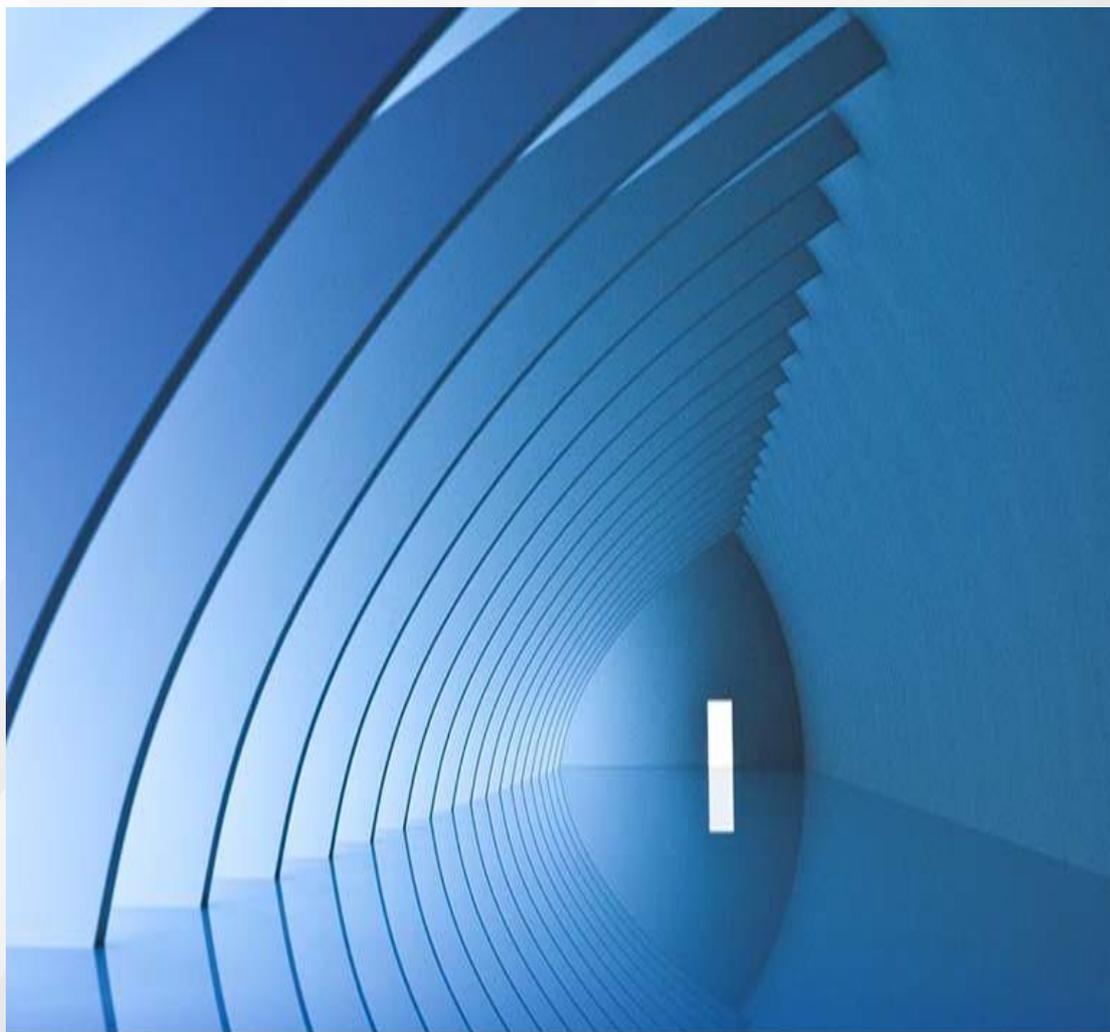


# Engagement Policy

*CAIXABANK ASSET MANAGEMENT SGIIC, S.A.U.*

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# Engagement Policy

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# 1

## Introduction

CaixaBank Asset Management, SGIIC, S.A.U. (hereinafter, and indistinctly, "**CaixaBank AM**" or the "**Management Company**"), in line with its commitment to transitioning towards a sustainable economy in which long-term return is combined with social justice and protection of the environment, uses its Engagement Policy (the "Policy") to establish the principles for involvement in the decisions of the companies in which it invests. It does so through dialogue (engagement) and by exercising its voting rights as a shareholder.

