



Sustainability Risk Integration Policy

Register of approval and revisions:

Version	Description of Changes	Effective date
1	Initial version	9 March 2021
2	Revised version as per the Sustainability Risk Integration Policy of CABK AM dated May 2024	26 November 2024

Table of Contents

1. Background	3
2. Objective and scope	3
3. Regulatory framework	4
4. Corporate ESG risk strategy	5
5. Governance framework	6
6. Management framework	8
7. Control framework	12
8. Reporting framework	13
9. Approval of and amendments to the Policy	13
10. Publication	13

1. Background

Caixabank Asset Management Luxembourg S.A. (“CaixaBank AM LUX” or “the ManCo”) 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:

- 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 ManCo 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.

CaixaBank AM LUX is wholly owned by CaixaBank Asset Management SGIIC, S.A.U. (hereinafter, "CaixaBank AM"), which 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.

In this sense, this 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.

2. Objective and scope

The Sustainability Risk Integration Policy (the “SRI Policy”) establishes the principles of action for the incorporation of sustainability factors (Environmental, Social and Corporate Governance criteria, "ESG") in the investment decision making process -along with traditional financial criteria- whereby the Sustainability Risk is defined as the ESG event or condition, which, if it occurs, could have a material detrimental impact on the value of the investment.

This Policy is applicable to CaixaBank AM LUX. In practice, CaixaBank AM LUX has delegated the investment management function of the UCITS vehicles to CaixaBank AM. CaixaBank AM may sub-delegate the investment management function further to a sub-delegate, such as BPI Gestão

de Ativos, SGFIM, S.A. (“BPI GA”). Therefore, the scope of this Policy will be defined further in the SRI Policy of CaixaBank AM or BPI GA, as appropriate.

The principles of action aimed at long-term involvement with the companies in which CaixaBank AM LUX’s investment funds hold positions will be established in the specific policies.

This policy will take effect from the date of approval by the Board of Directors and excludes any pre-existing investment.

3. Regulatory framework

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

European framework:

- 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 (“Shareholder Rights Directive II – SRD II”);
- 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, as amended (referred to as the “Sustainable Finance Disclosure Regulation - SFDR”);
- Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (referred to as the “Taxonomy Regulation”);
- Delegated Regulation (EU) 2022/1288 supplementing the SFDR with regard to regulatory technical standards.
- Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council and establishing the technical selection criteria for determining the conditions under which an economic activity is deemed to make a substantial contribution to climate change mitigation or adaptation and for determining whether that economic activity does not cause significant harm to any of the other environmental objectives.
- Directive (EU) 2022/2464 of the European Parliament and the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU as regards sustainability reporting by companies.

Luxembourg framework:

- Luxembourg law of 17 December 2010 transposing Directive 2009/65/EC on undertakings for collective investment in transferable securities (“UCITS Law”);
- Luxembourg law of 24 May 2011 on the exercise of certain shareholder rights at general meetings of listed companies, as amended, in particular by the Law of 1 August 2019 transposing SRD II;
- Luxembourg Law n°562 of August 1, 2019 implementing the SRD II and amending the Luxembourg law of May 24, 2011 on the exercise of certain rights of shareholders in listed companies;
- CSSF Circular 18/698 on the authorization and organization of investment fund managers incorporated under Luxembourg law.

- Luxembourg law of 25 February 2022 implementing the Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector, as amended (the SFDR) and the Regulation (EU) 2020/852 of 18 June 2020 on the establishment of a framework to facilitate sustainable investment (the Taxonomy Regulation).

Furthermore, CaixaBank AM LUX's governance bodies have approved a set of related policies already in force, including:

- Code of Ethics
- Engagement Policy
- Corporate principles for action in the area of Sustainability
- Declaration on climate change
- Corporate Principles on Human Rights
- Statement on nature

These policies reflect the commitment of CaixaBank AM LUX to perform 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 LUX recognizes 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).

Lastly, as it is an area of intense development, CaixaBank AM LUX is also committed to aligning itself with any new standards or new regulations that may be applicable, including those arising from the European Commission's Action Plan.

In addition, this Policy takes into account other sustainability standards or guidelines, which are included in the corresponding sections that summarize the application criteria.

