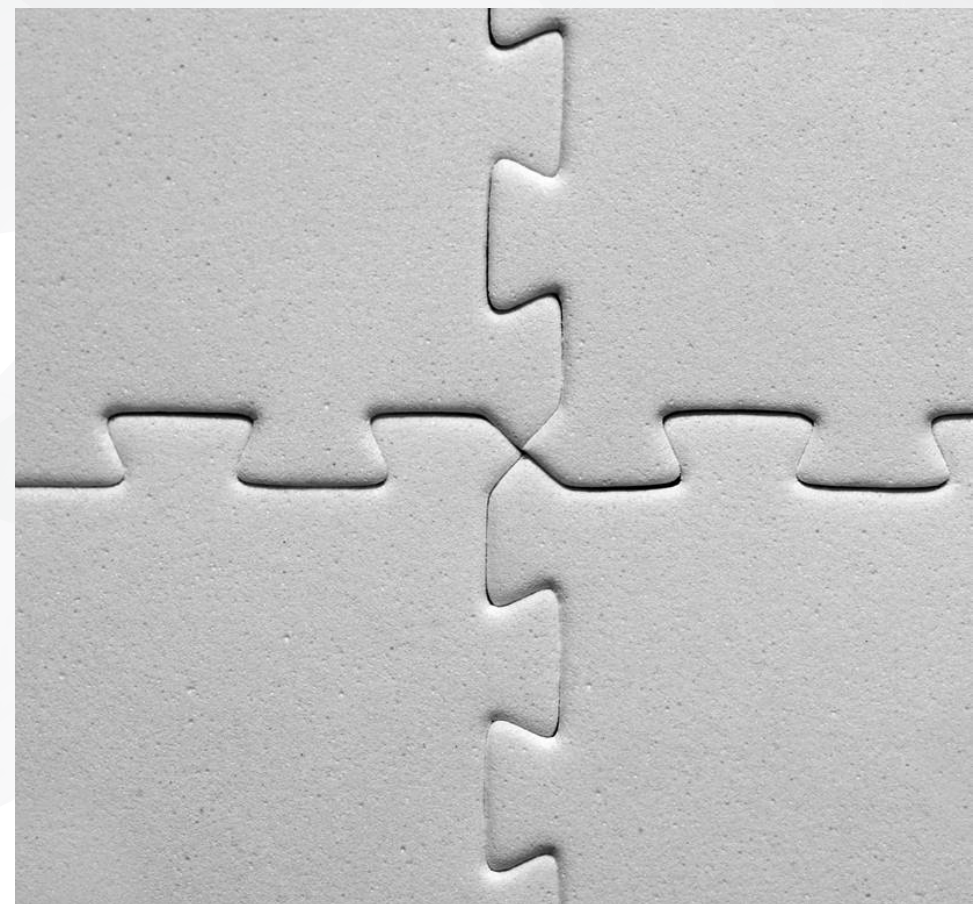


Statement of Principal Adverse Impacts of investment decisions on sustainability factors

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

Published at 30/06/2024 Version 1



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 (May 2024)	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	37
5.4. Use of climate scenarios	37
6. Historical comparison	38



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 on the main adverse impacts on sustainability covers the reporting period from 1 January to 31 December 2023, which coincides with the Management Company’s financial year. 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.

CaixaBank AM, as part of the group of companies of which CaixaBank, S.A. (hereinafter, “CaixaBank”) is the parent company (hereinafter, the “CaixaBank Group” or the “Group”) and bases its management on responsible action and economic efficiency, with a focus on the sustainable socio-economic development of people and the country. 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 (which we refer 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, measure, assess, manage, prevent, control, 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 Environmental, Social and Governance (hereinafter “ESG”) factors into investment decisions (including dispute monitoring):

- The following PAIs are managed: Those related to greenhouse gas emissions (PAI 1-PAI 6, PAI 15, additional PAI 4 Table 2), biodiversity (PAI 7), water (PAI 8) and waste (PAI 9).

2. Sectoral exclusions and restrictions:

- The following PAIs are managed: social issues related to violations of the UN Global Compact and the OECD Guidelines for Multinational Enterprises (PAI 10), with countries involved in social breaches (PAI 16), companies with serious human rights problems and incidents (PAI 14 additional Table 3) and with controversial weapons (PAI 14).

