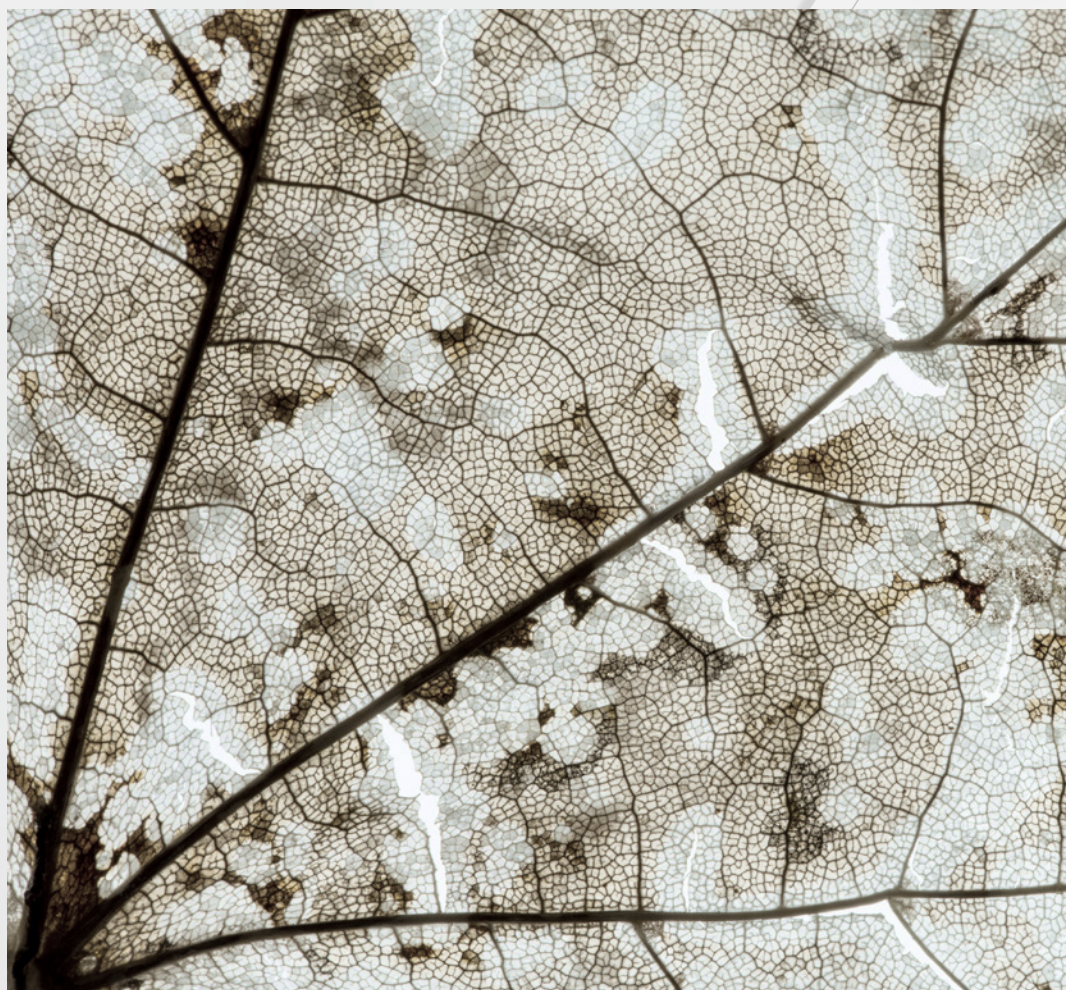


Environmental Risk Management Policy

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0.1 Introduction

CaixaBank Asset Management SGIIC, S.A.U. (hereinafter "CaixaBank AM", the "Bank" or the "Management Company") carries out its activity in strict compliance with the laws of the territories in which it operates and in accordance with the most demanding ethical standards and professional conduct.

The Bank operates to optimise the relationship between profitability and risk, and to avoid, minimise, mitigate and remediate as much as possible factors that may pose a significant risk to the environment or the community in accordance with the highest responsible standards. In this way, CaixaBank AM integrates social, environmental and good governance criteria in its investment decisions with the aim of mitigating risks and supporting those business projects consistent with its corporate values.

