



Sustainability Risk Integration Policy

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1. Introduction

1.1 Background

VidaCaixa S.A.U. de Seguros y Reaseguros (hereinafter 'VidaCaixa' or 'the Entity') and the rest of its subsidiaries (hereinafter 'the VidaCaixa Subgroup' or 'the Subgroup' together with VidaCaixa) make every effort to optimize the relationship between profitability and risk, and to prevent, minimize, mitigate and remedy all factors that may pose a significant risk for the environment or the community to the extent possible in line with the highest standards of responsibility. Therefore, the VidaCaixa Subgroup integrates environmental, social and governance (hereinafter 'ESG'¹) criteria in its business decisions with the aim of mitigating risks and supporting business projects in line with its corporate values.

It is believed that financial institutions can have a significant impact in contributing to the achievement of the Sustainable Development Goals ("SDGs"), to the extent that some of the sectors they finance, invest in or serve are subject to dispute and must and will have to face multiple restrictions, challenges and transformations of their business models and technologies in the coming years, either due to adjustment to the preferences of their consumers or due to regulatory pressure.

For this reason, VidaCaixa believes that it is essential to identify, measure, evaluate, manage, control, mitigate and report the risks affected by the ESG cross-cutting factor² associated with the activity of the VidaCaixa Subgroup.

Although related to this Policy, the "Principles of action on sustainability" are maintained as independent documents, which include the company strategy to be followed with the different stakeholders in this area³, as well as the "Human rights principles", the "Declaration on climate change", the "Declaration on nature" and the "Engagement Policy".

The provisions of this Policy will not alter what is included in the rest of the risk management policies in force in the Entity.

¹ Hereinafter, ESG risks will be referred to as equivalent to sustainability risks.

² In the Corporate Risk Catalogue, it has been defined as a cross-cutting sustainability factor (ESG) due to its impact on different risks (credit, market, fiduciary, business, reputational, legal and regulatory profitability and other operational risks).

³ Compliance with ESG aspects by our customers and the potential indirect impacts that this could have on the VidaCaixa Subgroup is the aspect of the "ESG-sustainability" area that is regulated in this Policy.

Similarly, it should be noted that the exclusions introduced by this Policy and the integration of ESG criteria in general will apply whenever regulations permit.



1.2 Scope

The risks subject to governance, management and control by this Policy are the following, are referred to as "ESG" or "sustainability" and are detailed below. These risks are included across the board in the Corporate Risk Catalogue, as they impact different risks in the entity's risk taxonomy, such as, for example, market risk, credit risk, legal and regulatory risk, business profitability risk, reputational risk, and other operational risks:

- Environmental risks ("A") are those linked to legal entities that could potentially be affected by, or contribute to, the negative impacts of environmental trends, such as climate change (such as increased greenhouse gas emissions, **hereinafter GHG**) and other forms of damaging nature (such as air and water pollution, freshwater scarcity, soil contamination, biodiversity loss, and deforestation).

Nature-related risks are potential threats for an organisation due to its dependence on and impacts from nature. In contrast, climate change risks are risks linked to global warming caused by greenhouse gas emissions. Both types are divided into two risk categories:

- **Physical**, related to weather (such as hurricanes or storms) and geological (earthquakes) events, or damage to and changes in the balance of ecosystems (such as sea level rise, desertification or changes in soil quality), whether:
 - > Acute, through the increased likelihood and impact of extreme natural events.
 - > Chronic, associated with permanent changes in the environment.

Physical risks may involve damage to company assets, supply chain disruptions or increased costs to deal with them.

- **Transition risks** arise from a gap between an organisation's strategy and management and the developments aimed at stopping or reversing damage to nature, as well as the timing and speed of the adjustment process to a lower-carbon economy, which will depend on policy and legal, technology, market or reputational factors.
- Social ("S") risks measure potential indirect adverse impacts on society linked to legal entities that do not respect human rights or the health and safety of their employees or workers in the value chain.
- Governance ("G") risks arise from a negative impact due to weaknesses linked to legal entities, such as transparency, market conduct, anti-corruption policies, compliance with tax obligations or other behaviours considered ethical by the relevant stakeholders.

Similarly, the VidaCaixa Subgroup integrates ESG aspects into the management of its investments in the insurance business, as well as in the management of the investments of its customers in relation to its activities as a pension fund management company.

