

Statement of Principal Adverse Impacts of Our Investment Decisions on Sustainability Factors

CaixaBank Asset Management Luxembourg, S.A.

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1. Summary

CaixaBank Asset Management Luxembourg SA. (hereinafter "CaixaBank AM Lux" or the "Management Company") considers the main adverse effects of its investment decisions on sustainability factors. This document contains the consolidated Statement of Principal Adverse Impacts on sustainability of CaixaBank AM Lux. CaixaBank AM LUX is wholly owned by CaixaBank Asset Management SGIIC, S.A.U. (hereinafter, "CaixaBank AM"). CaixaBank AM Lux has delegated the investment management function to CaixaBank AM.

This statement of principal adverse impacts on sustainability covers the reporting period from 1 January to 31 December 2022.

The guidelines and format set out in Appendix 1 of the Regulatory Technical Standards (hereinafter "RTS") have been followed insofar as possible.

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

Pursuant to the requirements of Regulation (EU) 2019/2088¹ on the disclosure of information relating to sustainability in the financial services sector (hereinafter "SFDR"), which aims to promote transparency on how financial market participants include sustainability risks in the investment decision-making process and investment process, the Management Company, as a financial market participant, includes information on the results and plans relating to the due diligence procedures implemented for the performance of its asset management activity.

CaixaBank AM Lux takes into account sustainability risks and potential impacts of adverse sustainability events in its investment processes. The Management Company has due diligence processes in place to identify, prevent, mitigate and explain how these impacts are addressed. To achieve this, it implements the relevant sustainability policies, in particular the Sustainability Risk Integration Policy and the Engagement Policy.

CaixaBank AM Lux or its investment manager, CaixaBank AM, systematically analyses and monitors the main adverse impacts on sustainability factors (hereinafter, "PIAS"), taking the necessary mitigating measures. These measures may take the form of non-investment, divestment, reduction of the exposure, or observation, launching any engagement actions that may be deemed necessary.

¹ The Regulation can be consulted at the following link [EUR-Lex - 32019R2088 - EN - EUR-Lex \(europa.eu\)](#)

This statement reflects the average monthly value of the PIAS indicators of CaixaBank AM Lux's positions in Collective Investment Schemes (hereinafter, CISs) - including corporate fixed income and equities, as well as public debt - encompassing both direct investment and third-party vehicles, amounting to an average net worth in 2022 of €1,309,694,090.15 for the purposes of the SFDR Regulation.

2. Description of the principal adverse impacts on sustainability

The results of the indicators have been obtained from information provided by the data provider MCSI Inc. The indicator data currently encompass exposure to both direct investment and third-party vehicles.

Coverage in relation to indicators is approximately 90%, except where indicated in the table below.

Indicators applicable to investments in investee companies²

Sustainability indicator in relation to adverse events	Parameter	Rate 2022	Explanation	Measures adopted, measured forecast and targets set for the following reference period
INDICATORS RELATED TO CLIMATE CHANGE AND OTHER ENVIRONMENT-RELATED INDICATORS				
Emissions of GHG gases	1. Greenhouse gas emissions ³	Emissions GHG of scope 1	53.693.55	
		Emissions GHG of scope 2	12.147.92	

² The calculation base has used equity of €952,305,383.29.

³ The calculation base has used equity of €952,305,383.29.

	(GHG Emissions)	Emissions GHG scope 3	347.116.80		
	Volume of GHG emissions generated by companies in which CaixaBank AM invests. Sum of absolute CO ₂ emissions, whether disclosed or estimated, calculated based on the value of the investment in each company. <i>(t CO₂e)</i>	Total emissions (scope 1, 2 and 3)	418.844.69		
	2. Carbon footprint <i>(tCO₂e/ Million EUR EVIC)</i>	GHG emissions by investees per million euros of company value.	440.44		
	3. GHG intensity of investee companies <i>(tCO₂e/ Million EUR sales)</i>	GHG emissions of investee companies per million euros of sales.	980.23		
	4. Exposure to companies active in the fossil fuel sector ⁴ (%)	Proportion of investments in companies active in the fossil fuel sector.	11.88		
	5. Non-renewable energy production and consumption ratio	Proportion of non-renewable energy consumption and	76.84		

⁴ Companies active in the fossil fuel sector are defined as companies that derive income 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).

