

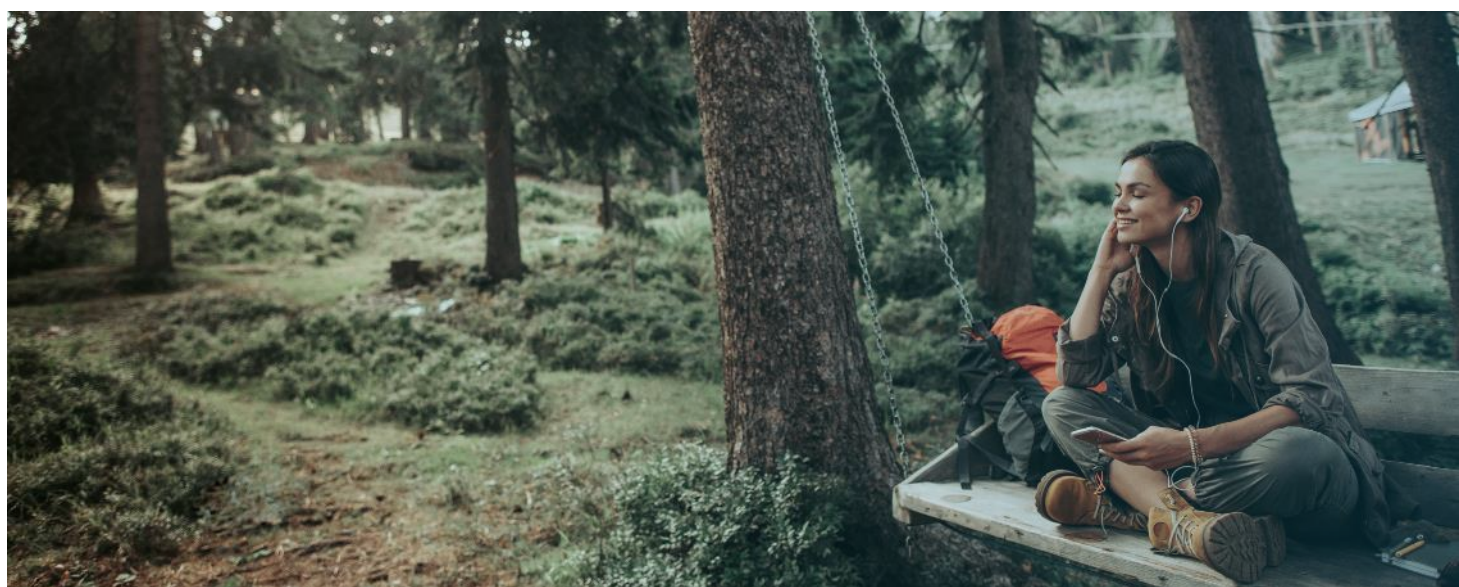


Engagement: 2023 Plan and 2022 Results

Engagement and voting actions

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Global engagement strategy

CaixaBank Group, VidaCaixa's parent company, runs its operations based on **responsible actions and financial efficiency**, with a strong focus on the sustainable socio-economic development of people and territories. This sustainable focus translates into three main ambitions:



Boost the sustainable transition of businesses and society.



Lead the positive social impact and foster financial inclusion.



Promote a responsible culture becoming leaders in governance.



VidaCaixa S.A.U. de Seguros y Reaseguros (hereinafter, "VidaCaixa"), in line with CaixaBank Group's values and mission, **takes into account environmental, social and good governance (ESG) criteria for its product management**, in accordance with the UN Principles for Responsible Investment (PRI), of which VidaCaixa has been a signatory since 2009.

VidaCaixa considers that the transition towards a more sustainable economy and a long-term return on investments may be achieved through the investment decisions and through its long-term engagement with the companies with whom it invests with a constructive dialogue and proactive voting:



It relies on **banning and restriction policies** and has also developed a **responsible investment model** based on the inclusion of environmental, social and good governance aspects in its investment analysis and decisions.