Some sectors in which CaixaBank AM invests may have a significant environmental impact. For this reason, within the framework of a rigorous and responsible decision-making process, CaixaBank AM considers it essential to identify, evaluate and manage Environmental Risk (as defined in point 6.1) associated with its activity.

This Environmental Risk Management Policy refers to the environmental implications arising mainly from its activity as a manager of collective investment schemes and aims to mitigate the impact of climate change, the potential harmful effects on the environment in general (such as air and water pollution, depletion of resources or loss of biodiversity) and related risks (such as natural disasters).

The main objective of this Policy is to determine a framework of global principles on which all actions related to or having a significant impact identified on this Risk must be based, as well as the basic governance framework for the authorisation, management, communication and disclosure of these actions. Environmental risk management forms part of ESG risks (Environmental, Social and Governance) and constitutes one of the main lines of action of the Environmental Risk Management Strategy defined by CaixaBank AM.

Additionally, and without prejudice to the fact that more sectors may be added in the future, this Policy specifies the criteria and procedures to be followed in relation to investment in financial assets listed in organised markets in the following sectors that may have a greater environmental impact: Mining and Energy

Despite the fact that this Policy focuses on the area of environmental risk management, it is important to remember that, in the general approach to investment management, it will be important to bear in mind that there is a direct link between environmental and social aspects, since any impact or impact on the environment can generate potential problems of inequality, inclusion, employment relations and investment in human capital and communities. Therefore, all decisions that affect environmental policy form part of the policy of Socially Responsible Investment principles operated by the Management Company.



0.2 Scope and field of application

This Policy is applicable to CaixaBank AM, it is in line with the general policy of CaixaBank, S.A., and includes additional features regarding this to ensure the best implementation of risk management and environmental opportunities for investment management activity. In this regard, it will only be applicable to the assets of the companies invested in directly. For further details, see the Socially Responsible Investment procedure in force at CaixaBank AM.

This document is dynamic, and will be adapted as functions and organisation evolve and change with the introduction and implementation of new principles and models for the management of Environmental Risk. Likewise, the social and international environment in this area is subject to continuous review given the environmental challenges that we face at a global level, and thus our strategy and standards must be properly adapted to new recommendations or legal requirements that may arise, or as a result of dialogue between the group and its stakeholders. In this context, CaixaBank AM will review this Policy at least annually, and must update it to ensure it is in line with international regulations and best practices.

This Policy is applicable from the date of approval by the Board of Directors and excludes any pre-existing activity or investment.



0.3 Context and regulatory framework

The Bank has mandatory internal Rules and Policies, among which the Code of Ethics and Business Principles, the Corporate Social Responsibility Policy and the Human Rights Policy, which include basic principles of action for the exercise of its activity.

These Policies reflect its commitment to carry out its activity in strict compliance with the applicable regulations and in accordance with the highest standards of ethical and professional conduct.

Likewise, CaixaBank AM has embraced global initiatives in social and environmental issues, such as:

- The United Nations Global Compact.
- The United Nations Principles for Socially Responsible Investment (UN PRI)

Consistent with these accessions and commitments, it considers that proper evaluation and management of the risks and social and environmental impacts arising from its activity are essential. For this reason, it expects its customers to comply with the laws applicable and the highest responsible governance, transparency, social and environmental standards. In this regard, as the Group parent, CaixaBank recognises the following initiatives, conventions or institutions:

- United Nations Group Human Rights Policy.
- The United Nations Guiding Principles on Business and Human Rights.
- Conventions of the International Labor Organization (ILO).

Additionally, in the field of Environmental Risk management, CaixaBank AM takes into account other related initiatives such as:

- The Conferences of the Parties held in recent years.
- The United Nations (UN) Sustainable Development Goals (SDGs).
- The transitional energy scenario adopted by the Government of Spain.
- The recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).

CaixaBank AM also seeks alignment with the recommendations of regulators and the objectives of the European Commission's Action Plan for sustainable finance:

- Redirect capital flows towards sustainable investments.
- Manage the financial risks arising from climate change, the depletion of resources, the degradation of the environment and any social problems that may arise.
- Promote transparency and long-term vision in financial and economic activities.

Lastly, as it is an area of intense development, CaixaBank AM is also committed to aligning itself with any new standards or new regulations that may be applicable, including that arising from the European Commission's aforementioned Action Plan and the Spanish Strategy for Climate Change and Energy Transition.