3. Long-term engagement (including dialogue with issuers and third-party managers in line with our policies, aligned with market standards, and exercise of voting rights at annual general meetings):

- Potentially applies to all PAIs. The Management Company publishes an Engagement Plan setting out the main areas and objectives for engagement, as well as expectations for the companies’ performance.

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. The table in section 2 (“Explanation”) describes these PAIs and performance compared to the previous reporting period.

The results of some of the PAI indicators for 2023 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 2022. This is due to changes in the methodologies for calculating the indicators and changes to the scope and perimeter of the data reported compared to the previous reporting period. The table in section 2 sets out the indicators that are not comparable and the reasons for this.




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 positions³.
- The calculation basis for the indicators applicable to investments in companies is €38,143 million and for the indicators applicable to investments in sovereign and supranational entities, €34,587 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 MSCI ESG⁴. The data for the indicators currently includes exposure through both direct investment and investment through the vehicles of third-party management companies.

3. Derivative 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 each indicator shows the weight of the issuers for which the Management Company has data on the applicable calculation basis and 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 violations, in the case of exposure through funds managed by third parties.
- An increase in the quantity and quality of the information received from companies in the coming year may lead to a worsening of the data and/or changes in the management strategy for PAI 7 on activities affecting biodiversity sensitive areas, PAI 8 on emissions to water, PAI 9 on hazardous and radioactive waste, PAI 11 on processes and mechanisms for compliance with the UN Principles and OECD Guidelines for Multinational Enterprises, and PAI 12 on the gender pay gap.

This lack of data coverage or quality for some indicators does not allow active management of all the adverse incidents that may occur. In order to improve the coverage and quality of the data, CaixaBank AM continues to work, as far as possible, with the aforementioned data provider, with a view to obtaining greater reliability for subsequent years and, additionally, explores data sources from other providers.

With regard to the measures adopted in 2023 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 2023 and/or specific objectives or actions have been established for 2024. 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	2023 result	2022 result	Explanation	Actions taken, actions envisaged and targets set for the forthcoming reporting period
CLIMATE CHANGE RELATED INDICATORS and OTHER ENVIRONMENTALLY RELATED INDICATORS					
Greenhouse gas emissions	1. Greenhouse gas emissions (tCO ₂ e)	Scope 1 GHG emissions	2,050,097.3	2,640,481.6	<p>Integration of ESG factors</p> <p>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's aim, and in this way aligning itself with the Paris agreements, is to contribute to this challenge by reducing the impact of its operations and investing in sustainable projects, as well as engaging with the companies and issuers in which it invests.</p> <p>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.</p> <p>In line with this commitment, the Management Company adheres to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board and the Transition Pathway Initiative (TPI).</p>
		Scope 2 GHG emissions	382,971.1	483,896.6	
		Scope 3 GHG emissions	12,974,939.7	14,281,943.4	
		Total GHG emissions (scopes 1, 2 and 3)	15,415,542.9	17,617,780.7	

Greenhouse gas emissions	2. Carbon footprint (tCO ₂ e/ Million EUR EVIC)	Carbon footprint	404.5	425.3	<p>The carbon footprint is the weighted average of the total GHG emissions of the investee companies divided by the value of the company measured in millions of euros.</p> <p>Indicator coverage 89% (81% in 2022)</p> <p>The performance of the indicator and its coverage are considered adequate.</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 5% dependent on coal-fired power generation and mining of thermal coal and that do not have a plan for decarbonisation by 2030; companies where exploration, production or transportation of 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>During 2023, CaixaBank AM has initiated or maintained dialogues with 339 companies in which it has addressed climate change, either directly or through its specialist service providers. In 333 of these dialogues, the reduction of GHG emissions was addressed. In addition, CaixaBank AM is a member of and directly participates in dialogues of the Climate Action 100+ initiative.</p> <p>With regard to the exercise of voting rights, in 2023, 81 shareholder-driven proposals on environmental issues were supported, of which 27 related to climate change and 17 to GHG emissions. Refer to the 2023 Dialogue and Voting Report for more information.</p> <p>In terms of its future objectives, the 2024 Engagement Plan establishes that climate change remains 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 achieved through dialogue. For more details see the 2024 Engagement Plan.</p>
	3. GHG intensity of investee companies (tCO ₂ e/Million EUR sales)	GHG intensity of investee companies	849.2	1,000.4	<p>GHG intensity is the weighted average of the total GHG emissions generated by investee companies divided by their sales measured in million euros.</p> <p>Indicator coverage 89% (84% in 2022)</p> <p>The performance of the indicator and its coverage are considered adequate.</p>	
	4. Exposure to companies active in the fossil fuel sector (%)	Proportion of investments in companies active in the fossil fuel sector	9.3	8.8	<p>The indicator provides the percentage of assets under management invested in companies active in the fossil fuel sector. Companies active in the fossil fuel sector are defined as companies that derive revenues from (i) exploration, extraction, distribution or refining of hard coal and lignite; (ii) exploration, extraction, distribution (including transport, storage and marketing) or refining of liquid fossil fuels; and (iii) exploration and extraction of gaseous fossil fuels or their specific distribution (including transport, storage and marketing).</p> <p>Indicator coverage 94% (87% in 2022)</p> <p>The performance of this indicator is considered unrepresentative because of the way it is calculated.</p>	

