Socially Responsible Investment Policy

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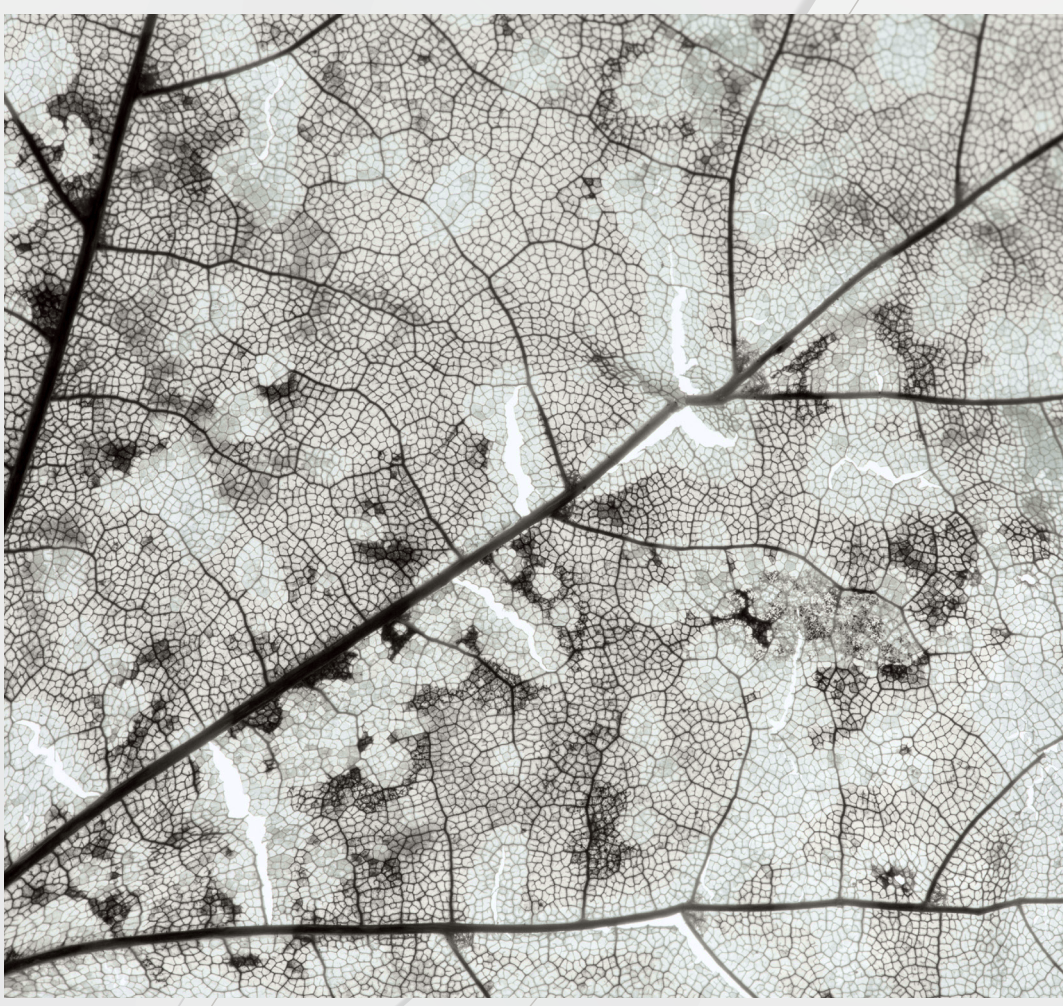

CaixaBank
ASSET MANAGEMENT

Socially Responsible Investment Policy

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0.1 Background

As part of its commitment to evolving towards a sustainable economy combining long-term profitability with social justice and environmental protection, CaixaBank Asset Management SGIIC, S.A.U. ("CaixaBank AM" or the "Management Company") has developed a socially responsible investment model based on three core pillars:

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

The integration of this model could have a favourable effect on the companies' long-term results and contribute to environmentally sustainable economic growth and social progress.

As a sign of its commitment to sustainability, in 2011 the Management Company formalised its commitment to the United Nations Global Compact, committing itself to supporting and applying its ten principles relating to human rights, employment rights, the environment and the fight against corruption. In 2016, it adopted the Principles for Responsible Investment (PRI), an initiative from the investment community fostered by the United Nations to contribute to the development of a more stable and sustainable financial system through the implementation of six defined principles.

0.2 Objective and scope

This socially responsible investment (SRI) policy establishes the action principles for incorporating ESG (environmental, social and good governance) criteria into investment and decision-making processes, complementing traditional financial criteria. The action principles for long-term involvement with companies will be established in specific policies.

This policy applies to all of the assets in the fund portfolios managed by the Management Company, except indexed funds, because of their nature. The scope is initially different for funds of funds, but the objective is that this will become the same over the medium and longer term.

0.3 Regulatory framework

This policy has been drawn up in accordance with applicable provisions, particularly:

1. Law 11/2018 of 28 December amending the Commercial Code, the restated text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010 of 2 July and Law 22/2015 of 20 July on the Auditing of Accounts, concerning matters of non-financial information and diversity.
2. 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.
3. Law 35/2003 of 4 November on Collective Investment Schemes (CIS).
4. Royal Decree 1082/2012 of 13 July approving the Regulations for the implementation of Law 35/2003 of 4 November on Collective Investment Schemes (RCIS).