0.4 CaixaBank AM Environmental strategy

CaixaBank AM will adapt the Environmental Strategy defined by CaixaBank S.A. to its investment management activity. This strategy considers the following to be the main lines of action:

- 1) Manage environmental risks and those arising from climate change, integrating ESG aspects (Environmental, Social and Governance) in making investment decisions and building the managed portfolios.
- 2) Boost "green" business, generating green production (climate-friendly business) and supporting the transition towards more sustainable business models through its investment vehicles.
- 3) Minimise its own environmental impact, reducing the carbon footprint with environmental efficiency initiatives.

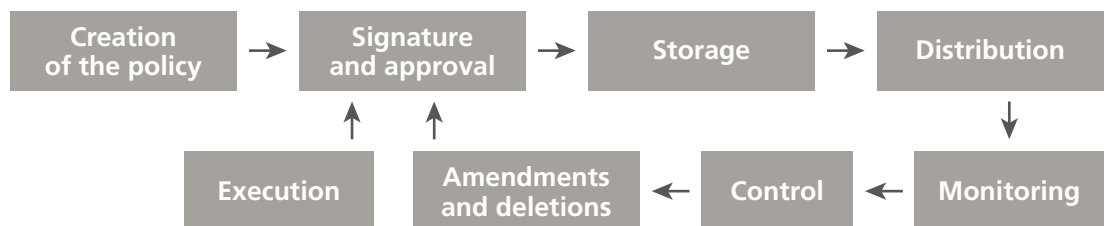
0.5 Roles and responsibilities

5.1. Roles

The roles needed to implement this Policy are as follows:

- **Creation:** who draws up and implements the Policy in the first instance.
- **Signature and approval:** who are ultimately responsible for approval of the Policy and its subsequent versions
- **Execution:** who carries out implementation of the Policy.
- **Storage:** who is responsible for proper filing of the Policy and subsequent versions thereof.
- **Distribution:** Area/Department in charge of distributing the Policy and its content to the rest of the Bank.
- **Monitoring:** Area/Department responsible for monitoring the Policy.
- **Control:** Area/Department in charge of controlling the Policy.
- **Amendments and deletions:** in the event that a modification or update of the Policy is required, who is in charge of this task.

The workflow for drawing up, validating, rolling out and monitoring the Policy is as follows:



5.2. Parties responsible

Function	Parties responsible
Creation	Business and Commercial Development Area, Iberia Investment Area and Risk Area
Initial approval and updates	Governance bodies (final approval): <ul style="list-style-type: none"> • Review and approval for escalation to the Board: Management Committee • Final approval: Board of Directors
Execution	Area
Storage and distribution	Risk Area
Monitoring and control	Risk Area
Management of modifications and deletions	Risk Area
storage	Risk Area



0.6 Definition and general principles for environmental risk management

6.1. Definition

According to Environmental Responsibility Law 26/2007 (leading to Directive 2004/35/EC on environmental responsibility in relation to the prevention and reparation of environmental damage), **Environmental Risk** is defined as the probability of occurrence of damage that can cause significant adverse effects on species, water, soil, air or any element of the habitat or environment.

Environmental Risk includes the risks arising from climate change (associated with the emission of greenhouse gases that contribute to global warming of the planet). According to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) operated by the Financial Stability Board, the **Risks of Climate Change** are defined as:

Physical risks:

- **Chronic:** risks associated with permanent changes in weather patterns.
- **Acute:** risks associated with greater probability and greater impact of extreme natural events.

Transition risks:

- **Political-legal:** risks associated with legislative changes to combat climate change.
- **Technological:** risks associated with the development of new technologies to combat climate change.
- **Market:** risks associated with changes in the business model arising from the fight against climate change.
- **Reputation:** risks associated with possible passivity of the company in the fight against climate change.

6.2. General Principles

From the perspective of the internal management of its business, CaixaBank AM aims to ensure that procedures and tools for the identification, evaluation and monitoring of Environmental Risks arising from its investment management activity are applied and integrated in the standard risk processes, compliance and operations of the Bank.