It is involved in **corporate governance decisions** by proactively voting at the General Meetings of Shareholders and through regular open dialogue actions with the companies and issuers –public or private– on material subjects concerning ESG factors, so as to promote value creation and a long-term profitable business in the companies it invests in.



VOTING RIGHTS



These are exercised at the **General Meetings of Shareholders** of the portfolios' listed securities.



Voting decisions*: We only support **motions that foster greater transparency** and a better performance in terms of sustainability, while voting against motions that prevent this purpose.

*VidaCaixa applies the voting recommendations made by its proxy advisor based on its sustainable voting policy, which takes into account ESG criteria. However, we may occasionally divert from the advisor's recommendation for justified reasons. Our Company regularly checks that this policy conforms to VidaCaixa's criteria and controls the recommendations closely for a sample of General Meetings.



ENGAGEMENT PROCESSES

Keeping track of the companies we invest in, we initiate a dialogue if we detect the **need to engage with the goal of swaying a company's behaviour** regarding certain relevant ESG matters.

Channels to establish a dialogue

_ Direct dialogue with companies, organisations and asset managers

Engagement actions are established directly with the entities via VidaCaixa's teams or outsourced sustainability experts who act as proxies, through different mechanisms:

01.

DIRECT DIALOGUE WITH COMPANIES OR ORGANISATIONS

This will be efficient if it includes the following key elements:



Clearly defined targets, priorities and material topics for the dialogue.



An appraisal of the results, paying attention to the key impacts of the investments, both positive and negative, during the relevant period.



A defined escalation strategy, where necessary.



Target timeframes for the dialogue and persons involved.



The sharing of results with the investment teams to take them into account in the investment process in accordance with the strategy to integrate ESG criteria.

02.

DIALOGUE WITH COMPANIES THROUGH A THIRD PARTY



We first conduct an analysis, value the criteria, targets and processes proposed by the supplier and then closely monitor these outsourced actions. Also, we ensure that the target and approach of the outsourced engagement actions are aligned with VidaCaixa's Engagement Policy.

03.

DIALOGUE WITH EXTERNAL ASSET MANAGERS

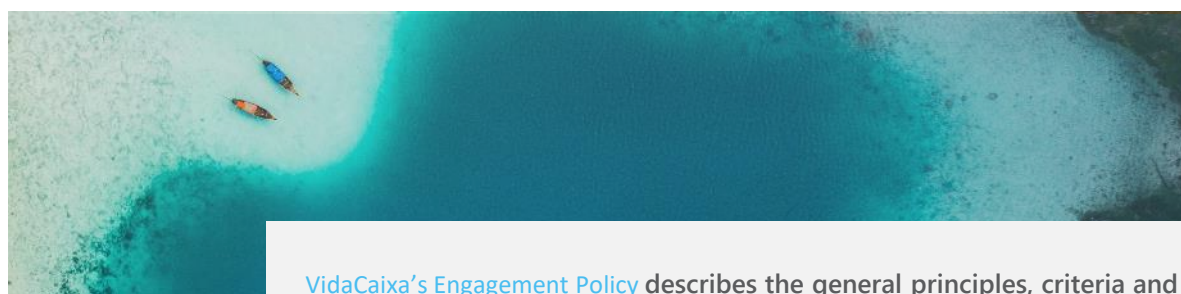


VidaCaixa conducts a due diligence on external asset managers regarding their responsible investment policies, commitments and resources in terms of ESG.



It holds conversations with a view to ensuring the funds integrate ESG matters appropriately into their investments and are adequately involved in the companies they invest in according to the best market practices.

- > It values, among other aspects, the integration of ESG factors into their decision-making processes and voting and engagement policies for issuers.



[VidaCaixa's Engagement Policy](#) describes the general principles, criteria and procedures for engagement.