	(%)	non-renewable energy production of investee companies using non-renewable energy sources compared to renewable energy sources (proportion of total energy sources)			
	6. Energy consumption intensity by sector with high climate impact <i>(GWh/million EUR revenue)</i>	Energy consumption in GWh per million EUR revenue by investee companies, by sector with high climate impact	1.16		
Biodiversity	7. Activities that negatively affect sensitive areas in terms of biodiversity <i>(%)</i>	Proportion of investments in companies with headquarters or operations located in or near biodiversity-sensitive areas when the activities of these companies	0.03		

		negatively affect these areas.			
Water	8. Emissions to water <i>(Tonnes of emissions to water/million EUR invested)</i>	Tonnes of emissions to water generated by investee companies per million EUR invested (weighted average).	19.71	Indicator with low coverage (10%) due to lack of available data from companies	
Waste	9. Ratio of hazardous waste and radioactive waste <i>(Tonnes of hazardous and radioactive waste/million EUR invested)</i>	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested (weighted average).	23.85		
INDICATORS ON SOCIAL AND LABOUR ISSUES, RESPECT FOR HUMAN RIGHTS, AND THE FIGHT AGAINST CORRUPTION AND BRIBERY.					
Social and labour issues	10. Infringements of the principles of the UN Global Compact and the Guidelines of the Organisation for Economic Co-operation and Development (OECD) for Multinational companies (%)	Proportion of investments in companies that have been linked to breaches of UN Global Compact principles and OECD Guidelines for companies Multi-nationals	0.29		The result of the indicator refers to the exposure of third-party vehicles or positions authorised outside the scope of the Sustainability Risk Integration Policy, pursuant to the defined procedure. Dialogue is established with managers when these positions are identified.

	<p>11. Lack of processes and compliance mechanisms to monitor compliance with the principles of the UN Global Compact and the OECD Guidelines for Multinational Companies (%)</p>	<p>Proportion of investments in companies without policies to monitor compliance with the UN Global Compact principles or the OECD Guidelines for Multinational companies or without grievance or complaint handling mechanisms to address infringements of the UN Global Compact principles or the OECD Guidelines for Multinational Companies.</p>	<p>37.73</p>	<p>The supplier considers there has been non-compliance with the OECD Guidelines when no public policy is in place.</p>
	<p>12. Gender Pay</p>	<p>Average gender pay gap</p>	<p>11.37</p>	<p>Indicator with low coverage (28%) due to the lack of data made available by</p>

	gap, unadjusted (%)	unadjusted at companies in which investments are made.		companies	
	13. Gender diversity of the Board of Directors (%)	Proportion between the number of women on the managing committee and the Total number of members (men and women) on the managing committee of companies in which investments are made ⁵ .	34.43		
	14. Exposure to controversial weapons (anti-personnel mines, cluster bombs, chemical and biological weapons) (%)	Proportion of investments in companies involved in the production or sale of controversial weapons.	0.07		As indicated in the Sustainability Risk Integration Policy, dialogue is established with managers when such positions are identified.
Indicators applicable to investments in sovereign and supranational entities⁶					
Sustainability indicator in relation to adverse events		Parameter	Rate 2022	Explanation	Measures adopted, measured forecast and targets set for the following reference period

⁵ Average proportion of women in the governance bodies of investee companies.

⁶ The calculation base is based on equity of €212,382,896.25.

Environmental	15. GHG intensity (tCO ₂ e/ Billion GDP)	GHG intensity of countries receiving the investment.	250.79		
Social	16. Countries receiving the investment affected by social problems (%)	Number of countries receiving the investment affected by social problems (absolute number and relative number, divided by all countries receiving the investment) envisaged in the international treaties and conventions, the United Nations principles and, where applicable, national laws	0.0	For this indicator in this statement, the data is exclusively associated with direct positions, due to the lack of coverage of this data for third-party funds.	
Other indicators of major adverse impacts on sustainability factors⁷					
Climate change-related indicators and other additional environment-related indicators					
Sustainability indicator in relation to adverse events	Parameter	Rate 2022	Explanation	Measures adopted, measures envisaged and targets set for the following	

⁷ The calculation base is based on equity of €952,305,383.29.