In this context, the gradual process of implementing an Environmental Risk management framework should include at least the following lines of action:

- Define and manage an internal Environmental Risk management plan in accordance with the CaixaBank Group Strategy and adapted to its investment management activity in assets listed in organised markets.
- Integrate particularly relevant environmental risks in investment management policies and procedures.
- Ensure that the companies in which the group's portfolios invest maintain high standards in Group environmental policy.
- Encourage environmental risk mitigation practices in investees, directing our voting policy and engagement activities with companies to reduce their environmental risks.
- Promote the implementation of systems to identify and measure the exposure of our investments to Environmental Risk, in accordance with developments in the regulatory framework, social sensitivity to these risks and the best market practices.

In addition, the Environmental Risk management model must include the following aspects:

- Proper allocation of the various roles linked to the management of Environmental Risk in the organisational structure, with the necessary segregation of functions in order to maintain independence between the areas responsible for the processes of defining strategy, analysis and investment decisions and monitoring and control of the risk.
- A clear system according to the internal metrics established based on the expert databases that the bank considers relevant.

This Policy establishes the main lines of the governance framework that allows the above aspects to be implemented for the global management of Environmental Risk.

6.3. Exclusion Principles

When CaixaBank AM embraced the Principles of Responsible Investment in 2016, the management company decided to integrate environmental, social and governance criteria (hereinafter ESG) in its decision-making processes. The integration of these ESG criteria is considered to have a favourable effect on companies' long-term results and contribute to environmentally sustainable economic and social progress.

The ESG analysis of aspects is applied to equity and fixed-income securities admitted to trading on regulated markets.

The integration of environmental, social and good governance aspects in the investment analysis and management processes is compatible with the establishment of exclusion criteria for certain assets. In general terms, CaixaBank AM is opposed to investing in companies or States where practices are carried out that violate international treaties such as the United Nations Global Compact to which the Management Company is a signatory.

Additionally, CaixaBank AM declares it is not willing to invest in financial assets of companies:

- That are involved in the development, production, maintenance, or trading of controversial weapons.
- That produce military weaponry or components of such weaponry.
- With thermal coal extraction.

If a company does not comply with the requirements described in this Policy, CaixaBank AM will endeavour to take action for the purposes of compliance within the shortest possible time compatible with economically reasonable management. In this regard, CaixaBank AM will promote active dialogue with companies and asset managers, either directly or by participating in collective action aimed at adopting the necessary measures to modify controversial practices or activities, and may eventually divest in the event of incompatibility of the activities carried out by the company with the aspects indicated in this policy.



0.7 Definition and functions concerning the governance of environmental risk management

7.1. Governance Bodies: Board of Directors

The Board of Directors of CaixaBank AM will undertake, in the field of Environmental Risk, the same responsibilities that it undertakes against the risks explicitly identified in the Corporate Risk Catalogue, and in Internal Control Policies.

In particular, the Board of Directors constitutes the highest authority in terms of setting the Bank's business strategies, risk strategy and risk management policies. In this regard, the Board of Directors is responsible for defining risk appetite and supervising the current and future risk profile of CaixaBank AM, including the Environmental Risk profile.

7.2. Committees and other collegiate bodies

7.2.1 Management Committee

The Management Committee of CaixaBank AM is the most senior body for matters concerning the global management of Environmental Risk, with regard to the investment policy permitted in portfolios. It is the responsibility of the Management Committee to approve any changes proposed by the Socially Responsible Investment Committee (hereinafter "SRI Committee"), as well as any decisions that may be adopted in relation to the management of environmental risk.

Furthermore, as long as there is no committee similar to CaixaBank's Global Risks Committee at CaixaBank AM, the Management Committee must ensure that the exposures identified as relevant for the purposes of Environmental Risk are properly identified, measured, evaluated, managed, mitigated and reported, in addition to any aspect of the Entity's operation that may significantly influence the Group's Environmental Risk profile and compliance with the levels of appetite that have been established.

7.2.2 Socially Responsible Investment Committee

The Socially Responsible Investment Committee reports to the Management Committee, and it is the body in charge of submitting for the approval of the Management Committee any change in CaixaBank AM regarding the management of Environmental Risk in investment matters, as the environmental portion is one of the three basic pillars of its supervision in everything that concerns the process of integrating SRI in investment management.

The governance, composition and detailed scope of action of the SRI Committee are regulated by its Operating Regulations approved by the Management Committee.

All the environmental risk management initiatives must be supervised by this Committee, which may require at all times the advice of experts in Environmental Risk from the Bank's functional areas involved in assumption, management, monitoring or control activities with potential impact on this risk.