This Policy applies to **companies** with which it starts any kind of business or investment relationship in any of the following activities:

- The selling of insurance policies, pension plans and Voluntary Mutual Benefit Organisations (VMBOs) by the Entity to institutional customers outside of sectoral pension plans.
- Company asset management (investments by VidaCaixa in its capacity as insurer) and for third parties (investments in customer products).

Indexed products or products where the customer expressly makes the decision of the assets where it is invested are excluded from this policy.

The sectoral exclusions defined in this Policy are applicable to direct investments. In the case of investments in vehicles by third-party managers (investment funds and ETFs), VidaCaixa will make every effort to ensure that these investment vehicles do not invest in the excluded sectors listed in sections 7.3 and 7.4 of this document through due diligence processes, dialogue with managers, specific controls and thresholds tailored to the asset's characteristics and included in the internal control frameworks.

In the same way, the commercial exclusions applicable to institutional customers are limited to those related to the defence sector and human rights violations. Institutional customers from sectoral pension plans are excluded from this Policy, due to the nature of its overall application to the sector.

In the area of public debt, VidaCaixa integrates sustainability criteria and responsible risk management, aligning its investments with the principles set out in the OECD guidelines. In this regard, the Entity limits its investments to assets issued by OECD member countries, in accordance with its Investment Risk Management Policy, which contributes to strengthening legal certainty, institutional stability and respect for international standards on good governance, transparency and sustainable development. This linkage not only mitigates financial and reputational risks but also promotes practices consistent with long-term sustainability goals.

VidaCaixa's Global Risk Committee will propose possible updates to the scope of the Policy, in line with CaixaBank's Policy and the growing expectations of stakeholders. The governing bodies will be duly notified of any update to this scope for approval.

This document does not cover relationships with its own providers or their providers. In this case, the analysis of risks affected by the ESG cross-cutting factor is covered through the purchasing approval process, which, in the scope of CaixaBank and CaixaBank Group companies such as VidaCaixa, which share

the same purchasing management model, includes the 'Code of Conduct for Providers' approved by CaixaBank's Steering Committee.

1.3 Objective

This Policy aims to establish the principles, premises and mechanisms that ensure a governance, management and control of the risks affected by the ESG cross-cutting factor associated with customers and investments for the company and third parties, which meet the expectations of the stakeholders of the VidaCaixa Subgroup, enabling the capture of business opportunities and the accompaniment of the transformation itself that the companies in which it invests are carrying out and will carry out in the coming years.

Therefore, this Policy determines a framework of global principles on which all actions related to or with a significant impact identified on these risks must be based, as well as the governance framework for the authorization, management, communication and disclosure of these actions, which enables the implementation of, execution of and compliance with the provisions of the different defined frameworks in a robust and appropriate manner. The management of risks affected by the ESG cross-cutting factor is one of the main lines of action of the VidaCaixa sustainability strategy.

The content of this Policy includes:

-  Regulatory Framework.
-  Corporate strategy in terms of risks affected by the ESG cross-cutting factor.
-  General principles for the integration of sustainability risks.
-  Governance framework.
-  Risk management framework affected by the ESG cross-cutting factor.
-  Control framework.
-  Information framework.

2. Scope of application

This Policy is corporate in nature. As a result, the defined principles of action are applicable to all VidaCaixa Subgroup companies that carry out activities with exposure to risks affected by the ESG cross-cutting factor. The governing bodies of these companies will take the appropriate decisions in order to integrate the provisions of this Policy. Following the principle of proportionality, they will adapt the governance framework to the specific features of their structure of governing bodies, committees and departments, and their principles of action, methodologies and processes as described in this document.



This integration may involve, among other decisions, the approval of the Subgroup company's own policy. Approval will be required for the Subgroup companies that need to adapt the provisions of this Policy to their own specific circumstances, whether due to the subject matter, jurisdiction or relevance of the risk in the Subgroup company.



Given its corporate nature, VidaCaixa's Actuarial and Risk Duty Department will ensure that the integration of this Policy among the VidaCaixa Subgroup companies is proportionate, the policies approved by the companies (if any) are in line with the corporate policy, and that there is consistency across the entire VidaCaixa Subgroup.

Lastly, this Policy, aside from being a corporate policy of the VidaCaixa Subgroup, is considered an individual policy of VidaCaixa.

This Policy is applicable from the date of its approval by the Board of Directors and excludes any pre-existing investment. However, these would be subject to expansion of exposure to the same issuers.