4. Corporate ESG risk strategy

The strategy governing the actions of CaixaBank AM LUX, aligned with the CaixaBank Group, for controlling and managing ESG risks in relation to the investments made its fund managers, considers the following main lines of action:

- Ensure that CaixaBank AM promotes sustainable business by developing products and services with a positive environmental and climate impact and supporting the transition to more sustainable business model.
- Ensure that CaixaBank AM integrate social and environmental risks into decision making and avoid investing in companies or projects that are linked to serious human rights or labor rights violations or have a significant negative environmental impact without sufficient mitigation actions or adequate transition plans in place.
- Work to understand the impact on human rights deriving from its activity and undertake to prevent and avoid contributing to the adverse negative impacts and, where applicable, mitigate them as much as possible.

- Ensure that CaixaBank AM Manages social, environmental and governance risks and integrate their analysis into the investment processes of its investment products and services on behalf of CaixaBank AM LUX.
- Act in accordance with the public commitments adopted, such as the “Principles on Sustainability”, the “Statement on Climate Change”, the “Statement on Nature”, the “Principles on Human Rights” as well as any other initiative and commitment in the ESG field considered, always under the responsibility of fulfilling their requirements appropriately.
- Supporting the transition to a net-zero emissions economy by 2025 by ensuring that CaixaBank AM assists in the decarbonisation of their activity by supporting the development and implementation of solutions and technologies that accelerate the transition to a carbon-neutral economy. It will also set restrictions on investment in companies linked to carbon-intensive sectors linked to the fulfilment of certain conditions, such as the existence of concrete and achievable decarbonisation targets. On an exceptional basis, investments may also be made in companies in sectors in certain countries where the energy transition may be particularly complex or have a significant adverse social impact.
- Promote transparency, reporting adequately to the markets on the management and control of ESG risks, in compliance with current regulations and best practices.

5. Governance framework

The pillars on which the ESG risk governance framework at CaixaBank AM LUX is based are as follows:

- Compliance with the principles contained in this Policy within its scope of application.
- Alignment with best practices, supervisory expectations, and current regulations.
- Maximum involvement of the governance and management bodies of the Management Company.
- Internal control framework based on the Three Lines of Defense model, which ensures strict segregation of functions and several layers of independent control.
- Integration into existing third-party investment circuits, as well as maintenance of the governance that regulates them, to encourage greater and better integration of ESG criteria in decision-making and minimize the parallelization of circuits, which could hinder commercial or investment activity.

The Investment Area at CaixaBank AM 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 portfolio management teams are therefore responsible for making investment decisions considering the assets excluded by this Policy.

When implementing the Policy, CaixaBank AM LUX will ensure that its delegate puts in place control mechanisms needed to ensure identification and monitoring of assets in accordance with the provisions of this Policy.

BODIES AND DUTIES

Funtion	Responsibilities
Creation/update	Management Committee of the ManCo
Performance/Line of defence	Investment area (CaixaBank AM)
Monitoring/Second line of defence Control/Line of defence	Risk area of the ManCo and the delegate Compliance area of the ManCo and the delegate
Initial approval and updates	Governance bodies: <ul style="list-style-type: none"> · Review and approval for escalation to the Board: Management Committee · Final approval: Board of Directors
Custody	Compliance

5.1. Board of Directors

The Board of Directors constitutes the highest authority in terms of setting the Management Company’s business strategies, risk strategy and risk management policies.

In relation to ESG risk management, the following responsibilities stand out:

- It establishes the strategy and fundamental principles of ESG risk management in the Management Company, approves this Policy and ensures compliance with it.
- It establishes the framework for monitoring the status and development of ESK risks (nature, type of information and frequency).

In addition, the Board of Directors of CaixaBank AM LUX:

- Establishes and supervises the implementation of a risk culture in CaixaBank AM that promotes conduct in accordance with the identification and mitigation of ESG risks.
- Establishes and maintains an organisational structure at CaixaBank AM that is appropriate for the management of ESG risks, which is proportionate to the nature, scale, and complexity of the activities it carries out.
- Ensures that personnel involved in ESG risk management have the appropriate competence and experience.
- Establishes mechanisms for monitoring and escalating of ESG risks.
- Ensures that there are sufficient internal controls over ESG risks.