Collaborative engagement

In this case, VidaCaixa adheres to an initiative or group and takes part in dialogues alongside other investors.

These initiatives usually promote changes through:



Public statements on a specific subject or activity, aimed at companies' governing bodies or boards of directors.



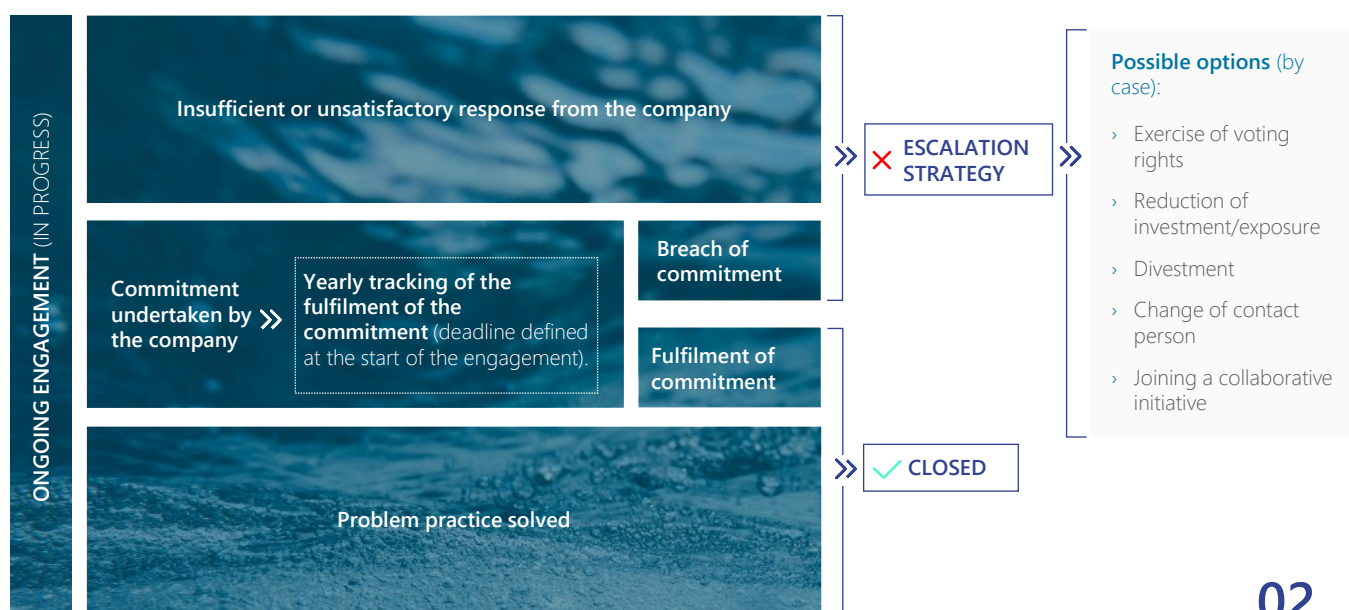
Focus groups that promote dialogue between investors and companies on environmental, social or other topics.

These collaborative initiatives bring together different investors and can therefore attain a greater impact and efficiency. The companies do not need to address each investor's requirements concerning a same subject on which several investors agree.

VidaCaixa's [Sustainability Report](#) lists the collaborative engagements it takes part in

Engagement process

01.



02.

01.

We first **define the targets and matters to be addressed**. For each case, we identify the most appropriate governance guidelines, as well as the contact persons and channels, the calendar, deadline and monitoring and assessment parameters.

02.

The **length of the process** may vary significantly depending on different factors, including the subject, industry, applicable regulations, etc. It usually takes several years, during which VidaCaixa or its expert proxy is in constant contact with the issuer and assesses their progress with the targets set.

03.

The **result** of this involvement is used in the decision-making process for the investment. In some cases, if the company's response is inadequate and/or the targets seem to be unattainable, we move on to an escalation process to try and meet the targets and achieve the change intended.