The SRI Committee will be responsible for the following actions:

- Identify the global levers and areas of action with relevance for the assumption or management of Environmental Risk at CaixaBank AM, help draw up policies, and collaborate in the coordination and execution of the internal environmental management plan.
- Define and update, together with the rest of the functional areas involved, the global environmental strategy of CaixaBank AM.

7.3. Main functional areas with specific responsibilities in Environmental Risk Management

7.3.1 Business and Commercial Development Area/ Iberia Investment Area

The Business and Commercial Development Area at CaixaBank AM is responsible for coordinating with the Communications, International Relations, Brand and CSR Department at CaixaBank to ensure a framework for action in accordance with the high standards set by the CaixaBank Group in relation to Environmental Risk.

The Investment Iberia Area, specifically the SRI Department, is responsible for accompanying the Product & Services Area in identifying non-financial risks for the construction of portfolios.

In particular, these areas will be responsible for the following:

- Support the business areas in the definition of green products and in customer support in operations related to Environmental Risk.
- Along with the other relevant areas in this role, maintain dialogue with internal and external stakeholders with respect to our positioning and management in relation to Environmental Risk.

7.3.2 Risk Area

In relation to Environmental Risk, the Risk Area at CaixaBank AM will undertake all the functions of a second line of defence underlying this policy, as if it were one of the risk categories identified in the Corporate Catalogue, and will coordinate with Executive Management of Corporate Risk Management and Planning at CaixaBank.

7.3.3 Products & Services Area

- This will be responsible for the first review of operations subject to the scope of the Environmental Risk Management Policy.
- For its management activity, it must carry out first-line control of compliance with the requirements together with the SRI department.

7.3.4 Legal Advisory Department

The scope of its function includes the following responsibilities, among others:

- Verification of compliance with the legal requirements affecting the Bank, as well as the adequacy of the different contractual requirements.
- Definition of contractual clauses necessary to ensure compliance with this policy.

Finally, all the areas and departments indicated above will be responsible for representing the Bank, within their areas of activity, in groups of environmental experts and think tanks.



0.8 Sectoral exclusions

8.1. Mining

8.1.1 Context and objectives

The mining industry plays an essential role for the economy. It is a significant source of income and wealth in numerous territories, providing decent employment, business development and tax revenue. Also, some minerals are essential for other industries. Minerals such as phosphates or potassium are used in the agricultural and chemical industries; metals are necessary for the production of consumer and capital goods etc. In this regard, recycling or other action linked to the circular economy can reduce the need for raw materials, but hardly eliminate it.

At the same time, this industry can produce adverse environmental and social impacts. For this reason, CaixaBank AM considers it essential for the environmental, social and governance aspects related to the activity to be properly evaluated and managed.

These criteria apply to companies involved in the mining sector, including exploration, planning and development, exploitation, closure and rehabilitation of mines, and in situ processing of the minerals extracted (excluding oil & gas, the criteria for which are defined in the energy section).

8.1.2 Exclusions

CaixaBank AM will not invest in companies with the following characteristics:

- Companies whose consolidated income depends on the extraction of thermal coal by more than 40%.

If a company does not comply with the requirements described in this Policy, CaixaBank AM will endeavour to take action for the purposes of compliance within the shortest possible time compatible with economically reasonable management. In this regard, CaixaBank AM will promote active dialogue with companies and asset managers, either directly or by participating in collective action aimed at adopting the necessary measures to modify controversial practices or activities, and may eventually divest in the event of incompatibility of the activities carried out by the company with the aspects indicated in this policy.

8.2. Energy

8.2.1 Context and objectives

The energy sector is of great importance in the development of the global economy. Access to safe and affordable energy is essential for global well-being. However, CaixaBank AM is aware that the energy sector can have a potential negative impact on both society and the environment. In this sense, it can cause climate change through the emission of Greenhouse Gases (GHG), alter the ecosystem, generate impacts on biodiversity through the construction of power plants in sensitive areas and the generation of hazardous waste, among others. These sustainable risks must be managed appropriately to minimise impacts on the environment and local communities. Furthermore, there is a growing demand for cheaper, safer, cleaner and more efficient energy sources.

This sector includes companies whose activities related to the exploration and production of oil and gas, and the production of energy (including the construction / expansion / maintenance of power plants), using thermal, nuclear or renewable sources, account for a significant portion of their total activity.