					reference period
Emissions	4. Investments in companies without carbon reduction initiatives (%)	Percentage of investments in companies with no carbon reduction initiatives aimed at ensuring compliance with the Paris Agreement	37.83		
Additional indicators in relation to social and labour issues, respect for human rights, and the fight against corruption and bribery.					
Human rights	14. Number of detected cases of serious human rights problems and incidents (%)	Number of cases of problems and serious incidents in relation to human rights linked to companies in which investments are made on the basis of a weighted average	0.0		
<p>3. Description of policies for identifying and prioritising the impacts of Principal Adverse Impacts on sustainability</p> <p>CaixaBank AM Lux is committed to contributing to the transition towards a sustainable economy combining long-term profitability with social justice and environmental protection. The Paris Agreement adopted at the Climate Conference is the first-ever universal, legally binding agreement on climate change, and aims, among other things, that financial flows are consistent with the transformation towards a low-carbon and climate-resilient economy. In this sense, CaixaBank AM LUX has developed a Sustainability Risk Integration model based on three core pillars:</p> <ol style="list-style-type: none"> The incorporation of environmental, social and corporate governance aspects (ESG aspects) into the investment analysis and decision-making process, complementing traditional financial criteria. ESG factors can be defined as: <ul style="list-style-type: none"> Environmental: factors related to the quality and functioning of the environment and natural systems, such as air, water and soil quality, carbon and climate, ecology and biological diversity, CO₂ emissions and climate change, energy efficiency, scarcity of natural resources and waste management. 					

- **Social:** factors related to the rights, well-being and interests of individuals and communities, such as human rights, labour conditions and standards, education, gender equality and the prohibition of child and forced labour.
 - **Government or Governance:** factors related to the good governance of the companies and other entities invested in, such as the independence and supervision of the board, best practices and transparency, the remuneration of senior officials, shareholder rights, management structure, or measures taken against corruption and the use of privileged information.
2. Long-term involvement of the ManCo with the companies in which it invests, with greater participation in corporate governance decisions (proxy voting);
 3. Engagement with listed companies on material or controversial issues related to ESG factors.

As already commented above, CaixaBank AM Lux has delegated its Investment Management function to CaixaBank AM. Both companies, have developed a holistic framework for sustainable investment. CaixaBank AM Lux will supervise such framework during its annual Due Diligence in order to check if the policies are applied. CaixaBank AM joined the United Nations Global Compact in 2011 committing to support and apply the ten principles on Human Rights, Labor Rights, Environment and Fight against Corruption. Subsequently, in 2016, CaixaBank AM reinforced its commitment to adhere to the Principles for Responsible Investment (PRI), an initiative of the investment community promoted by the United Nations, whose ultimate objective is to contribute to the development of a more stable and sustainable financial system, thanks to the implementation of the six defined principles. The integration of this model could have a favorable effect on the companies' long-term results and contribute to environmentally sustainable economic growth and social progress.

Details on ESG integration in investment analysis

ESG integration is the explicit and systematic inclusion of ESG considerations in investment analysis and investment decision-making. To this end, as reflected in point 1 above, when analysing and/or making an investment decision, managers shall take into consideration both sustainability risks and major adverse events (where applicable), as defined below:

- **Sustainability risk** is understood to be any environmental, social or governance state or event that could have an actual or potential negative material effect on the value of the investment if it occurred.
- **The principal adverse impacts** are defined as the impacts of investment decisions that may have negative effects on sustainability factors.

The process of ESG integration aims to reduce the effects of both, of sustainability risk and of the principal adverse impacts, without losing sight of the goal of generating profitability.

The due diligence process

CaixaBank AM, the investment manager of CaixaBank AM Lux, has risk-based due diligence processes in place to identify, prevent, mitigate and explain how it addresses these actual and potential negative impacts on its own activities, its supply chain and other business relationships.

CaixaBank AM also voluntarily participates actively in facilitating and channelling change through its dialogue and active voting 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 a negative impact is too high or because mitigation efforts have not been successful.

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

- Identifying the principal actual or potential negative impacts.
- Taking steps to stop, prevent or mitigate these negative impacts.
- Monitoring the implementation and results of these measures.
- Reporting on how the principal adverse impacts are addressed.

In this regard, as mentioned above, the Management Company will adequately monitor compliance with these principles on a recurring basis in the annual Due Diligence on its Investment Manager.

Methodology for the identification of principal adverse events

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

CaixaBank AM uses its own methodology to analyse, assess and monitor adverse sustainability impacts generated by the investments made.