Priority areas for the engagement actions

This Engagement Plan for 2023, aligned with the Engagement Policy, aims to give priority to the most relevant actions for the vote and dialogue. In other words, actions that will provide a greater impact on the issuer's conduct and that enable the use of the resources available in the most efficient way.

» SELECTION OF PRIORITIES AND ISSUERS



These priorities were determined taking into account the following:

» 01.

CaixaBank Group's **ambitions** in terms of sustainability.

» 02.

Sustainability **commitments** undertaken by VidaCaixa, including the PRI, Task Force on Climate-Related Financial Disclosures (TCFD) and other industry initiatives;

» 03.

The **context** and **global practices** in terms of sustainability;

» 04.

The **Principal Adverse Impacts** by investments;

» 05.

The **profile of the portfolio** (its sectorial and geographic exposure, ESG characteristics, etc.);

» 06.

The **resources** available at VidaCaixa.



Once the priority topics have been chosen, we identify the **issuers** with whom we wish to establish a dialogue:

» 01.

In which VidaCaixa has a **relevant investment** (absolute or relative),

» 02.

and/or on which the **social and/or environmental impact** of the engagement is potentially high.



» ENGAGEMENT PLAN 2023: PRIORITY SUSTAINABILITY TOPICS

AREA



CLIMATE CHANGE

The transition towards a sustainable and decarbonised economy model that will limit global warming to under 2 °C, preferably 1.5 °C according to the Paris Agreement, is one of the greatest global challenges.

This transition process is a source of risks and opportunities for companies and their business models. Boosting the decarbonisation of the economy may have a positive effect on the companies' results in the long term while also contributing to further economic, social and environmental progress.

➤ [VidaCaixa's Statement on Climate Change](#)

➤ [VidaCaixa's Sustainability Risk Integration Policy](#)

➤ [Public support to TCFD](#)

➤ [Member of the Net Zero Asset Owners Alliance](#)

AREA



HUMAN RIGHTS AND VIOLATION OF THE MAIN INTERNATIONAL RULES

The companies' impact on persons and society and the respect for human rights and employment rights is a reflection of the companies' ethical culture and their long-term value creation model. Furthermore, it has a direct impact on its social licence to operate: sustainable companies create value for its stakeholders.

Companies must respect human rights and rely on appropriate measures to prevent, mitigate and, if possible repair negative impacts on people and communities.

As a general principle, we seek to hold conversations with the companies, unless there is proof of the company violating the Global Compact. In this event, they are automatically banned.

➤ [VidaCaixa's Human Rights Principles](#)

➤ [Signatory of the United Nations Global Compact](#)

AREA



GOOD GOVERNANCE AND GOOD SOCIAL PRACTICES

Good governance is key to ensure that companies are managed efficiently and ethically, have sound management and supervision structures and effective control mechanisms and are accountable to their stakeholders.

To do so, they must rely on the appropriate policies, practices and procedures and take into account, among other aspects, tax compliance, fair pay and good social and employment practices.

This engagement is mainly carried out by voting at the General Meeting of Shareholders.

➤ [VidaCaixa's Code of Ethics and Principles of Action](#)

➤ [Principles of Action for Sustainability](#)

➤ [Corporate Anti-corruption Policy](#)

Criteria for the engagement priorities and targets by area



Criteria for the selection and order of priority of issuers with whom to establish a dialogue

- High-intensity greenhouse gas emissions.
- Non-existent or insufficient level of ambition and/or failed decarbonisation goals.
- Relevant exposure to fossil-fuel energy.

Expectations for issuers and priority goals

- Definition and fulfilment of science-based decarbonisation commitments (short, medium and long-term).
- Governance of the company's environmental strategy among the top governing bodies.
- Strengthening of transparency on the climate risk management (following the TCFD guidelines).
- In intensive sectors, have an appropriate plan for the diversification of activities or the reduction of the intensity.

