



Investment that benefits us all

CaixaBank AM Socially Responsible

March 2021



Socially Responsible Investment (SRI)

1.1 Objectives



SRI in CaixaBank Asset Management

2.1 Memberships and commitments

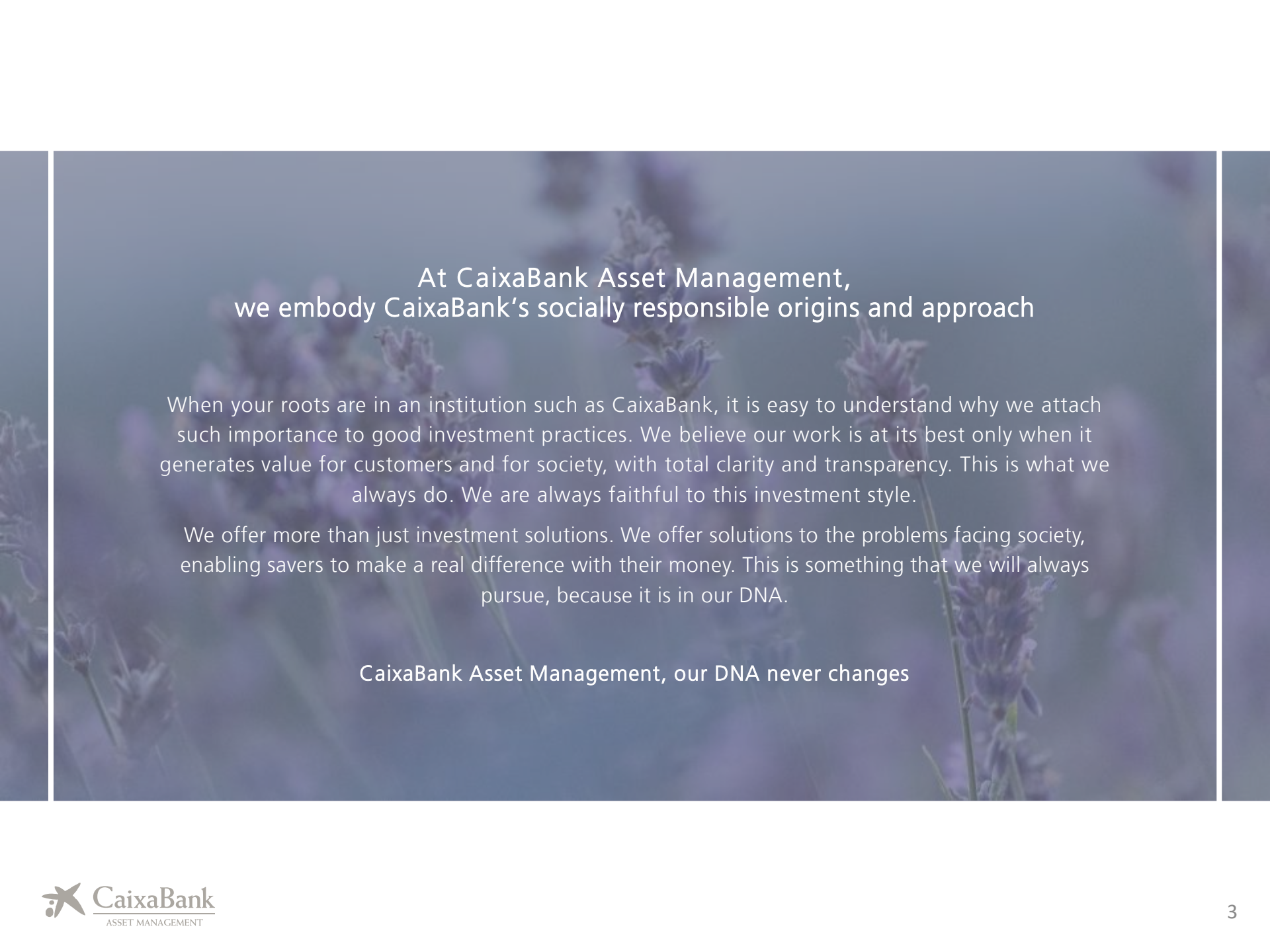
2.2 Our SRI approach

2.3 SRI governance



Investment Solutions

3.1 ESG Discretionary Management Portfolios

A background image of a lavender field with soft, out-of-focus purple flowers and green stems under a pale sky.