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

This Engagement Policy is aligned with this approach by falling under CaixaBank AM's Socially Responsible Investment model and its three key pillars:

- Incorporation into the investment analysis and decision-making process of ESG aspects, in addition to traditional criteria;
- The long-term involvement of the Management Company with the companies in which it invests, with greater participation in corporate governance decisions (proxy voting);
- Open dialogue with listed companies on material or controversial issues related to ESG factors (engagement).

With these initiatives, CaixaBank AM aims to: promote constructive dialogue in relation to relevant ESG aspects, and help to promote the best policies and practices; and foster long-term involvement in companies through greater participation in corporate governance decisions, thus improving the financial and non-financial performance of these companies.

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## 2

# Purpose

This Policy aims to describe the engagement principles, criteria and procedures for the **portfolios and CIs** managed by CaixaBank AM, in compliance with the requirements established in Directive 2017/828<sup>1</sup> as regards the encouragement of long-term shareholder engagement ("**Directive as regards the encouragement of long-term shareholder engagement**").

This Directive structures the relations between shareholders and companies listed on markets located in the European Union whose issuers have their registered office in a Member State, making these relations more fluid, transparent and effective. The Directive has the following goals, among others:

- To encourage the engagement of management companies in the governance of invested companies.
- To improve the transparency of investment strategies, engagement policies and the process for exercising voting rights, especially when using proxy advisors. The Directive requires that management companies draw up and make public an engagement policy which they must follow when they exercise their voting rights. Additionally, every year, management companies must disclose how their engagement policy has been applied, even stating how they voted at general meetings (except in irrelevant cases given their purpose or the size of their stake).

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

To encourage the engagement of management companies in the governance of invested companies.

# 3

## Scope

In general, this Engagement Policy applies to all vehicles and portfolios managed by the Management Company, except for: vehicles and portfolios that have decided to exercise their voting rights and carry out engagement activities themselves; and any subsidiaries with their own policy due to regulatory requirements.

As per the Directive on the long-term engagement of shareholders, CaixaBank AM's conduct with regard to exercising its voting rights will materialise in securities that meet all of the following conditions:

- Shares of companies that are admitted to trading on a regulated market of the European Union.
- The stake in the funds and SICAVs managed by CaixaBank AM has been held by longer than 12 months (stable).
- The stake represents at least 1% of the capital of the investee company (quantitative relevance).

Notwithstanding the foregoing, in line with its commitment to promoting shareholder rights, CaixaBank Asset Management, SGIIC has expanded the framework of action required by the regulations. As such, it also exercises the right to vote when the issuer is a company with registered office in an OECD Member State and whose shares are admitted to trading on a regulated market that is located or operates in an OECD Member State.

In any case, CaixaBank Asset Management, SGIIC may exercise such rights even if the aforementioned requirements are not met, provided that such an action is advisable for the interests of the shareholders or unitholders of the CISs managed by CaixaBank Asset Management, SGIIC.

Similarly, the Management Company reserves the non-exercise of such rights when there are reasons therefor.

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

## 4 General principles

CaixaBank AM diligently conducts dialogue/engagement actions and exercises attendance and voting rights, for the sole benefit and interest of the unitholders and shareholders.

Also, CaixaBank AM takes into account various related policies adopted by the CaixaBank Group. The Group has pledged to various international standards and regulations, such as:

- The United Nations Global Compact.
- The Principles for Responsible Investment (PRI).
- The United Nations Guiding Principles on Business and Human Rights.
- The United Nations Sustainable Development Goals (SDGs).

Consideration of ESG criteria is intended to be applied to all the assets in the portfolio, and to constantly improve CaixaBank AM's activity as a management company in the medium-long term.