Timeframe, scope and yearly goals for the engagement

Timeframe

These are long-term goals that are monitored every year. If the goals are not met and/or the paths announced are not followed (tracked for a maximum 5 years), the engagement is concluded and a new escalation strategy is defined.

Scope

VidaCaixa, in line with its Net Zero targets, undertakes to hold dialogues with companies who represent at least 65% of its financed emissions (insurance portfolio) by 2030.

Target

In 2023, the minimum target for climate engagement (direct dialogue or with a proactive role in group initiatives) with companies who represent at least 10% of the financed emissions in its insurance portfolio.

AREA



HUMAN RIGHTS AND VIOLATION OF THE MAIN INTERNATIONAL RULES

Criteria for the selection and order of priority of issuers with whom to establish a dialogue

Improvement areas to secure compliance with the principles of the UN Global Compact.

Conflicts that may weaken the respect for Human Rights.

Expectations for issuers and priority goals

End problem practices.

Implement remedies.

Develop appropriate policies and controls to avoid the recurrence of non-compliances in the future.

Strengthen transparency on problem practices.

Timeframe, scope and yearly goals for the engagement

Timeframe

Depending on the type of conflict or non-compliance, the time it takes to solve them can be very short or even several years long (3 years maximum).

Scope and targets

In the event of a suspected violation of the main international rules, the dialogue will be held with the support of an outsourced independent expert. VidaCaixa will endorse 100% of the expert's engagement actions that boost a change or greater transparency among the companies in the portfolio (e.g. respect for Human Rights in the supply chain).



AREA



GOOD GOVERNANCE AND GOOD SOCIAL PRACTICES

Criteria for the selection and order of priority of issuers with whom to establish a dialogue

Structures and policies that are not aligned with the best practices in good governance.

Limited progress in gender diversity.

Expectations for issuers and priority goals

Compliance with the strictest market standards against minimum presence of women on boards of directors.

Transparency on pay gaps, publishing a report on the gender pay gap.

Sound management structures (diversity, independence of the Board, separation of the CEO and chairperson of the Board, etc.).

Fair pay for the management and the Board.

Timeframe, scope and yearly goals for the engagement

Timeframe

Depending on the type of actions, the execution time may be short to medium term.

Voting

We give priority to engagement actions consisting of voting at the General Meetings of Shareholders to urge governance structures that conform to the best practices.

VidaCaixa undertakes to support motions put forward by shareholders that foster more transparency and/or a better performance from companies in ESG matters and to exercise its vote against motions when it considers, among other aspects, that they lack diversity in the governing bodies and a fair pay policy.

Dialogue

VidaCaixa undertakes to hold at least five dialogues with companies with a relevant position in the portfolio and where we have detected areas for improvement.



The priorities for the dialogue and vote are revised once a year to cover the main sustainability matters on which VidaCaixa may have a significant influence and which we consider fit customers and companies' expectations.

We will publicly report our engagement actions and their outcome, and detail the exercising of voting rights **in the Sustainability Report and in a report on results, section 4 in this Engagement Plan.**

2022 results

In 2022, VidaCaixa aimed to implement its own proactive strategies through **its dialogue and voting activities** so as to help the companies and funds it invests in to improve their performance and transparency in ESG.

Its engagement with the companies and those responsible for the assets in which VidaCaixa invests is considered a key strategy for influencing business conduct, to ensure that they are more aligned with VidaCaixa's values, those of its customers and also those of society and the environment.

VidaCaixa has fostered, whenever possible, collaborative engagement as it brings together different investors and can therefore produce a greater impact and improve efficiency.