At CaixaBank Asset Management, we embody CaixaBank's socially responsible origins and approach

When your roots are in an institution such as CaixaBank, it is easy to understand why we attach such importance to good investment practices. We believe our work is at its best only when it generates value for customers and for society, with total clarity and transparency. This is what we always do. We are always faithful to this investment style.

We offer more than just investment solutions. We offer solutions to the problems facing society, enabling savers to make a real difference with their money. This is something that we will always pursue, because it is in our DNA.

CaixaBank Asset Management, our DNA never changes

An aerial photograph of a desert landscape featuring rolling sand dunes. A light-colored, winding path or road cuts through the dunes, curving from the bottom left towards the top right. The sand has a textured, rippled appearance. The entire image is overlaid with a semi-transparent brown filter.

1. Socially Responsible Investment (SRI)

This investment embraces environmental, social and good governance (ESG) criteria when analysing and picking assets for a portfolio, as well as conventional financial considerations.

1. Socially Responsible Investment (SRI)

1.1 Objectives



Prioritise companies with greater positive impact. Support companies that:

- Foster social justice, the use of renewable energy and clean technologies
- Apply sustainable development criteria
- Promote employment opportunities for young people and women...



Try to change the practices of companies that do not respect issues such as:

- Non-discrimination based on gender, race...
- Respect for the environment
- No experiments on live animals

Avoid companies that do not have adequate minimum social and environmental standards.

2. SRI at CaixaBank Asset Management, SGIIC SAU

Every customer expects responsible and transparent investment.

CaixaBank Asset Management is a member of the UN Global Compact and a signatory of its Principles for Responsible Investment (UNPRI). This demonstrates that respect for good practices is more than just an obligation, it is part of our DNA.

2. SRI in CaixaBank Asset Management

2.1 Memberships and commitments

The Principles for Socially Responsible Investment (PRI)

CaixaBank Asset Management SGIIC, SAU (CABK AM) signed up to the Principles of Responsible Investment (PRI) in 2016, demonstrating that our commitment to the Group to respect good practices is more than just an obligation. It is part of our DNA.

The United Nations Principles for Responsible Investment (PRI) involve a network of investors working together to put responsible investment principles into practice. Its objective is to raise awareness of the implications of sustainability for investors and to support the signatories in incorporating these considerations into their investment decision-making processes and shareholding practices.

The signatories are contributing to the **development of a more sustainable global financial system by applying these Principles**. The signatories have a duty to act in the best long-term interests of their beneficiaries. In this fiduciary role, they are demonstrating their belief that environmental, social and corporate governance issues can affect the performance of investment portfolios.



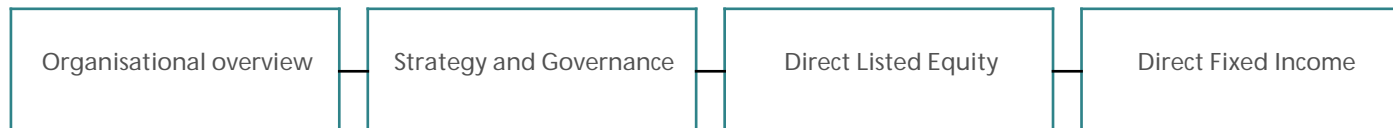
2. SRI in CaixaBank Asset Management

2.1 Memberships and commitments

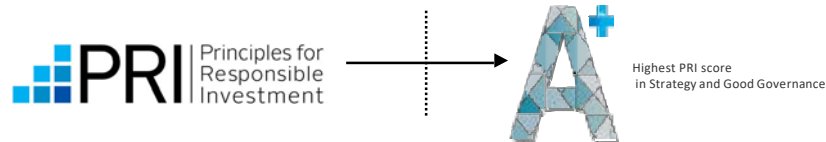
The Principles for Socially Responsible Investment (PRI)

PRI Principle 6 states that signatories must report on their activities and progress towards implementing the Principles. This information must be provided for each asset class. Each signatory is scored for each UNPRI principle and their results are then compared to the other signatories.