3. Regulatory Framework.

Regulations and Implementation Standards

This Policy will be governed by the provisions of the current applicable regulations, as well as by any that modify or replace these in the future. Specifically, at the date of its preparation, the main applicable regulations in force are Regulation (EU) 2019/2088 on the disclosure of information relating to sustainability, as referred to in section 1.1.

This Regulation maintains the requirements that oblige financial market participants to act in the interest of final investors, in particular, but not exclusively, the requirement to act with due diligence before making the investment, as provided for in Directives⁴, 2009/65/EC, 2009/138/EC, 2011/61/EU, 2013/36/EU, 2014/65/EU, (EU) 2016/97, (EU) 2016/2341, (EU) 2022/2464 and Regulations⁵ (EU) No. 345/2013, (EU) 346/2013, (EU) 2019/2088, (EU) 2020/852, (EU) 2021/2139, (EU) 2021/2178, (EU) 2023/2485, (EU) 2022/1214,



(EU) 2023/2486 as well as in national legislation regulating personal and individual pension products. In order to comply with their obligations under those rules, financial market participants must integrate into

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- Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS).
- Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).
- Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 relating to access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.
- Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on credit agreements for financial instruments markets and amending Directive 2002/92/EC and Directive 2011/61/EU.
- Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on the distribution of insurance.
- Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision (IORPs).
- Directive (EU) 2022/2464 of the European Parliament and of 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 the reporting of sustainability information by companies.
- European Union Omnibus Regulation, approved by the Commission on 26 February 2025, simplifying and harmonizing the sustainability reporting framework, amending Directive 2022/2464 (CSRD), the Sustainability Due Diligence Directive (CSDDD/CS3D) and Regulation (EU) 2020/852 on the Taxonomy.

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- Regulation (EU) No 345/2013 of the European Parliament and of the Council of 17 April 2013 on European venture capital funds.
- Regulation (EU) No 346/2013 of the European Parliament and of the Council of 17 April 2013 on European social entrepreneurship funds.
- Regulation (EU) No 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.
- Regulation (EU) No 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) No 2019/2088.
- Commission Delegated Regulation (EU) No 2021/2139 of 4 June 2021 supplementing Regulation (EU) No 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.
- Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of the information to be disclosed by companies subject to Articles 19a or 29a of Directive 2013/34/EU in respect of environmentally sustainable economic activities and specifying the methodology for complying with the disclosure obligation.
- Commission Delegated Regulation (EU) 2023/2485 of 27 June 2023 amending Commission Delegated Regulation (EU) No 2021/2139 by establishing the additional technical screening criteria for determining the conditions under which an economic activity is regarded as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.
- Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards public disclosure of specific information on those economic activities.
- Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical selection criteria for determining under what conditions an economic activity will be considered to contribute substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to the prevention and control of pollution, or to the protection and recovery of biodiversity and ecosystems, and for determining whether that economic activity does not cause significant harm to any of the other environmental objectives, and amending Commission Delegated Regulation (EU) 2021/2178 as regards the disclosure of specific public information on those economic activities.

their processes, including due diligence, and continuously assess, not only all relevant financial risks but also, in particular, all sustainability risks that could have a material negative effect on the financial profitability of the investment. Therefore, participants in financial markets must specify in their policies how they integrate these risks and publish them.

In addition to adhering to international standards and codes of business conduct, the Entity has the following commitments regarding sustainability as a sign of its willingness to avoid and address the negative impacts associated with investment decision making:

- The United Nations Global Compact.
- United Nations Principles for Responsible Investment (PRI).
- Principles for Sustainable Insurance (PSI).
- UN-Convened Net-Zero Asset Owner Alliance.

Finally, both for VidaCaixa and VidaCaixa Subgroup companies, the frameworks, standards, guides or procedures required for the correct implementation, execution and compliance with this Policy will be developed.

4. Corporate strategy regarding risks affected by the ESG cross-cutting factor

The strategy that will govern the action of the VidaCaixa Subgroup, in line with the CaixaBank Group, for the control and management of the risks affected by the ESG cross-cutting factor includes the following main lines of action:



Foster sustainable business, generating production with a positive environmental and climate impact, and supporting the transition to more sustainable business models.



Integrating social, environmental and governance risks into decision-making and avoid investing in or selling to those companies linked to serious human or workers' rights violations.