_Engagement actions by VidaCaixa in 2022



Key figures of the engagement actions carried out in 2022, directly with the suppliers of the investment products and the companies or in a collaborative way:

ENGAGEMENT WITH COMPANIES

11%

Of the companies in the portfolio subject to engagement processes

60

Ongoing direct dialogues with companies in 2022

6

Ongoing collaborative engagement

ENGAGEMENT WITH ASSET MANAGERS

12

Engagement with asset managers

340

Due diligence with external asset managers



In 2022, VidaCaixa took part in these group initiatives:

Climate Action 100+



Since 2018, VidaCaixa has been taking part in this initiative that **promotes group conversations with the world's largest corporate greenhouse gas emitters** aiming to reduce emissions, improve climate governance and improve transparency on climate matters. In 2022, it took part as co-leader in a dialogue held within the framework of this initiative with a company in the electric sector.

Know the Chain



An initiative that fosters, through dialogue and company assessments, **improvements in the management of global supply chains** to ensure the respect for human rights.

Advance



Initiative led by the Principles for Responsible Investment, whose signatories seek to strengthen the implementation of the **UN Guiding Principles on companies and human rights** through dialogue.

Statement to Governments



VidaCaixa is a signatory of the Statement to Governments on climate risks, which urges governments to step up their level of ambition so as to limit the global warming to under 1.5 °C.

Votes Against Slavery



Conversations with **companies on the FTSE 350 that violate the obligations laid down in the UK Modern Slavery Act 2015** to become accountable for the observation of human rights across the entire supply chain.

Coalition United for a Responsible Exxon



This initiative brings together **145 institutions** urging Exxon to strengthen its governance against climate risks and develop a new strategy aligned with the **Paris Agreement**.

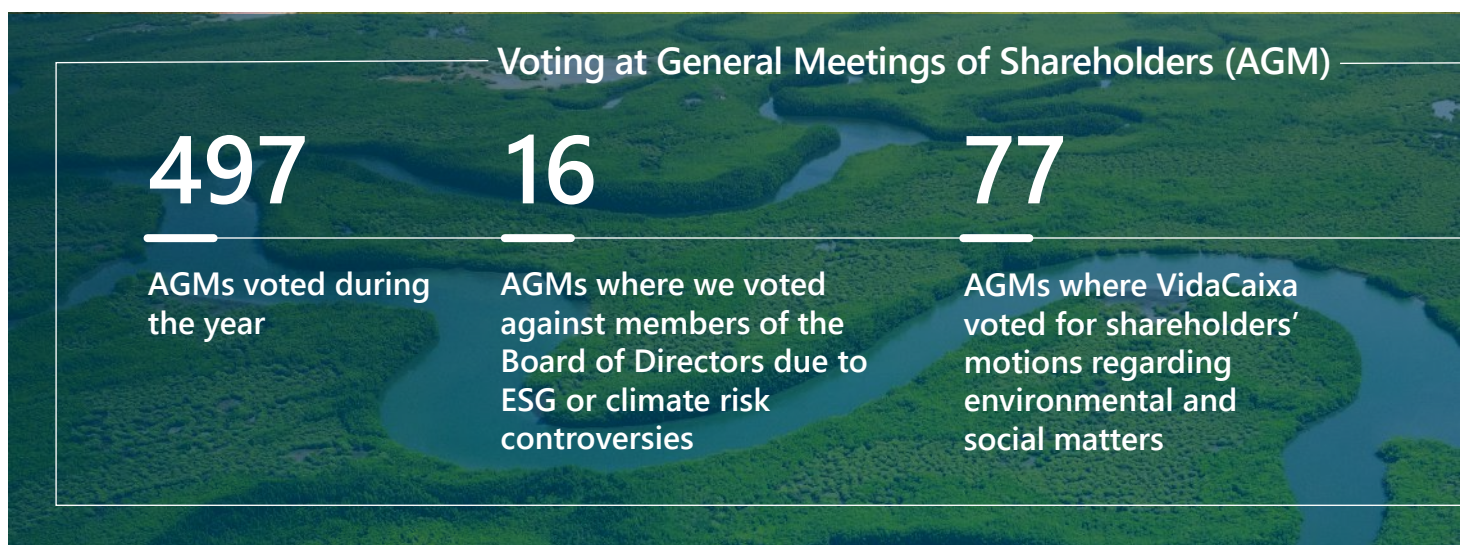


Voting at General Meetings of Shareholders in 2022



Another key tool used for VidaCaixa's engagement policy is the exercise of voting rights at General Meetings.