The content of this Policy will be subject to adaptation or amendment in accordance with operational or procedural changes that may arise from subsequent regulatory requirements applicable to the Management Company.

## 5

## Regulatory framework for reference

This Policy has been prepared taking account of current legislation and, specifically, the following regulations:

- Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement, and its transposition in Spain<sup>2</sup>.
- Regulation (EU) 2019/2088 of the European Parliament and of the Council, of 27 November 2019, on sustainability-related disclosures in the financial services sector.
- Commission Implementing Regulation (EU) 2018/1212 of 3 September 2018 laying down minimum requirements implementing the provisions of Directive 2007/36/EC of the European Parliament and of the Council as regards shareholder identification, the transmission of information and the facilitation of the exercise of shareholders rights.

Likewise, this Policy is based on the principles set out in the applicable Spanish regulations.

Specifically, Law 35/2003 on Collective Investment Schemes establishes the following as a general principle: the obligation for management companies of CISs to exercise all rights inherent to the securities in the fund for the exclusive benefit of the unitholders, especially the right of attendance and to vote at general meetings; and the obligation to inform the unitholders of this policy.

Royal Decree 1082/2012, which implements the aforementioned Law, clarifies that this obligation will be applicable provided that the issuer is a Spanish company and that the joint stake in the funds or companies managed is older than twelve months, and provided that said stakes represents at least 1% of the capital of the investee company.

2. Through Law 5/2021, of 12 April, which modifies the restated text of the corporate enterprises act, approved by Royal Legislative Decree 1/2010, of 2 July, and other financial regulations, as regards the promotion of long-term engagement of shareholders in listed companies.

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## 6

# Engagement actions (dialogue)

As per the action principles defined by the Group, CaixaBank AM sees sustainability as a long-term driver of change in the markets, countries and companies that affects future performance and that ultimately improves the investment process for our customers. For this reason, it carries out its engagement actions with issuers of listed securities as refers to ESG issues from the conviction that constructive dialogue can improve behaviours in relation to environmental and social factors, as well as improve risk management or corporate governance.

CaixaBank AM defines engagement as interaction through dialogue with the public and private issuers in which it invests, with a view to understanding how ESG risks are managed and how these issuers leverage business opportunities associated with sustainability challenges. This active dialogue process begins when a need for engagement is identified, i.e. a specific objective for improvement. The objectives of the different engagement actions may vary depending on the identified need. Ultimately, a change in the behaviour of companies as regards certain material matters is pursued by insisting on relevant aspects.

In general terms, the Management Company has a long-term investment vocation. As such it will promote dialogue with companies or issuers of financial products (public and private) as the main mechanism for improving the sustainability of entities and institutions in which it invests.

In line with its fiduciary responsibility, and with the aim of being an active owner of the investments it makes, CaixaBank AM establishes mechanisms for initiating engagement actions to modify possible identified behaviors that:

- May contravene the values of CaixaBank AM, or of the unitholders and shareholders of the vehicles it manages.
- Allow alignment with the strategic opportunities and risks identified by CaixaBank AM and the Group, such as climate change, the objectives of the Paris Agreement through its support to the Task Force on Climate-Related Financial Disclosures (TCFD), as well as the opportunities and risks expressed through the Sustainable Development Goals (SDGs).
- May have a negative impact on society, the environment, as well as its reputation or solvency.
- Involve holding, through mutual funds managed by other entities, positions in companies excluded by CaixaBank AM.
- Make it possible to represent the interests expressed by customers and unitholders, as long as they do not contradict any of the previous general principles.

## 6

# Engagement actions (dialogue)

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

For engagement with companies or issuers of financial products (public or private), when this is appropriate and while always preserving the independence and interest that CaixaBank AM holds at all times, priority may be given to collaborative actions aimed at achieving greater influence in changing the conduct of companies.