Greenhouse gas emissions	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)	65.8	70.5	<p>The indicator provides the weighted average of the percentages of non-renewable energy production and consumption of the companies invested. 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>Coverage of the indicator 77% (76% in 2022)</p> <p>The performance of the indicator and its coverage are considered adequate.</p>	<p>Data limitations</p> <p>We consider that the aggregate data for PAI 4 is not representative of the exposure to the fossil energy sector of the portfolio at the level of the entity, as it is a binary indicator. In its calculation, if a company is active, it computes 100% of the investment, without considering the level of real activity (it considers 100%, whether it has a residual activity or the main activity).</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 continuing to work 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>
--------------------------	---	---	-------------	-------------	---	--

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	Sector A: Agriculture, forestry and fishing		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. Coverage of the indicator 52% (53% in 2022). The performance of this indicator is considered unrepresentative because of the low coverage of the data.
			0.4	0.6	
			Sector B: Mining and quarrying		
			1.2	10.4	
			Sector C: Manufacturing industry		
			1.2	1.8	
			Sector D: Electricity, gas, steam and air conditioning supply		
			5.3	6.3	
			Sector E: Water supply, sanitation, waste management and decontamination		
			2.6	1.7	
			Sector F: Construction		
			0.2	0.3	
			Sector G: Wholesale and retail trade, and repair of motor vehicles and motorcycles		
			0.2	0.4	
			Sector H: Transport and storage		
			1.9	2.3	
			Sector L: Real estate activities		
			0.5	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.	0.3	0.0	<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 95% (87% in 2022).</p> <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>The performance of this indicator is considered unrepresentative due to the low quality of the data and changes in the criteria by the data provider.</p>	<p>Integration of ESG factors</p> <p>In addition to the challenge of transitioning to a sustainable and decarbonised economic model that limits global warming, there is also the challenge of the loss and degradation of nature. This transition process is a source of risks and opportunities for companies and their business models. CaixaBank AM monitors the impact on biodiversity of the investee companies 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 the 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 data 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 2023, CaixaBank AM was involved in 110 dialogues linked to protection of biodiversity, through a specialist service provider. These dialogues covered issues such as deforestation, evaluation of biodiversity impacts and dependence, regenerative agriculture, land use and biodiversity in the supply chain. CaixaBank AM is also a member of the Spring initiative for collaborative dialogue on nature. Refer to the 2023 Dialogue and Voting Report for more information.</p> <p>The 2024 Engagement Plan includes the loss and degradation of nature, and the possible establishment of corrective measures, targets and deadlines to reduce this gap, as a new priority environmental theme.</p> <p>Data limitations</p> <p>This data may be significantly impacted by methodological changes, improvements in the quality of the data and an increase in the information received from companies in the coming year. This could lead to changes in 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).	1.0	35.7	<p>The indicator provides the weighted average of tonnes of emissions to water of investee companies per million euros invested.</p> <p>Emissions to water are direct emissions of priority pollutants, as defined in Article 2(30) of Directive 2000/60/EC of the European Parliament and of the Council, and direct emissions of nitrates, phosphates and pesticides.</p> <p>Indicator coverage 1% (11% in 2022)</p> <p>The performance of this indicator is considered unrepresentative due to the low coverage of the data and changes in the criteria used in its calculation.</p>	<p>Integration of ESG factors</p> <p>CaixaBank AM monitors the impact on water resources by analysing the activities that negatively affect these resources, in particular through a system of alerts to detect new controversies that may affect portfolio companies.</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 2023, CaixaBank AM was involved in 43 dialogues related to water pollution and water stress, covering issues such as the development of water management strategy, education, management objectives for water use, and management of water risks, through its specialist service providers. Refer to the 2023 Dialogue and Voting Report 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	9. Ratio of hazardous waste and radioactive waste (Tons of hazardous and radioactive waste/million EUR invested)	Tons of hazardous waste and radioactive waste generated by investee companies per million EUR invested (weighted average)	5.4	11.2	<p>The indicator provides the weighted average of tonnes of hazardous and radioactive waste generated by investee companies per million euros invested.</p> <p>Hazardous waste is waste as defined in Article 3(2) of Directive 2008/98/EC of the European Parliament and of the Council and radioactive waste as defined in Article 3(7) of Council Directive 2011/70/Euratom.</p> <p>Indicator coverage 34% (34% in 2022).</p> <p>The performance of this indicator is considered unrepresentative due to the low coverage of the data and changes in the criteria used in its calculation.</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 2023, CaixaBank AM was involved in 51 dialogue processes linked to waste management, on issues such as the circular economy, through its specialist service providers. For more details see the Annual Report on Dialogue and Voting 2023.</p> <p>Data limitations</p> <p>Greater coverage, improved 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>
-------	--	---	-----	------	---	--