We must measure our progress in applying the Principles to comply with the PRIs. That is why we complete the *PRI Reporting Framework* every year. This is based on 4 modules:



CaixaBank Asset Management obtains the highest rating (A+) in the Strategy and Governance module, demonstrating our commitment to responsible investment.



2. SRI in CaixaBank Asset Management

2.1 Memberships and commitments

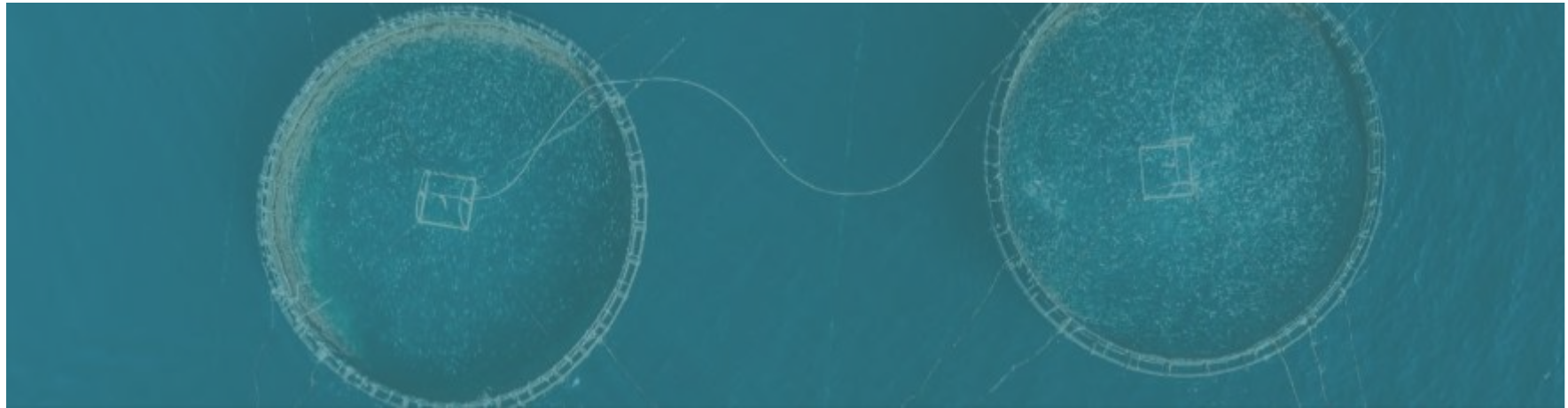
The Principles for Socially Responsible Investment (PRI)

1. We incorporate ESG issues into our **analysis and decision-making processes** for investments.
2. We are pioneers in incorporating **ESG issues into our policies and practices**.
3. We pursue **transparent disclosure on ESG issues** by the entities in which we invest.
4. We promote **acceptance and application of these Principles** in the investment sector.
5. We work together to **improve our efficiency** in the application of the Principles.
6. We report our **activity and progress** in applying the Principles.

2. SRI in CaixaBank Asset Management

2.1 Memberships and commitments

United Nations Global Compact



CaixaBank Asset Management **became a signatory to the United Nations Global Compact in 2011.**

The United Nations Global Compact was launched in 1999. It is the world's largest corporate citizenship initiative. It functions as an integrated business network in which the participants promote the Compact's objectives and principles.

Its objective is that **companies should integrate a number of universal principles into their strategies and operations** in relation to human rights, employment regulations, the environment and the fight against corruption.

Flagship SRI policies in CaixaBank Asset Management include our:

- Environmental Risk Management Policy
- Defence Sector Relations Policy

2. SRI in CaixaBank Asset Management

2.1 Memberships and commitments

Other commitments

Global Steering Group

Chair of the Spanish National Advisory Board (NAB)

Spain joined the GSG in June 2019, following the organisation and work of the Spain National Advisory Board (NAB), which is chaired by Juan Bernal, Chief Executive Officer of CaixaBank Asset Management.

The **Global Steering Group for Impact Investment (GSG)** is an independent global advocacy group that catalyses impact investing and entrepreneurship to benefit people and the planet. The GSG was established in August 2015 to continue the work of the Social Impact Investment Taskforce established under the UK Presidency of the G8.