For third-party products, such as mutual funds, in addition to the engagement processes, periodic questionnaires will be conducted to assess the ESG integration processes at the level of both the management company and its investments. Among the aspects considered, special attention will be paid to the mechanisms available for engagement, dialogue and voting. For example, when an issuer does not meet the requirements described in the Sustainability Risk Integration Policy<sup>3</sup>, CaixaBank AM will endeavour to carry out actions aimed at ensuring compliance in the shortest possible time, in keeping with economically reasonable management.

CaixaBank AM will promote open dialogue with issuers, adopting in each case the appropriate method established in the Open Dialogue Procedure established by the Management Company, aimed at adopting measures to modify controversial practices or activities. It may eventually divest in the event of the incompatibility of the issuer's activities with the provisions of this Policy.

Lastly, if, as a result of dialogue with a company, a favourable result has not been obtained for its objective, a vote may be taken at the Annual General Meeting as an opposition mechanism, in accordance with the mechanisms for voting and exercise of voting rights set out in the following section.

3. You can consult CaixaBank AM's Sustainability Risk Integration Policy

## 6.1 Information sources

Different sources of key information are available and use to identify the events described in the general principles that may lead to the initiation of engagement/dialogue. From these sources, criteria for initiating engagement and dialogue are established. These are the main ones. :

- The recommendations of an ESG agency engaged by CaixaBank AM for this purpose. In this case, engagement and dialogue will be initiated when a company receives a very low ESG rating; when a very severe controversy is found; or when a company excluded by CaixaBank AM's or customer policies is detected, whose exposure is derived of a vehicle managed by third parties.
- The analyses and recommendations of a proxy advisor, commissioned by CaixaBank AM to exercise the voting rights of listed companies. In this case, the recommendation on the reason to vote against any of the items raised for approval by the annual general meeting and presented by the board of directors of listed companies may lead to the initiation of a dialogue/engagement action.
- The notices and penalties applied by regulatory and supervisory bodies. In these instances, penalties with an evident impact on the reputation and solvency of companies and suppliers may involve the initiation of dialogue/engagement.
- News published by the media, financial analyses or as proactively expressed by the suppliers themselves, or reported in the periodic questionnaires carried out for this purpose by CaixaBank AM.
- The PRI clearing house platform where the signatories or the organisation itself proposes dialogue activities to the rest of the signatories.
- As promoted by the customers of CaixaBank or the CaixaBank Group, once analysed and validated by the corresponding decision-making bodies.

## 6.2 Implementing engagement actions

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

- Set the engagement goals, and the circumstances under which an escalation strategy will be applied, specified in actions or processes to be implemented in the event that these engagements are not conclusive.
- Prepare an inventory of the issues or aspects that will be taken into consideration when interacting with the companies in which it invests and that, specifically, will be considered and reviewed prior to meetings and conversations with the relevant companies. The following will be considered in particular: investment strategy, financial and non-financial return on investment, risks, capital structure, corporate governance, and social and environmental impact.
- Establish guidelines for the governance of the engagement process such as:
  - Determine relevant contact persons in the company.
  - Contact the relevant persons to explain the Management Company's aim.
  - Make sure that all the topics included in the list are covered in the meetings.
  - Gather responses from the companies in order to carry out an analysis of strengths and weaknesses vs the objective pursued by the Management Company, and share feedback.
  - Carry out internal monitoring and evaluation.
- Reset and adjust engagement goals after each meeting, if necessary. CaixaBank AM will carry out a periodic reassessment of these indicators, as well as other pertinent information related to the company, in view of taking a decision on whether to carry out the divestment or not, depending on the extent to which the goals set by the Management Company have been fulfilled.
- Assess potential conflicts of interest. CaixaBank AM has a Policy in place that acts a general framework for the management of possible conflicts of interest. It has also drafted implementing rules to protect its customers' interest, among other goals.

## Exercising voting rights (proxy voting)

CaixaBank AM 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. By exercising the right to vote, the Management Company aims to influence corporate policies in order to improve deficiencies detected in ESG.