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

Social and labour issues	10. Infringements of the principles of the UN Global Compact and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises (%)	Proportion of investments in companies linked to breaches of the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises	0.3	0.5	<p>The indicator provides the percentage of companies invested in that have been linked to breaches of the international standards referred to.</p> <p>These breaches are not reported by the companies. The specialised data provider analyses events or activities carried out by companies that may imply the violation of any principle or guideline of the standards referred to.</p> <p>The existing exposure derives mainly from investment in the vehicles of third-party management companies and positions authorised by the SRI Committee when, after analysis of the available information, the controversy identified by the data provider is deemed not to be as serious as indicated, under the procedure set out in the Sustainability Risk Integration Policy.</p> <p>Indicator coverage 95% (87% in 2022)</p> <p>The performance of the indicator and its coverage are considered adequate.</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: 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: These actions are carried out, inter alia, through its membership and direct participation in dialogues of the Advance initiatives, promoted by the Principles for Responsible Investment (PRI), and the Spring and Climate Action 100+ initiatives, to address human rights and environmental performance.</p> <p>In 2023, 134 dialogues were held with companies regarding possible violations of the main international treaties, through specialist service providers. Specifically in relation to the Global Compact Principles, 55 dialogues dealt with human rights issues, 29 with labour rights, 7 with anti-corruption and 58 with environmental principles. In terms of the OECD guidelines, there were 35 dialogues related to human rights, 34 related to employment rights, 2 related to corruption and bribery and 58 related to environmental regulations. Refer to the 2023 Dialogue and Voting Report for more details.</p> <p>Data limitations</p> <p>The coverage and quality of the data are adequate for active management of this indicator.</p>
--------------------------	---	--	------------	------------	---	---

Social and labour issues	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 (%)	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.	39.3	40.1	<p>This indicator shows the percentage of investees that do not have policies in place to monitor these standards.</p> <p>The data provider considers non-compliance with this indicator when no public policy is available.</p> <p>Indicator coverage 94% (86% in 2022)</p> <p>The performance of this indicator is considered unrepresentative due to the poor quality of the data.</p>	<p>Integration of ESG factors</p> <p>If an adverse impact is identified in PAI 10, the company's policies and processes are analysed in greater detail to ensure compliance with the Principles of the Global Compact and the OECD Guidelines for Multinational Enterprises.</p> <p>Data limitations</p> <p>The quality of the data is low, due to the limited publication of this information by companies. This hampers systematic management of this adverse impact, which is limited to cases where adverse impacts are detected in the indicator for PAI 10. An increase in the information published by the companies in future may result in changes to the management strategy for this PAI.</p>
--------------------------	--	---	------	------	---	--

Social and labour issues	12. Gender pay gap, unadjusted (%)	Unadjusted average gender pay gap of investee companies	14.2	14.0	<p>The indicator provides the weighted average of the unadjusted pay gap of 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 30% (23% in 2022)</p> <p>The performance of this indicator is considered unrepresentative due to the poor quality of the data and its low coverage.</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>Through dialogues with companies, the Management Company will promote the improvement of information and data quality. There were 18 dialogues in 2023 requesting information on the gender pay gap. These took place directly and through our specialist service provider. Refer to the 2023 Dialogue and Voting Report for more information.</p> <p>With regard to the exercise of voting rights, in 2023 the Management Company has supported 10 proposals for resolutions promoted at the request of shareholders asking for greater transparency on the company's pay gap. For more details see the Annual Dialogue and Voting Report 2023.</p> <p>The 2024 Engagement Plan identifies good governance and good social practices as priority issues for sustainability. Priority objectives identified for establishing dialogue actions included transparency on the pay gap, through the publication of a pay gap report. For more details see the 2024 Engagement Plan.</p> <p>Data limitations</p> <p>Greater coverage, improved data quality and an increase in the information received from companies in the next reference period may lead to changes in the management strategy for this PAI.</p>
--------------------------	---	---	-------------	-------------	---	--