» KEY FIGURES ON VIDACAIXA'S EXERCISE OF VOTING RIGHTS IN 2022:

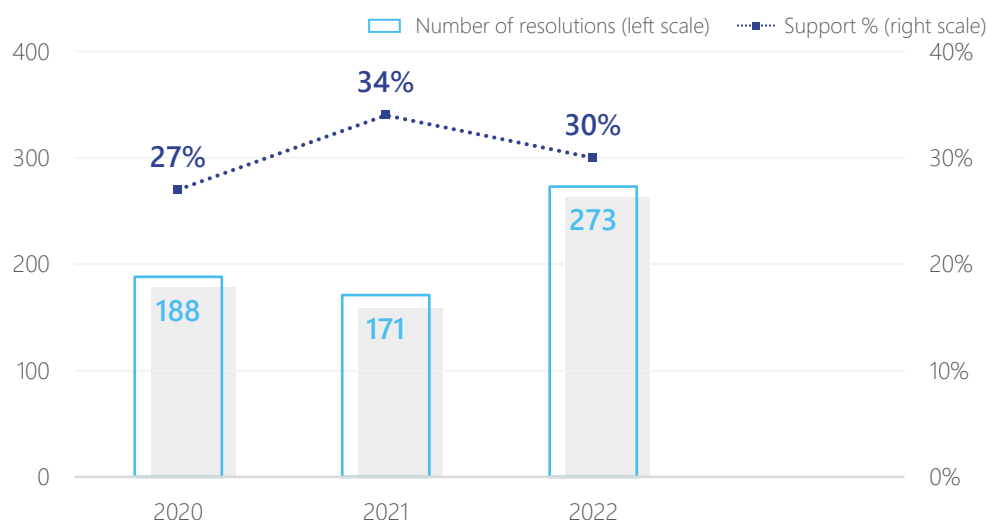


» ZOOM IN ON THE SUPPORT GIVEN TO EXTERNAL MOTIONS ON ENVIRONMENTAL AND SOCIAL MATTERS

When deciding on its vote for each motion, VidaCaixa takes into account ESG criteria. For instance, VidaCaixa usually supports motions put forward by shareholders that demand more transparency and a better performance from companies regarding environmental and social aspects.

Investors are using these resolutions more and more to influence companies in environmental and social matters, according to the paper "Proxy-Voting Insights: 2022 in Review" by MorningStar¹.