The GSG's members currently include **26 countries plus the EU**. Chaired by Sir Ronald Cohen, the GSG brings together leaders from the worlds of finance, business and philanthropy.

Its mission is to **harness the energy behind impact investment to spark an impact movement around the world**.



2. SRI in CaixaBank Asset Management

2.1 Memberships and commitments

Other commitments

Spain NAB

The *National Advisory Board (NAB)* is an advisory body and working group belonging to the GSG. Its function is to **represent and promote** the impact investment ecosystem in Spain.

Its mission is to promote and foster impact investing in Spain, working with the leaders of the sector in the country, and to work with the GSG and the NABs of other GSG-signatory countries. The NAB's impact investing objectives are:

- To develop into the **platform representing the impact investing sector in Spain**, acting as a significant, proactive and reliable presence for all stakeholder groups in the sector.
- **To increase awareness** in the public and private sectors.
- **To identify opportunities** to increase activity and scale.
- **To attract the best talent** to the impact investing sector.
- **To foster exchange** of national and international experiences.
- **To develop the infrastructure needed for the growth** of impact investing.



2. SRI in CaixaBank Asset Management

2.2 Our SRI approach

1. Specific exclusion criteria

The exclusion strategy is a **rules-based approach** that excludes some public issuers (if they do not respect certain international norms or conventions) and certain activities (such as some controversial weapons, coal mining, military contracts, etc.).

At CaixaBank Asset Management, we consider this to be an **efficient tool for reflecting a conviction**, but it reduces the possibility of influencing the companies or sectors.

2. Integration in the investment process

We have, therefore, chosen an approach based on integration, consisting of analysing companies based not only on traditional financial analysis but also **incorporating environmental, social and good governance aspects that are significant** for the sector and the company.

3. Analysis of conflicts and disputes

Our integration model includes **analysing controversies and extraordinary events related to ESG factors that are significant for the company**. We do this through external suppliers who provide us with information about controversies in which the company is involved. This enables us to assess whether:

- It is an isolated or recurring event in the company.
- Measures have been taken to stop it happening again.
- It will impact the present or future value of the company.

2. SRI in CaixaBank Asset Management

2.2 Our SRI approach

4. Engagement

As part of our commitment to environmental, social and good governance criteria, CaixaBank Asset Management often tries to **engage in dialogue with companies to promote changes in their practices related to these criteria.** Historically, the relationship between investors and companies has been from a purely financial point of view. We want to improve our dialogue and relationship with companies by integrating ESG criteria, to encourage them to improve their policies and practices.

There are two levels to improving this dialogue:

- **Collaborative actions** backed by the PRI.
- **Direct dialogue** with companies.

2. SRI in CaixaBank Asset Management

2.2 Our SRI approach



Climate Action 100+

In December 2017, investors launched Climate Action 100+, a five-year initiative to **ensure that the world's largest corporate greenhouse gas (GHG) emitters take crucial action** to align with the objectives of the Paris Agreement.

Climate Action 100+ is one of the largest investor-driven climate initiatives to date.



Action against deforestation in the Amazon

In September 2019, PRI and Ceres announced their commitment to working together by launching an initiative for investors on deforestation and forest fires in the Amazon. The objective of this initiative is **to take urgent action in response to the devastating fires in the Amazon**, which were fanned in part by the alarming rate of deforestation in Brazil and Bolivia.

2. SRI in CaixaBank Asset Management

2.2 Our SRI approach

5. Exercise of proxy voting rights

The exercise of voting rights and commitment actions are interconnected. Together with **active dialogue with companies**, CaixaBank Asset Management, uses its **right to vote** at Annual General Meetings as a tool to promote change, particularly in relation to controversial issues regarding remuneration, board structure, shareholders' rights and environmental and social issues.

Exercising proxy voting rights provides an opportunity to influence corporate policies by incorporating specific and nuanced ESG criteria into the voting process. Exercising voting rights is an essential tool for investors to make their voice heard and should be widely used by all responsible shareholders.

In accordance with Spanish regulations, CaixaBank Asset Management is obliged to exercise the rights inherent to the securities in the fund portfolios under its management objectively for the benefit of the participants, independently of the interests of the CaixaBank Group.