Social and labour issues	13. Gender diversity in the management body (%)	The ratio of women to the total number of members (men and women) of the board of directors of the investee companies ⁵ .	35.5	34.2	<p>The indicator provides the weighted average of the percentage of women in the management bodies of investee companies.</p> <p>Indicator coverage 93% (85% in 2022)</p> <p>The performance of the indicator and its coverage are considered adequate.</p>	<p>Integration of ESG factors</p> <p>CaixaBank AM assesses the gender diversity of the governance bodies 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>During 2023, CaixaBank AM held 19 dialogue processes linked to gender diversity through its specialist service provider.</p> <p>Regarding voting, in 2023, the Management Company voted against the appointment or re-election of directors at 3 AGMs because the composition of the Board did not meet the minimum requirements in terms of gender diversity.</p> <p>The sustainability priority areas identified in the 2024 Engagement Plan again include, among the priority objectives, meeting the highest market standards in terms of 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 board of directors of the companies invested in

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	0.1	<p>The indicator provides the percentage of assets under management invested in companies related to 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 95% (87% in 2022)</p> <p>The performance of the indicator and its coverage are considered adequate.</p>	<p>Integration of ESG factors</p> <p>CaixaBank AM systematically monitors its exposure through companies involved in controversial weapons. Prior to any investment, CaixaBank AM assesses the potential exposure of the company or investment vehicle to controversial weapons, including anti-personnel mines, cluster bombs, chemical and biological weapons.</p> <p>Exclusions and restrictions: According to the Sustainability Risk Integration Policy, CaixaBank AM will not invest in companies involved in the development, production, maintenance or trade 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 controversial 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/ EUR billion GDP)	GHG intensity of investment host countries	244.8	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 98% (95% in 2022)</p> <p>The performance of the indicator and its coverage are considered adequate.</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 PAls. 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 2023, CaixaBank AM joined the Transition Pathway Initiative (TPI), which is implementing the ASCOR (Assessing Sovereign Climate-related Opportunities and Risks) project to develop methodologies for assessing sovereign debt from the perspective of climate risk.</p> <p>Data limitations</p> <p>The coverage and quality of the data are adequate for active management of the indicator, although there is no generally accepted assessment methodology for assessing public debt from this perspective.</p>
---------------	--	--	--------------	--------------	---	---

6. The calculation basis for the indicators applicable to investments in sovereign and supranational entities was based on assets of €34,587 million.