5.2. Management Committee

The Management Committee of the ManCo:

- Will take the pertinent decisions to integrate the stipulations of this Policy.
- Will establish and supervise the implementation of a risk culture in the organization that promotes conduct in line with the identification and mitigation of ESG risks.
- Will establish and maintain an appropriate organizational structure for ESGT risk management.
- Will ensure that personnel involved in ESG risk management have the appropriate skills and experience.
- Will establish follow-up escalation mechanisms in the event that any of the defined thresholds are exceeded.
- Will ensure that there are sufficient internal controls over ESG risks.

6. Management framework

6.1. General lines of action

The ESG Risk Management Framework implemented in the development of this Policy shall include at least the following lines of action:

- 1) Define and manage an internal ESG risk management plan in line with the CaixaBank Group strategy.
- 2) Define and manage the implementation of a framework of monitoring and mitigation policies to maintain a risk profile in line with this strategy.
- 3) Monitor actions and operations with a potential significant impact on ESG risks.
- 4) Encourage practices to mitigate ESG risks assumed in the portfolios under the scope of application of this Policy or other types of actions.
- 5) Promote the implementation of systems to identify and measure the exposure to ESG risks, in accordance with developments in the regulatory framework, social sensitivity to these risks and the best market practices.
- 6) Assign roles linked to the management of ESG risks in the current organisational structure, with the necessary segregation of functions to maintain independence between the areas responsible for the processes of strategy definition, implementation and monitoring and control of these risks.
- 7) Establish a system of powers for the admission of ESG risks, which allows for its incorporation in an agile but robust manner into ordinary decision-making processes, according to the scope of this document.

Regarding the criteria to be applied to maintain adequate risk levels, the Policy determines:

- **General action criteria** for excluding or limiting ESG risk exposure. These are cross-cutting criteria that apply to the services provided by CaixaBank AM, as well as to all the sectors in which it may invest.
- **Particular action criteria** for excluding or limiting exposure to certain sectors (hereinafter, “sectorial”) and activities with a particular impact on the environment or society, sometimes with a special sensitivity for certain ecosystems, heritage or protected populations.

Each of these sections are firstly detailed under “Aspects considered in the integration of the investment decision-making process”, which contains a general guide for the evaluation of companies in each area, which will be considered as applicable and according to expert judgement, in order to determine whether they comply with the provisions of this Policy. On the other hand, also in each of these sections, the “exclusions and restrictions” section sets out the activities that are considered to be non-compliant with this Policy, except for the exceptions explicitly mentioned.

6.2. Key processes for compliance with the Policy

Approval of this Policy does not, in general, imply any modification of the processes defined in the decision-making process for investing in 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 Sustainability Risk Integration model is mainly based on the integration of sustainability aspects into investment processes, it is not a model based solely on exclusions.

The SRI Committee at CaixaBank AM 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 sustainability aspects, such as sanctions for bad practices, breaches of international standards, environmental disasters and corruption).

This ESG analysis aims to apply to the whole of the assets in the portfolio and to constantly improve in the medium and long term. To this end, CaixaBank AM LUX will verify that their fund managers use data from providers specialized in ESG matters in their analysis and consider due diligence procedures carried out with external fund managers. It also relies on partners to establish the necessary criteria, methodologies and procedures to perform its analyses.

6.3. General guidelines

In general, CaixaBank AM LUX expresses its opposition to investing in companies and countries involved in practices that violate international treaties, such as the United Nations Global Compact, and set restrictions on companies directly or indirectly involved in certain activities described below..

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 be approved by the Board of Directors of the ManCo.

In the particular case of third-party funds, CaixaBank AM LUX will verify that their fund managers identify management companies whose corporate values are aligned with the management of the sustainability risks of the ManCo, preferably selecting those companies which incorporate ESG factors in their investment processes and active dialogue.

Identified risks

In order to ensure an adequate identification, measurement, evaluation, management, control and monitoring of risks, the ManCo considers in its Risk Management Process, among other aspects, a mapping of Sustainability Risk with two levels of description.

In terms of Sustainability Risk Integration, ESG aspects are included within the following risks:

- **Operational risks – Fiduciary risk:**

Losses in the event that the ManCo manages the investment assets of its funds incorrectly, or without evaluating the sustainability risks which may affect them, even in compliance with law and regulation, if they materialize to the detriment of the investors in a superior way to that inherent to the financial risks of their investments.

- **Reputational risk:**

In relation to the lack of promotion of ESG aspects or a poor integration of these in the business. That is, not integrating ESG aspects properly in the strategy, in the ManCo's oversight of the portfolio management and the investments of investors (including Board members and beneficial owners of managed funds), in the business.