- 
Work to understand the human rights impacts of their activities in order to prevent and avoid contributing to potential adverse negative impacts and, if applicable, mitigate them as much as possible.
- 
Manage social, environmental and governance risks, and integrate their analysis into the provision of products and services to customers and into company and customer investment.
- 
Act in accordance with the public commitments made, such as the 'Declaration on Climate Change', 'Declaration on Nature' and 'Human Rights Principles', as well as any other initiative and commitment in the area of ESG deemed necessary, always in line with the responsibility to comply adequately with their demands.
- 
Support the transition to a net-zero emissions economy in 2050, supporting the companies in which we invest in order to foster a just transition.
- 
Encourage transparency, reporting sufficiently to stakeholders on the management and control of risks affected by the ESG cross-cutting factor.

5. General principles for integrating sustainability risks into investments

VidaCaixa, in accordance with the mission and values of the CaixaBank Group, takes into consideration the criteria of responsible investment in the management of its investments based on the principles of sustainable investment and transparency in management.

The inclusion of ESG (Environmental, Social and Governance) criteria and their integration into investment management can have a positive effect on the long-term financial results of companies and contribute to greater economic and social progress.

Within this context, VidaCaixa integrates ESG factors, in the scope of investments, following as its main reference the criteria of the PRI (Principles for Responsible Investment) fostered by the United Nations, to which it has adhered since 2009. In addition, VidaCaixa is committed to integrating ESG factors into the organisation, following as a reference the Principles for Sustainability in Insurance (PSI) of UNEP FI (United Nations Environment Programme Finance Initiative), to which it has adhered since 2020.

Similarly, for the management of investments, VidaCaixa takes into account the social aspects included in its Human Rights Principles, which establish the commitment to respect the main international declarations and principles, including:

- The International Bill of Human Rights of the United Nations, which includes:
 - The Universal Declaration of Human Rights.
 - The International Covenant on Civil and Political Rights.
 - The International Covenant on Economic, Social and Cultural Rights.
- The ILO Declaration on Fundamental Principles and Rights at Work and the eight core conventions it has identified.
- The Charter of Fundamental Rights of the European Union.
- The United Nations Guiding Principles on Business and Human Rights.
- The OECD Guidelines for Multinational Enterprises.
- The United Nations Global Compact.

In the same way, the Entity, for the management of investments, takes into consideration the environmental aspects, included in this Policy, which establishes, among others:

- The Paris (COP21) and Katowice, Poland (COP24) Agreements.
- The United Nations (UN) Sustainable Development Goals (SDGs).
- The energy transition scenario adopted by the Government of Spain.
- The European Union's aim to be climate neutral by 2050.
- Kunming-Montreal Global Biodiversity Framework (COP15 on biodiversity).

VidaCaixa has taken on additional climate commitments in the insurance company's investment portfolio, as a member of the Net Zero Asset Owner Alliance. These commitments align the portfolio with a scenario of a temperature increase below 1.5°C, as outlined in the Paris Agreement.

Additionally, VidaCaixa supports the climate change recommendations of the Task Force on Climate-Related Disclosure (or "TCFD"), as well as in matters of the nature of the Task Force on Nature-Related Disclosure (or "TNFD")

The integration of ESG criteria in the management of investments as a principle of action is compatible with the establishment, if deemed appropriate, of criteria for the exclusion of certain assets from the investment portfolio, as set out below in this Policy.

VidaCaixa states its opposition to investing in companies or States that engage in reprehensible practices that violate international treaties such as the United Nations Global Compact, of which it is a signatory. Similarly, the Entity will not make investments in companies in excluded sectors or with excluded activities, such as the armament sector with activities linked to controversial armament or companies with significant activity in the extraction or generation of thermal coal, as well as the extraction or production of oil sands, as set out in section 7 of this Policy.

ESG analysis is intended to be applied to all the assets in the portfolio and for constant improvement in the medium and long term. To this end, VidaCaixa uses data from suppliers specialising in ESG issues in its analyses and takes into account due diligence procedures carried out with external fund managers. It

also relies on partners to establish the criteria, methodologies and procedures required in order to carry out its analyses. Additionally, it participates in ESG forums and working groups, coordinating with the rest of the companies of the CaixaBank Group and collaborating on regulatory developments that are being considered at the international level, such as the Sustainable Finance Action Plan of the European Commission.