» NUMBER OF RESOLUTIONS BY US SHAREHOLDERS ON ENVIRONMENTAL AND SOCIAL MATTERS FROM 2020 TO 2022



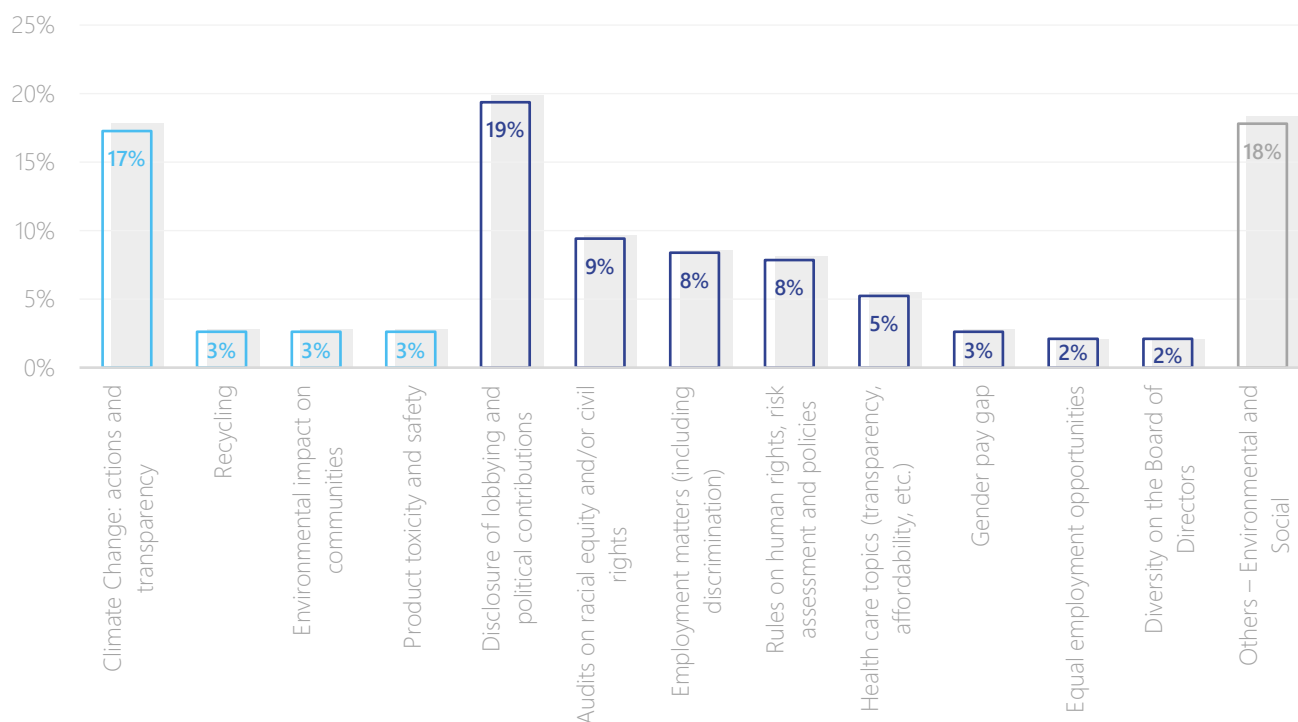
Source: Morningstar Proxy-Voting Database. Data as of Jan. 5, 2023.



¹Proxy-Voting Insights: 2022 in Review, ESG Resolutions: How Have the Top U.S. Asset Managers Voted?, MorningStar Manager Research, 31 January 2023

VidaCaixa, in 2022, mostly supported motions demanding improvements in transparency and performance in climate change areas, as well as motions demanding more transparency in the lobbying pursued by companies and their political contributions.

» DISTRIBUTION OF EXTERNAL RESOLUTIONS WE SUPPORTED, SORTED BY ENVIRONMENTAL AND SOCIAL SUBJECT



Link to the detailed **voting instructions**, by General Meeting and by resolution: [Voting decisions at AGMs in 2022](#)



Zoom in on climate-based conversations

As a signatory of the Net Zero Asset Owner Alliance since January 2022, the management of risks linked to climate change was one of the key topics discussed in the conversations led by VidaCaixa in 2022.

Out of the direct dialogues we started or followed up in 2022, nearly 70% were focused on climate transition subjects (e.g. improving transparency in decarbonisation targets in the short, medium and long term, and on the drivers identified to reduce emissions).

VidaCaixa also takes part in the group dialogue initiative "Climate Action 100+" where we are co-leaders of a dialogue with one of the companies that most contributes to emissions financed by VidaCaixa's portfolios.

Climate commitments have also been a key subject in the 12 conversations held with external asset managers.

The mitigation of climate change is also a determining factor in VidaCaixa's voting decisions, as proved by its vote for the motions put forward by shareholders demanding more transparency and a better performance in climate matters. As for the so-called "Say-on-Climate" resolutions (climate plans put forward by the companies themselves and put to the vote at the AGM), VidaCaixa assessed each case and supported four but voted against another eight because it considered that they were insufficient or lacked coherence with the company's climate targets.