Additionally, the following general criteria related to key ESG issues, including human rights, climate change, and nature, apply to CaixaBank AM Luxembourg's investment managers, and its investments across all sectors and activities covered by this Policy. **Human rights**

CaixaBank AM Luxembourg takes into account the real and potential risks and impacts on human rights of the companies in which it invests and their operations.

The Management Company establishes therefore a series of general restrictions, demonstrating its willingness not to invest in those companies or countries that seriously violate the fundamental principles set forth in the United Nations Global Compact, specifically in the areas of human rights and labour rights.

Climate change

In the area of climate change, an assessment is made of the decarbonisation strategies of companies in any sector whose activities are more carbon-intensive, as well as the management of their impacts and their performance. The impact on emissions in the case of projects and their contribution to the energy transition is also assessed, regardless of whether or not there are specific decarbonisation targets in the portfolio.

CaixaBank AM Luxembourg may decide not to invest in companies or countries that may pose a material risk to the Management Company of not meeting its commitments regarding climate change and the decarbonisation of its portfolio.

Nature

CaixaBank AM Luxembourg recognizes that the economic activities of the companies and countries in which it invests can have a substantial impact on nature. These impacts may be more severe when they occur in areas of high biodiversity value, sensitive ecosystems, areas susceptible to water stress, nationally and internationally protected areas; or when the impact itself is significant, whether or not it occurs in such areas. The Management Company therefore includes this consideration in its sustainability risk management, with the aim of minimising the impact of its portfolio on nature.

In relation to these aspects, the Management Company establishes a series of general restrictions, showing its willingness not to invest in those companies or countries that seriously violate the fundamental principles set forth in the United Nations Global Compact regarding environmental protection and the fight against corruption.

6.3. Sectoral criteria and by activities

Energy

CaixaBank AM Luxembourg expects companies in the energy sector to follow and develop industry best practices in relation to climate change mitigation, biodiversity protection, occupational health and safety, protection of the rights of local communities and the security of their facilities.

CaixaBank AM Luxembourg will restrict investment in companies when they meet any of the following requirements:

- Companies whose revenues from coal-fired power generation depend on more than 5% of their consolidated revenues except if:
 - They have a favourable decarbonization and phase out strategy by 2030 (no coal dependence by 2030),

- The purpose of the operation is the installation of renewable energy, or another demonstrable purpose associated with the energy transition.
- Companies with a Group turnover of more than 50% in exploration, extraction, transport, refining, cokeries of oil-based or/and natural gas power generation, which do not have an adequate diversification or decarbonization strategy. Investments may be made in companies above this threshold, provided that they promote the energy transition and the following circumstance apply:
 - The purpose of the investment is the installation of renewable energy, or another demonstrable purpose associated with the energy transition.
- There is evidence that exploration, production, or transportation of bituminous sands accounts for more than 10% of their turnover.
- There is evidence that oil and gas exploration, production, or transportation activity in the Arctic region (AMAP4) accounts for more than 10% of its turnover.

The ultimate goal will be to favour the transition towards more sustainable energy sources and the reduction of their GHG emissions, while maintaining the competitive and business position of the companies, thus achieving improvements through dialogue actions with them.

Mining

CaixaBank AM Luxembourg will restrict investment in companies whose economic group revenues are more than 5% dependent on the extraction of thermal coal, except if:

- They have a favourable 2030 decarbonisation and coal phase out strategy (no coal dependence by 2030).
- The purpose of the operation is the installation of renewable energies, or another purpose demonstrably associated with the energy transition.

Infrastructure and transport

The infrastructure sector plays an important role in global economic growth through transportation and telecommunications networks. However, this sector faces potential environmental and social challenges, such as the degradation of biodiversity, access to resources, waste generation, pollution, impacts on local communities, etc.

In this regard, the Management Company establishes a number of general restrictions, stating its intention not to invest in companies or countries that seriously violate the fundamental principles of the United Nations Global Compact, in particular in the areas of human rights, labour rights, environmental protection and anti-corruption.

Farming, fishing, livestock and forestry

CaixaBank AM considers it essential that the companies in these sectors in which it invests correctly assess and manage the environmental and social aspects related to their activity.