2. SRI in CaixaBank Asset Management

2.3 SRI governance

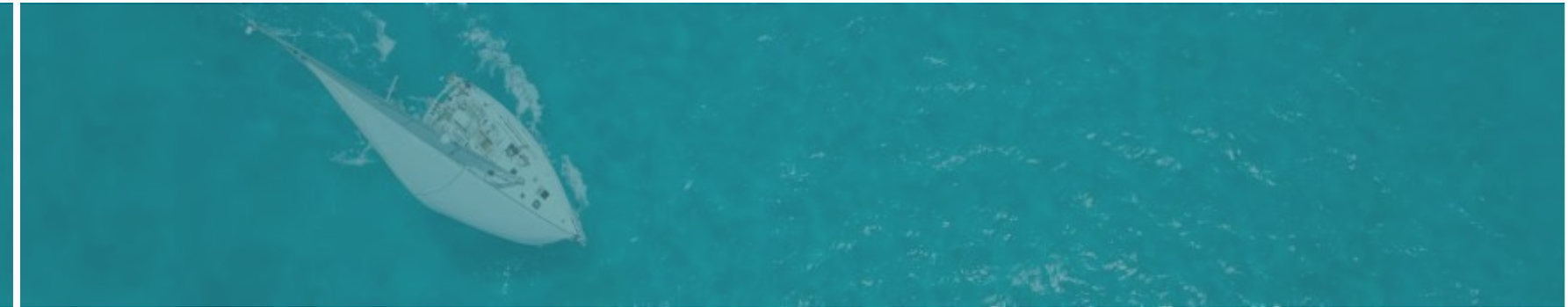
Socially Responsible Investment Committee

The Socially Responsible Investment Committee reports to the Management Committee of CABK AM. Its role is to **promote and implement changes relating to the application of ESG criteria.**

- **All areas of the company are represented** on the Committee, demonstrating the company's commitment to socially responsible investment.
- **The Committee oversees all initiatives** involving ESG criteria.

The Committee's responsibilities are:

- **To identify levers and global areas of action** related to ESG criteria.
- **To participate in the development of policies and ensure compliance with them.**
- **To define and update the strategies** to be followed by managers in relation to ESG criteria.
- **To ensure compliance with policies and commitments.**





3. Investment solutions

CaixaBank Asset Management's goal is to offer solutions that integrate sustainability criteria.

In the case of Socially Responsible Investment, investors can obtain a financial return and personal satisfaction from supporting initiatives or companies seeking to build a better world.

3. Investment solutions

3.1 ESG Discretionary Management Portfolios

Discretionary management portfolios with ESG mandates

The better we know our customers, the more effective the investment solutions we can create for them. We offer highly personalised management incorporating ESG criteria in the mandate to meet the customer's needs.

1. **Customer risk profile + ESG criteria.** The first step is **getting to know our customers**. We consider their individual profile based on their risk level, time horizon, liquidity needs and expectations of returns. Customers can request the inclusion of ESG criteria in the management mandate.
2. **Efficient + sustainable portfolios.** In parallel, we define portfolios with appropriate sector and geographic diversification, by term and issuances, for different risk levels. **We build the best portfolios for the customer's objectives** with an investment universe of assets selected with ESG criteria.

All stock market investments are volatile and carry the risks of losses of the amount invested.



3. Investment solutions

3.1 ESG Discretionary Management Portfolios

Discretionary management portfolios with ESG mandates

3. **Active management + ESG risk analysis.** We actively manage portfolios. We seek out products that manage the market risk to which they are referenced through direct (fixed income and equity securities) and indirect (through our own funds and third-party managers) management. We analyse risk, opportunities, conflicts and material controversies using ESG criteria.
4. **Monitoring and control of financial and ESG risk.** We use **advanced management tools** to monitor absolute returns and spreads compared to the benchmark index, and we analyse the sources of profitability of the assets. We control and monitor ESG risks and controversies, in addition to monitoring market, credit and liquidity risk.
5. **Specific ESG information.** We incorporate key ESG indicators for each portfolio.

Disclaimer

This report does not provide personalised financial advice. It was drawn up independently of the specific financial circumstances and objectives of the recipients.

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NRI 3604 2020 06889