To determine the existence of possible adverse problems, CaixaBank AM will assess the performance of the PIAS indicators with respect to the results obtained in the previous year. An adverse impact on sustainability factors may be considered as existing when there is evidence that there has been a serious downturn in these indicators; or, for some indicators, when certain thresholds established in the CaixaBank Group's policies or procedures are surpassed, which include restrictions on investment in certain criteria or sectors.

Specifically, there are policies that exclude investments in companies where violations of UN Global Compact Principles have been identified (following a process of case analysis and assessment of remedial actions), as well as companies that do not comply with the OECD Guidelines for Multinational Enterprises, or that have exposure to controversial weapons.

In any case, if an adverse event is identified, CaixaBank AM will assess it, based on criteria such as the following: the reasons for it occurring, recurrence and the likelihood of success in managing it, amongst other factors. Management and mitigation actions will also be assessed and defined, where necessary. These measures may involve not investing, divesting, reducing the exposure or placing it under observation. These measures may be complemented, where appropriate, by the exercise of active ownership through engagement actions, such as dialogue and/or the exercise of voting rights corresponding to the Management Company's stake in the investee company.⁸

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

4. Engagement policies

As part of its investment advisory, analysis and management processes, CaixaBank AM takes into account its own ESG policies or those adopted by the CaixaBank Group. These policies provide a control framework with a view to avoiding, anticipating or mitigating events that may lead to adverse sustainability impacts. The most relevant policies are:

4.1 Engagement Policy (June 2021)

CaixaBank AM Lux has a proxy voting policy and CaixaBank AM aligns to this policy through its engagement policy.

The Engagement Policy of CaixaBank AM 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. This policy has the following objectives:

- To encourage the engagement of intermediaries and asset managers 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.

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

Engagement actions:

CaixaBank engages in dialogue with the public and private issuers in its investment universe to understand how ESG risks are managed and how business opportunities associated with sustainability challenges are leveraged. 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. In short, the goal is to achieve a change in the behaviour of the companies as regards certain material matters by persisting in relevant aspects.

The Management Company generally has a long-term investment vocation and will therefore encourage dialogue with public or private companies or issuers of financial products as the main mechanism for improving the sustainability of the companies and institutions where it invests through its investment manager.

Exercising voting rights (proxy voting):

As stated in the proxy voting policy of CaixaBank AM Lux, as a general criterion, the Management Company and by extension the delegate Investment Manager will exercise the voting rights inherent to the securities that are invested by the funds under management when the issuer is a company listed on markets located in the European Union, as well as issuers that have their registered office in a member state, in line with what is recommended by the SRD II.

CaixaBank AM Lux 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.

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 previously decided by CaixaBank AM.

4.2 Sustainability policies

In addition to the engagement policy, CaixaBank AM Lux has its own corporate policies to identify, assess and manage actual or potential negative impacts, which are included below:

Sustainability Risk Integration Policy (July 2022)

CaixaBank AM LUX has developed a Sustainability Risk Integration model.

In this sense, its Policy responds to the previous principles, to European Commission's Sustainable Finance Action Plan, and, in particular, to Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, which establishes the obligation for financial market participants to specify in their policies how sustainability risks are integrated into their investment management processes, as well as to continually assess all relevant sustainability risks that could have a material negative effect on the financial profitability of the investment, and report on this process.

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 negative impact on the value of the investment if it occurs. As the management company has delegated the investment management to CaixaBank AM, the scope of this Policy will be defined further in the SRI Policy of CaixaBank AM. In general, this Policy is applicable to investments made by third parties in all vehicles and portfolios managed by the Management Company, except for those which, as in the case of index funds, exceptionally fall outside the scope of application of the Sustainability Risk Integration Policy, or those subsidiaries which, due to regulatory requirements, have their own policy.

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

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

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

The Corporate Anti-Corruption Policy, as a corporate policy, applies to all CaixaBank Group companies, their employees, managers and members of the governance bodies. The document sets out the Group's commitment to working against corruption in all its forms, including extortion and bribery, setting out general principles which include a regulatory framework and the definition of a standard of conduct, general principles which govern the management of corruption risk and a channel for consultations and complaints. The objectives include:

- Transmitting corporate values and principles of action, ensuring compliance with them by the Group and its employees, managers and members of the Group's governance bodies or companies.
- Establishing due diligence measures for contractual relationships with third parties.
- Ensuring that measures are taken to prevent or reduce the risk of committing corruption offences at all levels of the Group's activities.