In order to be an active owner of in the management of their investments and exercise the rights that derive from it, especially in the areas marked by the PRI:

- We participate directly or indirectly in forums and working groups that seek to foster dialogue with asset managers and companies in which we invest, and from which we may divest in the event of incompatibility with the aforementioned aspects or with our policies.
- The political rights of the positions in company equities or on behalf of our customers are exercised and the general shareholder meetings by voting with a voting outcome aligned with the PRIs.

In order ensure adequate identification, measurement, evaluation, management, control and monitoring of risks, VidaCaixa includes, among other aspects, a Risk Catalogue with two levels of description in its strategic risk management processes established in the Global Risk Management Policy. In the scope of integration of sustainability risks, ESG aspects are included in the different risks of the Catalogue.

6. Governance Framework

The governance framework for integrating sustainability risks is structured from the highest level of the organization towards the Departments and operating units, with an adequate segregation of duties.

The pillars on which the governance framework is based are:

- Compliance with the principles contained in the Policy.
- Corporate supervision of the Subgroup companies.
- Strategic alignment among the VidaCaixa Subgroup companies, as well as with best practices, supervisory expectations and the regulations in force.
- Maximum involvement of the governing and management bodies.
- Implementation of an internal control framework, with three levels of control, which guarantees strict segregation of duties and the existence of several layers of independent control.

6.1 Governing Bodies

VidaCaixa's governing bodies perform duties associated with their responsibility for approving and supervising the strategic and management guidelines established in terms of sustainability, as well as for supervision, monitoring and integrated control of risks as a whole.

6.1.1. Board of Directors

VidaCaixa's Board of Directors is responsible for implementing a risk governance framework in line with the level of VidaCaixa's risk appetite, in line with what was established in the Caixabank Group. It includes the dissemination of a strong and diligent risk culture, the establishment of the risk appetite detailed in a Risk Appetite Framework (RAF), and the establishment of defined responsibilities for risk taking, management and control duties. In relation to the integration of sustainability risks, the following responsibilities stand out:

- Establish the strategy and fundamental principles for integrating sustainability risks, approve this policy and ensure compliance.
- Establish the framework for monitoring the situation and evolution of sustainability risks (category, type of information and frequency).
- Establish and supervise the implementation of a risk culture in VidaCaixa that fosters behaviour consistent with the identification and mitigation of sustainability risks.
- Establish and maintain an organisational structure at VidaCaixa appropriate for managing sustainability risk that is proportionate to the category, scale and complexity of the activities being undertaken.
- Ensure that the personnel involved in sustainability risk management have the appropriate purview and experience.
- Establish mechanisms for monitoring and escalating sustainability risks.
- Ensure that there are sufficient internal controls over sustainability risks.

6.1.2 Risk Committee

The Risk Committee advises VidaCaixa's Board of Directors on the VidaCaixa Subgroup's overall risk appetite and its strategy in this area. Within the sustainability risk management framework, this Committee:

- Proposes the approval of this Policy to the Board.
- Monitors the degree to which the risks assumed match the profile previously decided on and ensure that the actions of the VidaCaixa Subgroup are consistent with the risk tolerance levels set out.
- Assists the Board of Directors in the approval and periodic review of strategies and policies for the assumption, management, supervision and reduction of these risks.
- Determines, jointly with the Board of Directors, the information that the Board of Directors must receive and establish what the Committee must receive, so that there is sufficient knowledge of the exposure to this risk when taking decisions.
- Assesses the regulatory compliance risk in its scope of action and decision, detecting any risks of a breach and monitoring these and examining possible deficiencies in terms of ethical principles.
- Verifies that the VidaCaixa Subgroup has the means, systems, structures and resources in line with best practices that enable it to implement its sustainability risk management strategy.

6.1.3 Audit and Control Committee

VidaCaixa's Audit and Control Committee supervises the effectiveness of the internal control systems, ensuring that the policies and systems established in this area are applied effectively. It also supervises and evaluates the effectiveness of the financial and non-financial risk management systems.

Additionally, and now in the scope of action of the Entity, the Audit and Control Committee of VidaCaixa:

- Informs the Board of Directors in advance about relevant financial and non-financial information that VidaCaixa must periodically make public to the markets and its supervisory bodies.
- Supervises the effectiveness of the system for internal control over financial information (SCIIF) and sustainability (SCIIS), deciding on the level of trust in and reliability of these systems.
- Monitors the Internal Audit Department to ensure the proper operation of the information and internal control systems, checking their suitability and integrity.