Social	16. Investment host countries subject to social breaches (No. and %)	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: 5.3 Relative: 4.4%	Absolute: 0.0 Relative: 0.0%	<p>This indicator shows the number of investment host countries subject to social breaches, and the percentage this represents of the total investment host countries.</p> <p>Indicator coverage 95% (84% in 2022)</p> <p>There are no direct investment positions in countries subject to social breaches. The exposure is solely due to investments through third-party vehicles. It corresponds to small positions in government bonds issued by China, Lebanon, Iraq, Tunisia, Turkey, Russia, Belarus and Venezuela.</p>	<p>Integration of ESG factors</p> <p>Prior to any investment, CaixaBank AM assesses the possible violation by the State of the main social aspects contemplated in international treaties or applicable national regulations. CaixaBank AM monitors the seriousness of social breaches and the performance of the ESG rating.</p> <p>CaixaBank AM will sell any direct investment positions in the public debt of countries involved in breaches of social aspects. The Management Company establishes a maximum threshold for exposure through investment vehicles of third-party managers, due to the characteristics of this asset.</p> <p>Dialogue and voting</p> <p>When the thresholds are exceeded, dialogue actions are established with the third-party managers with the objective of getting them to reduce their investment in government bonds of countries with social breaches.</p> <p>Exclusions and restrictions: 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 figures for this period are not comparable with those for the previous period. Data on exposure through investment in the vehicles of third-party fund managers has been available since May 2023, whereas the data used in the statement for 2022 related exclusively to direct investment positions.</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	28.0	34.0	<p>The indicator provides the percentage of assets under management invested in companies that have no initiatives to reduce carbon emissions.</p> <p>Indicator coverage 93% (84% in 2022)</p> <p>The performance of the indicator and its coverage are considered adequate.</p>	<p>Integration of ESG factors</p> <p>This indicator complements the management of the other PAI indicators related to climate change. It is in line with the CaixaBank Group's sustainability strategy and Climate Change Statement, as detailed above (PAIs 1, 2, 3, 4, 5 and 6). And the Management Company's Engagement Policy.</p> <p>CaixaBank AM monitors the climate change impact of the companies in which it invests by analysing and monitoring their GHG emissions.</p> <p>Exclusions and restrictions: 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 5% 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>During 2023, CaixaBank AM has initiated or maintained dialogues with 339 companies in which it has addressed climate change, either directly or through its specialist service providers. Reducing GHG emissions was the subject of 333 of these dialogues. 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, 81 shareholder-driven proposals on environmental issues were supported in 2023, of which 27 related to climate change and 17 to GHG emissions. Refer to the 2023 Dialogue and Voting Report for more information.</p> <p>In terms of its future objectives, the 2024 Engagement Plan establishes that climate change remains 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 achieved through dialogue. For more details see the 2024 Engagement Plan.</p> <p>Data limitations</p> <p>The coverage and quality of the data are adequate for active management of this indicator.</p>
-----------	---	---	-------------	-------------	--	---

7. The calculation basis for the indicators applicable to companies was based on assets of €38,143 million.

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 (Number/million EUR invested)	Number of cases of serious human rights issues and incidents linked to investee companies on a weighted average basis	0.0	0.0	<p>The indicator provides cases detected per million euros invested in companies in which cases of serious human rights problems and incidents have been identified.</p> <p>Indicator coverage 95% (86% in 2022)</p> <p>The performance of the indicator and its coverage are considered adequate.</p>	<p>Integration of ESG factors</p> <p>The management of this PAI is aligned with the sustainability strategy and Human Rights Principles of the CaixaBank Group, as well as the Management Company's Engagement Policy, with a high level of coverage.</p> <p>CaixaBank AM evaluates possible violations by companies involving serious breaches of human rights. This assessment is carried out by specialised providers, indicating the human rights-related incidences by companies.</p> <p>CaixaBank AM monitors these breaches by following controversies. This is done, in particular, through a system of alerts that enable it to detect new controversies and changes in the severity of existing controversies in companies in which it has invested. If a very severe event is detected, it is analysed by the specialised working group and, if necessary, the SRI Committee approves the continuation of the investment.</p> <p>Exclusions and restrictions: In the area of human rights, the Management Company's ESG Risk Integration Policy establishes a series of exclusions, not investing in issuers that seriously breach 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 undertakes 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 2023, 47 dialogues were held with companies on human rights issues through the specialist service providers to address human rights performance. For more details see the Annual Dialogue and Voting Report 2023.</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 range of policies (see sections 3.2 and 4 for details) for detecting and prioritising Principal Adverse Impacts.

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 policies set out here are kept up to date on an ongoing basis. The policies are reviewed regularly and approved by the governance bodies. These reviews take place annually, at least, or whenever deemed appropriate at the request of any area of the Asset Management Company that identifies a need for this.

3.1. Sustainable investment framework

CaixaBank AM takes sustainability risks and the potential impacts of adverse sustainability events into account in its investment processes. The Management Company has due diligence processes in place to identify, measure, assess, manage, prevent, control, 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 Environmental, Social and Governance (hereinafter “ESG”) factors into investment decisions** (including dispute monitoring):
 - 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, additional PAI 4 Table 2), 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 issuers or countries that seriously breach the fundamental principles of the United Nations Global Compact, particularly in the areas of human rights, employment rights, environmental protection and anti-corruption. It may also decide not to invest in issuers that may pose a material risk to the Management Company meeting its commitments with regard to climate change and decarbonisation of its portfolio. In addition, it provides for specific exclusions and restrictions concerning activities related to thermal coal, oil and gas, armaments and tar sands.
- The following PAIs are managed: social issues related to violations of the UN Global Compact and the OECD Guidelines for Multinational Enterprises (PAI 10), with countries involved in social breaches (PAI 16), companies with serious human rights problems and incidents (PAI 14 additional Table 3) and with controversial weapons (PAI 14).