Human Rights Policy (January 2022)

The principles of action of the Human Rights Policy shall be used as a guide in relation to human rights in the relationships that CaixaBank establishes with its employees, customers, shareholders, suppliers, trading partners and the communities in which it carries out its business and activities. These principles apply to employees, managers and members of the governance bodies at the Bank.

The Bank shall periodically analyse the human rights issues relating to its activity and implement due diligence processes to assess the risk of non-compliance, which it shall use to propose preventive measures or solutions to the negative impacts and measures to maximise the positive impacts.

Declaration on climate change (January 2022)

This Declaration sets out lines of action including but not limited to the following:

- Supporting viable and compatible projects with a carbon-neutral economy and solutions to climate change.
- Managing climate change risks and moving towards emission neutrality in the credit and investment portfolio.
- Minimising and offsetting our operational carbon footprint.
- Promoting dialogue on sustainable transition and collaborating with other organisations to move forward together.
- Reporting our progress in a transparent manner.

Against this backdrop, CaixaBank AM considers that, as a financial institution, it plays a key role in implementing these objectives to focus on the need to accelerate the transition to a carbon-neutral economy by investing in sustainable projects, supporting the sustainable transition, minimising and offsetting the impact of operations and dialogue with CaixaBank Group's stakeholders.

5. References to international standards

CaixaBank AM Lux and CaixaBank AM take the following international standards into consideration as part of its control framework to prevent events that could lead to adverse impacts on sustainability, as well as adhering to various initiatives in this area that reinforce its management of ESG risks and factors.

The Human Rights Principles set out the Management Company's commitment to respect the following international declarations:

- The United Nations International Charter of Human Rights, which includes:
 - 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 essential.
- The United Nations Global Compact, encompassing both its Ten Principles and the 17 Sustainable Development Goals ("SDGs").
- The Charter of Fundamental Rights of the European Union.
- The United Nations Guiding Principles on Business and Human Rights.
- OECD Guidelines for multinational enterprises.

CaixaBank AM also supports achieving the objectives of the Paris Agreement through its backing of the Task Force on Climate-related Financial Disclosures (TCFD) and its adherence to the Climate Action 100+.

In addition to adherence to international standards and codes of business conduct, the Investment Manager has made the following commitments in relation to sustainability as a sign of its determination to avoid and address the negative impacts associated with investment decision-making.

- **Adherence to the United Nations Global Compact (the "Global Compact"):** Adhesion in 2011 to the Global Compact, which is the largest voluntary corporate social responsibility initiative in the world. It pursues two main objectives:
 - To incorporate the 10 universal principles of human rights, labour, environment and anti-corruption into its strategies and operations.
 - Channelling action towards a plan to support the broader UN goals, including the 17 Sustainable Development Goals ("SDGs"). To this end, although CaixaBank includes the 17 SDGs in its sustainability strategy, contributing to all of them through its activity, social action and strategic alliances, it focusses its actions on four priority objectives:
 - SDG 1 - No poverty,
 - SDG 8 - Decent work and economic growth,
 - SDG 12 - Responsible production and consumption; and
 - SDG 17 - Partnerships for the goals.

- **Adherence to the United Nations Principles for Responsible Investment (PRI):** These Principles were developed in collaboration with the UNEP FI and the Global Compact, and promoted by the United Nations, with a view to reflecting the increasing relevance 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 amongst entities as well as 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.

- **Adherence to the Advance initiative organised by the Principles for Responsible Investment:** This seeks to strengthen the implementation of the UN Guiding Principles on Business and Human Rights through the collective influence of institutional investors.

- **Adherence to the Climate Action 100+ initiative:** In relation to climate action, CaixaBank AM is a member of this initiative, which promotes a collective dialogue with the largest corporate emitters of greenhouse gases worldwide, with a view to reducing emissions, improving climate governance and enhancing transparency in climate matters.

- **Adherence to collaborative dialogue with GIS governance:** this urges governments to step up their level of ambition with a view to limiting the increase in global temperature to within 1.5°C.

Criteria for business conduct are established through the Group's commitments to the various international guidelines. These standards encompass the Group's responsibilities and the regulations applicable to its operations in certain sectors, with the aim of mitigating the risk of events that could lead to adverse sustainability impact.