6.1.4 Appointments, Remuneration and Sustainability Committee

Among other duties, VidaCaixa's Appointments, Remuneration and Sustainability Committee:

- Supervises compliance with the Entity's environmental, social and governance policies and rules, periodically evaluating and reviewing them in order to fulfil its mission to foster the social interest and take into account, as appropriate, the legitimate interests of the other stakeholders.
- Submits to the Board the proposals that it deems appropriate in this area.
- Submits the sustainability principles and strategy for approval.
- Ensures that the Company's environmental, social and governance practices comply with the strategy, principles and policies established.
- Provides a briefing, prior to their submission to the Board of Directors, on the reports made public by the Company on sustainability, including in all cases the review of the sustainability report and the Sustainability Master Plan, and ensuring the integrity of their content and compliance with applicable regulations and international reference standards.

6.2 VidaCaixa collegiate bodies in the scope of sustainability risk

6.2.1 Management Committee

VidaCaixa's Management Committee is responsible for implementing the consolidated Strategic Plan and Budget approved by the Board of Directors. For this implementation, it adopts agreements, directly or through its delegated committees, related to ESG aspects. It also adopts agreements that affect the organisational life of VidaCaixa. Furthermore, it approves structural changes, appointments, expense lines and also business strategies.

6.2.2 Investment Committee

The Investment Committee is responsible for establishing and approving the investment positioning, approval and endorsement of the operations carried out by the insurer, as well as ensuring proper management, monitoring and control of the investments of the insurer and customers in accordance with the defined investment policies and the current regulatory framework.

Similarly, it is responsible for optimizing and making profitable the financial structure of VidaCaixa's balance sheet, all under the risk appetite and risk limits framework policies approved by the Board of Directors and based on the principles of sustainable investment and transparency in management, as well as the integration of ESG aspects.

6.2.3 Global Risk Committee

VidaCaixa's Global Risk Committee is a body dependent on the Risk Committee responsible for managing, controlling, and monitoring globally, among others, the integration of sustainability risks, as well as the implications for the management of liquidity, solvency, and capital consumption.

In particular, the Global Risk Committee must ensure that the exposures identified as relevant for the purposes of the risks affected by the ESG cross-cutting factor are properly identified, measured, evaluated, managed, mitigated and reported, as well as any aspect of the running of the VidaCaixa Subgroup that may significantly influence the profile of these risks and compliance with the appetite levels that have been established.

6.3 VidaCaixa Subgroup companies

6.3.1 Governing bodies of the VidaCaixa Subgroup companies

The governing bodies of the VidaCaixa Subgroup companies will:

- Adopt the appropriate decisions for the purposes of integrating the provisions of this Policy and applying the guidelines established therein, by taking into account the specific features of each company and the legal or regulatory rules applicable to them.
- Establish and supervise the implementation of a risk culture in the organization that fosters behaviours consistent with the identification and mitigation of risks affected by the ESG cross-cutting factor.
- Establish and maintain an organisational structure appropriate for managing risks affected by the ESG cross-cutting factor that is proportionate to the nature, scale and complexity of the activities they perform.
- Ensure that personnel involved in managing risks affected by the ESG cross-cutting factor have appropriate skills and experience.
- Establish the monitoring and escalation mechanisms to be used if any of the defined thresholds are crossed.
- Ensure that there are sufficient internal controls over the risks affected by the ESG cross-cutting factor.

6.3.2 Collegiate bodies of the VidaCaixa Subgroup companies

Depending on its requirements and size, each company will establish, or assign to existing committees or management groups, the powers it deems relevant in relation to the risks affected by the ESG cross-cutting factor.

If they exist, the committees of the Group companies will act in a similar way to those of the parent company, by developing their functions in alignment with them.