3. Long-term engagement (including dialogue with issuers in accordance with the engagement policy aligned with market standards and third-party managers, and exercise of voting rights at General Meetings of shareholders):

- 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 the voting rights of the securities in the portfolios of the CISs it manages, particularly, its rights to attend and vote at annual general meetings of the companies in which it invests. It always supports proposals that promote greater transparency and better sustainability performance. It may vote against some or all of the proposals to achieve the same objective or as a result of the development or outcome of its dialogues with issuers. This can lead to improved data on the principal adverse impacts (such as those related to corporate governance) and better management of the impacts of the issuers.
- The Management Company publishes an Engagement Plan setting out priority areas, prioritisation criteria and engagement objectives, as well as expectations regarding the performance of issuers.



CaixaBank AM systematically analyses and monitors the main adverse impacts on sustainability factors, taking the necessary mitigating measures at least quarterly. 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 cross-cutting task in each of the above lines and the policies are applied from the outset, involving, for example, at the first line of defence level, the management and sustainability team, both when analysing the assets that will potentially form part of the portfolios and when establishing the investment strategies. 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 processes, CaixaBank AM has established risk-based due diligence processes to identify, measure, assess, manage, prevent, control, mitigate and explain how these actual and potential negative impacts are addressed in its own activities, its supply chain and other business relationships.

In addition, the Management Company voluntarily participates actively in facilitating and channelling change through its engagement policies, where applicable. 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 the 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 several stages can be implemented simultaneously with results that feed back into each other.

Methodology for the identification of principal adverse events

The PAI identification process is integrated into 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.



CaixaBank AM will assess the performance of the PAI indicators compared to the preceding period to determine whether there are any possible adverse impacts. 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, as indicated above, CaixaBank AM has policies in place that exclude or restrict investments in issuers in which breaches of the principles of the United Nations Global Compact have been identified (following a process of analysis of the cases and assessment of remedial actions), as well as of the main international treaties and standards, or which have exposure 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.

The services of MSCI⁹ are used as the main source of data. When lack of data coverage or quality does not permit active management of adverse incidents that occur, CaixaBank AM works with the data provider to improve the coverage and quality of the data as far as possible and increase reliability for subsequent years and explores 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.

8. Para más información sobre este tipo de acciones de implicación, véase el apartado "4. Política de implicación" del presente documento.

9. MSCI Inc. (LEI: 549300HTIN2PD78UB763) es un proveedor estadounidense de datos, herramientas y servicios de apoyo a la toma de decisiones de inversión con más de 50 años de experiencia en investigación, datos y tecnología. Para más información sobre MSCI, véase su página web: <https://www.msci.com/>

- 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 without carbon reduction initiatives.
- Table 3, indicator 14: Number of detected cases of serious human rights issues and incidents.

3.2. Sustainability policies


In addition to the engagement policies set out in point 4 of this Statement, CaixaBank AM has its own corporate policies to identify, assess and manage actual or potential negative impacts on sustainability factors. With regard to due diligence policies and process, CaixaBank AM has risk-based due diligence processes in place to identify, measure, evaluate, manage, prevent, control, mitigate and explain how to deal with actual and potential adverse impacts on its activities, its 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.

The following is a brief description of the main Policies, Principles and Statements applicable in the Management Company in relation to the detection and prioritisation of PAIs, indicating the date of approval or last update by the governance bodies:

Sustainability Risk Integration Policy (May 2024)

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.

Sustainability Action Principles (May 2024)

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 (May 2023)

The General Principles of the Corporate Anti-Corruption Policy are corporate and, therefore, apply to all CaixaBank Group companies, their employees, executives and members of the Governance Bodies. CaixaBank, through its Corporate Anti-Corruption Policy, which complements the Code of Ethics and is an integral part of the CaixaBank Group's Criminal Prevention Model, fully rejects any conduct that may be directly or indirectly related to corruption. It works under the basic principle of compliance with the laws and regulations in force at all times and bases its actions on the highest responsible standards. As a signatory to the United Nations Global Compact, CaixaBank is committed to complying with the 10 principles, including the fight against corruption in all its forms, including extortion and bribery.

The Policy is an essential tool to prevent Group companies and their external collaborators, directly or through intermediaries, from engaging in conduct that may be contrary to the law or to CaixaBank's basic principles of action as set out in its Code of Ethics.