The Management Company's governance bodies have approved various corporate responsibility policies, including:

- The Code of Business Conduct and Ethics
- The Corporate Human Rights Policy
- The Proxy Voting Policy
- The Environmental Risk Management Policy

These policies reflect its commitment to performing its activity in strict compliance with applicable regulations and the highest standards of ethical and professional conduct. It considers that proper evaluation and management of the risks and social and environmental impacts arising from its activities are essential.

In this regard, CaixaBank AM recognises the following initiatives, conventions and institutions

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

0.4 Governance framework

The Board of Directors has the ultimate responsibility for the Policy. Its duties include approving the policy and ratifying modifications and updates to it submitted by the Management Committee at the proposal of the SRI Committee.

The Products & Services Area must ensure adequate knowledge of the exclusion criteria in this Policy among its teams and must not take positions that are explicitly excluded by it. The management teams are therefore responsible for making investment decisions considering the assets excluded by this Policy.

The control mechanisms needed to ensure identification and monitoring of assets in accordance with the provisions of this Policy will be put in place.

Bodies and duties

Function	Responsibilities
Creation/update	Retail and Business Development area SRI Department
Performance/Line of defence	Investments area
Monitoring/Second line of defence Control/Line of defence	Risk area Compliance area
Initial approval and updates	Management bodies Socially Responsible Investment Committee Governance bodies (final approval): • Review and approval for escalation to the Board: Management Committee • Final approval: Board of Directors
Custody	Retail and Business Development area

0.5 Management framework

Approval of this Policy does not, in general, imply any modification of the processes defined in the decision-making process for new assets. Investment proposals for new assets will, therefore, be subject to the current policies and their implementing norms, criteria and procedures.

Although the Management Company's SRI model is mainly based on the integration of ESG aspects into investment processes, it is not an exclusions-based model. The SRI Committee identifies and approves specific restrictions to the investment universe related mainly to companies involved, directly or indirectly, in certain activities and to controversies classified as "very serious" (extraordinary events in companies that question their performance in issues with significant ESG aspects, such as sanctions for bad practices, breaches of international standards, environmental disasters and corruption.

In general, CaixaBank AM expresses its opposition to investing in companies and states involved in practices that violate international treaties, such as the United Nations Global Compact, and companies directly or indirectly involved in certain activities related to:

- **Controversial weapons:** Companies involved in the development, production, maintenance or trading of controversial weaponry or that provide essential and non-essential components or services for these.
- **Military contracts** (companies where certain percentages of their income come from the production of specially designed military weapons or components and essential equipment for the production and use of conventional weapons and ammunition, and software or hardware related to defence activities).
- **Thermal coal** (companies where a certain percentage of their income depends on mining or generating electricity from thermal coal).
- **Energy:** Oil sands (companies involved in the production and exploration of oil sands)

Exceptionally, investment in companies or business groups that may be subject to these restrictions may be considered, in certain circumstances. Approval of such exceptions must comply with the governance framework stipulated in CaixaBank AM and be approved by the Socially Responsible Investment Committee.

Within the scope of this policy, CaixaBank AM considers antipersonnel mines, biological, chemical and nuclear weapons, cluster bombs, depleted uranium weapons, blinding lasers, incendiary and non-detectable fragment weapons to be controversial. CaixaBank defines controversial arms in accordance with the criteria set out in the international treaties detailed below:

- **Anti-personnel mines:** Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction (1997).
- **Biological weapons:** Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction (1972).
- **Chemical weapons:** Convention on the Prohibition of the Development, Production and Stockpiling and Use of Chemical Weapons and on their Destruction (1993).
- **Cluster bombs:** Convention on Cluster Munitions (2008).
- **Nuclear weapons:** Nuclear Non-Proliferation Treaty (1968).

Under this Policy, defence material is defined as:

- **Weapons** (such as pistols or other light weapons, bombs, missiles and rockets), except for blank, sporting and replica weapons.
- **Ammunition and explosives for military use.**
- **Specially designed components and equipment r**equired to produce, maintain and use conventional arms and ammunition, as well as defence-related software or hardware.
- **Dual-use items:** items which can be used for both civil and military purposes when earmarked for military use. For the definition of dual-use items, the CaixaBank Group follows Council Regulation (EU) 428/2009, of May 5, 2009 on the control of exports, transfer, brokering and transit of dual-use items, as modified by Commission Delegated Regulation (EU) 2016/1969, of 12 September 2016.

0.6 Reporting framework

The Management Company establishes the general principles and the frame of reference for SRI through its SRI Committee. The SRI Committee is tasked under its regulations with keeping the Management Committee regularly informed of the main issues addressed and decisions in connection with socially responsible investment, for ratification and/or approval, as necessary. The Management Committee must submit all proposals it considers relevant to the Board of Directors, particularly where proposals may entail reputational risk for the Management Company.

0.7 Updating

This Policy will be reviewed annually and as necessary to adapt its governance to current regulatory requirements and applicable sector recommendations.

Simple typographical or linguistic modifications will be approved by the Management Committee to ensure the adoption of corrective measures with the necessary responsiveness.