Oil and gas: Oil and gas play an important role in the global energy package. However, oil and gas exploration and production can have adverse impacts on the environment and on local communities. In this regard, oils sands are especially sensitive.

Coal: The processing and combustion of coal have a significant environmental impact. Coal-fired power plants produce large quantities of carbon dioxide, thus contributing substantially to climate change.

Nuclear energy: Mishandling of nuclear energy can lead to safety, health, and/or environmental problems, such as radioactive contamination, affecting biodiversity and communities.

Renewable energy: In a context of fighting climate change and in the transition towards a low-carbon economy, the renewable energy sector (wind, solar, geothermal, hydroelectric, biomass, among others) is gaining ground within the energy industry. It is the cleanest form of energy generation, although its development and production can have a negative impact on the environment and on society if the potential environmental and social impact is not properly managed (for example: use of water or impact on biodiversity).

8.2.2 Exclusions

CaixaBank AM will be especially sensitive to investment in companies that meet any of the following requirements:

- The Group's turnover depends on the generation of energy from thermal coal by more than 25%. Exceptionally, the Bank may invest in companies whose income from electricity generation from coal represents a significant part of its consolidated income when:
 - a) They are located in countries with a high energy dependence on coal or with no other viable alternative energy sources;
 - b) Use the most efficient technologies in terms of emissions of CO₂, and c) have a diversification strategy.
- The exploration or production of oils sands account for more than 10% of the Group's consolidated turnover at the parent level.

If a company does not comply with the requirements described in this Policy, CaixaBank AM will endeavour to take action for the purposes of compliance within the shortest possible time compatible with economically reasonable management. In this regard, CaixaBank AM will promote active dialogue with companies and asset managers, either directly or by participating in collective action aimed at adopting the necessary measures to modify controversial practices or activities, and may eventually divest in the event of incompatibility of the activities carried out by the company with the aspects indicated in this policy.



APPENDIX 1 Glossary

- **The International Human Rights Charter** includes the Universal Declaration of Human Rights, the International Convention on Economic, Social and Cultural Rights, and the International Convention on Civil and Political Rights and the two optional protocols.
 - **The Universal Declaration of Human Rights (UDHR):** this is a declarative document drawn up by representatives of all regions of the world from different legal and cultural backgrounds. The Declaration was proclaimed by the United Nations General Assembly as a common ideal for all peoples and nations. It includes, for the first time, the fundamental human rights that must be protected throughout the world (basic civil, cultural, economic, political and social rights that all human beings in the world should enjoy).
 - **International Conventions:** Following the adoption of the UDHR, the Commission on Human Rights, the main intergovernmental body on this issue at the United Nations, converted these principles into international treaties to protect certain rights. In view of the unprecedented nature of this task, the General Assembly decided to draft two conventions for two types of rights set forth in the Universal Declaration: civil and political rights and economic, social and cultural rights.
- **United Nations Global Compact:** The United Nations Global Compact is an international initiative which promotes implementation of the 10 universally accepted principles for promoting sustainable development in the areas of Human Rights and Business, Employment Regulations, the Environment and the Fight against Corruption in the business strategies and activities of companies. It is the world's largest corporate social responsibility initiative.
- **Conventions of the International Labor Organization (ILO):** The International Labor Organization (ILO) is a specialised United Nations agency that deals with issues concerning employment and industrial relations. International employment standards are divided into conventions and are legal instruments prepared by ILO constituents (governments, employers and workers) that establish basic principles and rights for the workplace.
- **Performance Standards of the International Finance Corporation (IFC):** Performance standards that provide a framework for understanding and managing the environmental and social risks of a very notable, complex, international project or a project with a large potential impact. They are an international benchmark for the detection and management of environmental and social risk, and have been adopted by many organisations as a key component of their environmental and social risk management. The IFC general guidelines on the environment, health and safety provide technical guidance with general and sectoral examples of international good industrial practices to meet the IFC Performance Standards.

- **The World Bank's guidelines on the environment, health and employment security:** The World Bank's International Finance Corporation (IFC) Guidelines on Environment, Health and Safety are technical reference documents containing general and specific examples of Good International Industry Practice (GIIP). The General Guidelines should be used in conjunction with the environment, health and safety guidelines applicable to the industry concerned, and provide guidance to users on issues related to each specific industrial sector.