Human Rights Principles (March 2024)

The principles of action constitute the human rights guide for the relations that CaixaBank establishes with its employees, customers, shareholders, suppliers, business partners and the communities in which it carries out 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. Specifically, the company undertakes to carry out this evaluation or assessment exercise every three years or sooner if circumstances make it advisable.



Declaration on climate change (March 2024)

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: contributing to 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, including issuers.

Nature declaration (February 2024)

The Declaration sets out CaixaBank's main lines of action to help reverse the loss and degradation of nature. CaixaBank will work to advance: the management of impacts and risks related to nature; the channelling of capital flows towards purposes that are compatible with the conservation, restoration and sustainable use of nature; and the integration of nature into decision-making. These lines of action include, among others, supporting customers and contributing to channelling funds to activities with positive impacts on nature; engaging in active dialogue and engagement activities with customers, issuers, regulators and other stakeholders; and participating in collaborative initiatives to generate knowledge and contribute to addressing the drivers of nature loss.



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 (May 2024)

This Engagement Policy applies to all vehicles and portfolios managed by the Management Company, except for those for which the holders have decided to withhold the exercise of voting rights and carry out engagement activities themselves, and subsidiaries with their own engagement policies. The main objectives of this policy will be the following:

- Maximise the creation of shared value for stakeholders and foster long-term relationships based on trust and transparency.
- Identify, prevent and mitigate the main adverse impacts of investment decisions on sustainability factors.
- Promote the profitability and responsible management of CaixaBank AM's business, seeking a balance between financial and non-financial performance.
- Extend responsible principles and practices to jointly advance social and environmental progress.

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 can be used as a strategy to continue engaging in dialogue with the companies based on the achievements so far. This involves measures such as supporting shareholder proposals for greater transparency and 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 (2024):

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 Policy considers the Management Company's adherence to the Code of Best Practices for Institutional Investors, Asset Managers and Proxy Advisors in relation to their duties in respect of assets entrusted to them and services provided, as approved by the Spanish National Securities Markets Commission (Comisión Nacional del Mercado de Valores) on 22 February 2023 (the "Code of Best Practices for Investors").

This Policy is general and applies 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.

These priority areas include sustainability issues such as **climate change, nature, 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 will exercise the **voting rights** at the general meetings of shareholders of companies with securities admitted to trading on regulated EU and OECD non-regulated markets that make up the portfolios. 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 **resources** available in CaixaBank AM, the relevant positions and the corporate and environmental impact.

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 cover the Group's responsibilities and the regulations applicable to the development of its activity in certain sectors, with the aim of mitigating the risk of events that could lead to adverse sustainability incidents.

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 adheres to the recommendations of the **Task Force on Climate-related Financial Disclosures** (TCFD).
- **Adherence to the Transition Pathway Initiative** (TPI): a global initiative that assesses the performance of companies in relation to the transition to a low-carbon economy, based on evidence. The initiative focuses on sectors with high greenhouse gas emissions, assessing their climate change governance, greenhouse gas emissions, investment strategies in low-carbon technologies and other sustainable business practices.

- **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.
- **Endorsement of the Spring Nature Initiative:** CaixaBank AM has joined this initiative, which seeks to maximise the investment community's contribution to the 2030 goal of halting and reversing biodiversity loss, including deforestation. Aligned with the objectives of the Kunming-Montreal Global Biodiversity Framework.

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”):** adherence in 2011 to the Global Compact, the world’s largest voluntary social responsibility initiative, which seeks to incorporate the 10 universal principles related to human rights, labour, the environment and anti-corruption into strategies and operations.
- **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.
- Supervision of compliance by the relevant bodies and, where appropriate, establishment of control measures, objectives and action plans and follow-up reporting.

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 some of the PAI indicators provided for 2023 are not comparable to the results published in the “Statement of Principal Adverse Impacts (PAI) of investment decisions on sustainability factors” for the previous reporting period, due to:

- The way the indicator is calculated (PAI 4) means the data is not representative or comparable.
- Low coverage and/or quality of the data provided by data providers (PAIs 6, 7, 8, 9, 11 and 12).
- Modification of the scope and reporting perimeter for the measurement of the PAI indicators, as positions were only reported with respect to direct investment at the end of 2022 (PAI 16) in the previous period.

10. The previous Statement can be consulted at the following link: [Declaración Principales incidencias adversas_CAS.pdf \(caixabankassetmanagement.com\)](https://www.caixabankassetmanagement.com/declaracion-principales-incidencias-adversas-CAS.pdf)