The activities encompassed by the Agriculture, Livestock and Forestry policy are as follows:

- Plantations for the cultivation and harvesting of agricultural products; planting and felling of forests; raising of livestock.
- Refining and processing of agricultural products; wood processing; pulp and paper production.
- The manufacture of processed foods and beverages.

- Wholesale marketing (traders) of agricultural products. Extraction of fishery resources in external waters and aquaculture activities and mollusc and fish hatcheries.

In this regard, the Management Company establishes a number of general restrictions, stating its intention not to invest in companies or countries that seriously violate the fundamental principles of the United Nations Global Compact, in particular in the areas of human rights, labour rights, environmental protection and anti-corruption.

Defense and Security:

As a general rule, it is established that the Management Company will not invest in:

- Companies that develop, produce, maintain, or trade in controversial weapons (including their essential components). These weapons include: anti-personnel mines, biological and chemical weapons, white phosphorus, cluster bombs, ammunition containing depleted uranium and nuclear weapons. In the latter case, it may exceptionally invest in companies domiciled in countries that have ratified the 1968 Nuclear Non-Proliferation Treaty provided that the companies are involved in other activities in addition to nuclear weapons and are not involved in any other type of controversial weapons. In this case, annual revenues at the consolidated level may not exceed 5% in this nuclear activity.
- Defence manufacturing companies whose consolidated revenues account for more than 35% of the production of military armaments or specially designed components and equipment essential to the production and use of conventional arms and ammunition, as well as defence-related software or hardware. This does not include dual-use products.

7. Control framework

CaixaBank AM LUX promotes a risk culture which encourages risk control and compliance, as well as the establishment of a robust internal control framework which reaches the entire ManCo and allows fully informed decisions to be made on the risks assumed.

The internal control framework of CaixaBank AM LUX is articulated by Levels of Control, based on the Three Lines of Defense model of the CaixaBank Group, and guarantees the strict segregation of functions and the existence of several layers of independent control:

- The **first level of control** is made up of procedures and processes of the operating units which manage dialogue activities with companies and providers of investment products, and the exercise of the inherent rights to the listed securities which make up the fund portfolios of CaixaBank AM LUX. Based on the delegation of the portfolio function, the delegated investment managers are responsible for the application of the internal policies and procedures in this matter, for proactively implementing measures for the identification, management and mitigation of Risks and for establishing and implementing proper controls.
Specifically, the Investment Area of the delegated Investment Manager acts as the first level of management control.
- The **second level of control** ensures the quality of the entire process of generation and management of the different risks, reviews the coherence with the internal policy and public guidelines of the processes, performs specific controls on the information inputs used, establishes the design and the guidelines for reviewing the processes and controls established in the management units of these risks.

- The **third level of control**, constituted by the Internal Audit Function, will carry out periodic supervision activities on the effectiveness and efficiency of the sustainability management framework, including the controls of the first and second level of control, as well as on compliance with the current legislation into force, the requirements of supervisory bodies, and internal policies and procedures related to this risk. Based on the results of its controls, the Internal Audit Function will issue recommendations to the areas, will monitor their proper implementation and, where appropriate, will make recommendations to the CaixaBank AM LUX's Board of Directors and propose possible improvements.

The existence of controls over the adequate application of the general principles established in this Policy shall be guaranteed, as well as, where appropriate, their development in internal frameworks and procedures.

8. Reporting framework

CaixaBank AM LUX, through its participation in CaixaBank AM's SRI Committee, establishes the general principles and the framework of reference for socially responsible investment.

The Conducting Officer at CaixaBank AM LUX, responsible for Portfolio Management, as a participant in the SRI Committee, will be in charge of periodically inform CaixaBank AM LUX's Management Committee of the progress of the main topics discussed, the decisions taken in relation to socially responsible investment, so that if necessary they are reported to the Board of Directors of CaixaBank AM LUX, especially those which may involve reputational risk for the ManCo.

9. Approval of and amendments to the Policy

This Policy will become applicable after initial approval from the CaixaBank AM LUX Conducting Officers and Board of Directors in November 2024.

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

Non-significant updates, such as simple typographical or linguistic modifications, may be performed at the discretion of the Management Committee, in the context of the daily business management of the ManCo, with information to the Board of Directors, to ensure the adoption of corrective measures with the necessary responsiveness.

10. Publication

This Policy will be made available publicly on the corporate website of CaixaBank AM LUX (www.caixabankamlux.com).