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

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

Specifically, CaixaBank AM will observe the following principles when exercising its right to vote:

- Fair, complete and transparent financial information is essential for the exercise of voting rights. The insufficient quality of the information can lead to abstention or negative voting.
- It will vote in favour of profit distribution, when the company's financial position has been favourable over time.
- In respect of the composition of the Boards of Directors, it is in favour of the existence of a majority of independent directors, as well as the requirement of competencies, experience and dedication of their members.
- In relation to the selection of auditors, it will be in favour of those who have demonstrated ample efficiency in fulfilling their obligations.
- In relation to the remuneration policy, it will require that there be an adequate proportion between fixed and variable components, with a link between the remuneration and performance objectives.
- Regarding the capital structure, it considers that any resolutions that provide greater liquidity to the security or increase its trading volume will be favourable.

# 7

## Exercising voting rights (proxy voting)

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

The Management Company has an advisory body that specialises in preparing voting recommendations on the matters that a certain company is going to vote on at its annual general meeting so that it may form a judgment from a broader perspective and exercise the above rights in line with the content of this statement.

CaixaBank AM exercises the attendance and voting rights, to the exclusive benefit and interest of the unitholders and shareholders in accordance with the nature of each of the corporate resolutions submitted before the Annual General Meeting for approval, based on the information made public or the information made available to the shareholders, such being the grounds for calling the General Meeting.

In any event, the decision on how to vote will be taken with total independence and objectivity in relation to the Group. On 11 October 2018, CaixaBank, as the Parent of its Group of which CaixaBank Asset Management, SGIIC forms part, ratified the relationship of independence that must exist at all times between CaixaBank as the Parent and CaixaBank Asset Management, SGIIC, as well as any other entity that is under the control of CaixaBank Asset Management, SGIIC, in respect of the exercise of the voting rights inherent in the securities that make up the CIS portfolios managed by the Management Company.

In compliance with the regulations and in order to reinforce the principle of transparency, the annual reports for each of the managed CISs will include a summary (by CaixaBank AM) of the policy implemented in relation to exercising the voting rights inherent in all the securities of the managed CISs, as well as how the vote was cast.

## 8

# Managing conflicts of interest

The exercise of engagement actions and voting rights may occasionally give rise to conflicts of interest for the Management Company's unitholders. If this occurs, the Group has a Corporate Policy on Conflicts of Interest that defines aspects such as the general principles and procedures for action as refers to conflicts of interest.

CaixaBank AM, in line with the provisions of the aforementioned Corporate Policy, is committed to ensuring that potential conflicts of interest are managed effectively so that they do not harm the interests of its unitholders, specifically:

- Establishing the mechanisms that enable voting to be exercised with total independence and objectivity, thanks to an adequate organisational structure that allows staff to act independently and neutrally in their missions and responsibilities.
- Implementing a long-term sustainable investment strategy that always pursues the interest of the Management Company's unitholders.

By way of example, a series of circumstances that could give rise to potential conflicts of interest are identified below:

- Commercial partners of CaixaBank AM or third parties that may be issuers of securities or promoters of shareholder resolutions.
- Employees of the Management Company who may form part of the boards of directors of the public companies that are part of the portfolios and other trust accounts managed by CaixaBank AM.
- Significant shareholders of CaixaBank AM who may be issuers of securities held in funds and other trust accounts managed by the Management Company.
- Members of CaixaBank AM's board of directors who perform senior management functions in public companies held in funds and other trust accounts managed by the Management Company.

## 9

# Governance, validity and publication

It is the responsibility of the Board of Directors to approve the Engagement Policy. Any amendment and/or update to the Policy will be approved by the Management Committee and ratified by the Board of Directors.

CaixaBank AM's Engagement Policy will be valid indefinitely, without prejudice to the amendments and updates required either as a result of the periodic reviews to which it will be subjected, or when it is necessary to adapt to the governance, regulatory requirements in force, or relevant sectoral recommendations.

Once this Policy has been approved, it will be made available to all CaixaBank AM personnel through its intranet, for their information. The Policy will be public and will be available on the Management Company's website.

Notwithstanding the foregoing, in order to guarantee the adoption of corrective measures with the necessary agility, merely typographical or linguistic changes will be approved by the Management Committee.