6.4 ESG Risk Management duties

For the proper management and control of risks affected by the ESG cross-cutting factor, the VidaCaixa Subgroup will perform the following duties, and take into account proportionality criteria:

6.4.1 Strategy and Governance

- Drafting of policies and frameworks for the management and control of risks affected by the ESG cross-cutting factor.
- Coordination, control and execution of the processes of identification, measurement, monitoring, control and reporting of risks affected by the ESG cross-cutting factor within the framework of the strategic risk processes (Risk Assessment, Risk Catalogue and Risk Appetite Framework).
- Definition and establishment of criteria in relation to appetite, strategy and risk policies affected by the ESG cross-cutting factor.
- Implementation of the processes relating to appetite, strategy and risk policies affected by the ESG cross-cutting factor in the systems and circuits of society.
- Proposal to set the policies, criteria and risk levels in the assumption and management of exposures that would meet the risk appetite set by the company's board of directors.
- Validation, with a critical vision, of compliance with standards and procedures and their alignment with the risk policies affected by the ESG cross-cutting factor and undertaking of continuous monitoring of the applicable regulation in this matter.

6.4.2 Identification

- Linking of the risks affected by the ESG cross-cutting factor with the different risks in the company's portfolio (e.g., credit, market, liquidity, or operational), and where appropriate, by portfolio or segment, identifying the most relevant for the company.

- Establishment (definition of criteria) of coherent reference taxonomies at the VidaCaixa Subgroup level, which allows a common understanding of the risk factors and risk exposures affected by the ESG cross-cutting factor.
- Implementation of taxonomy criteria in risk management processes affected by the ESG cross-cutting factor.

6.4.3 Investment and new customers

- Compilation of the relevant information of companies subject to (potential) investment by the company and customers, from the ESG perspective.
- Analysis of the admissibility of new customers, according to ESG factors and always in accordance with this Policy.

6.4.4 Measurement and control

- Establishment of methodologies that allow determining and ordering individual exposures according to their level of risks affected by the ESG cross-cutting factor, as a reference in the admission, monitoring and mitigation processes.
- Development of indicators to measure the impact of the risks affected by the ESG cross-cutting factor on each of the risks in the company's catalogue (e.g. credit, market, liquidity or operational), as well as potential adaptations to existing models and methodologies, in compliance with the requirements of current regulations and as a channel for transmitting the sustainability strategy to decision-making.
- Calculation of risk concentration indicators, by portfolios and geographical area, if applicable.
- Determination of the inherent risk and evaluation of the effectiveness of the control environment, proposing potential risk treatments for its improvement or remediation.

6.4.5 Monitoring of risk indicators

- Periodic monitoring of risks affected by the ESG cross-cutting factor in investment portfolios.
- Analysis of the causes of deviations from the indicators, and application of the preventive and mitigating measures required in order to keep them within the defined thresholds.

6.4.6 Reporting

- Generation of periodic internal and external reporting and support for requests for information on risks affected by the ESG cross-cutting factor.
- Continuous regulatory analysis for the adaptation of the risk reporting criteria affected by the ESG cross-cutting factor to regulatory requirements.

- Adaptation of systems for the collection and aggregation of the data required in order to comply with reporting regulations.



7. ESG Risk Management Framework

7.1 General lines of action

The framework for managing the risks affected by the ESG cross-cutting factor that is structured according to the following lines of action:

1. Define and manage a risk management plan affected by the internal ESG cross-cutting factor in accordance with the strategy of the VidaCaixa Subgroup.
2. Define and manage the implementation of a framework of admission, monitoring and mitigation policies that enable a risk profile to be maintained in line with this strategy.
3. Develop the risk analysis tools affected by the ESG cross-cutting factor required for decision-making in investment processes.
4. Monitor actions and operations with potential significant impact on the risks affected by the ESG cross-cutting factor.
5. Foster the development of systems for identifying, marking operations and measuring exposure to risks affected by the ESG cross-cutting factor, in accordance with the evolution of the regulatory framework, social sensitivity to these risks and best market practices.
6. Assign roles linked to the management of risks affected by the ESG cross-cutting factor in the current organizational structure, with the required segregation of duties to maintain independence between the areas responsible for the processes of strategy definition, analysis and concession of operations and monitoring and control of those risks.
7. Establish a system of powers for the admission of risks affected by the ESG cross-cutting factor, which enables its incorporation in an agile but robust manner in the ordinary decision-making processes, according to the scope of this document.

7.2 Key processes for compliance with the Policy

7.2.1. Principal adverse impacts on sustainability factors

The social and environmental impacts of the investee companies' activities are monitored regularly, subject to data availability. These negative impacts on sustainability issues are known as "Principal Adverse Impacts" and materialize, for example, through carbon emissions, exposure to fossil fuels, waste levels, gender diversity, human rights violations, and corruption, bribery, and other practices harmful to society and the environment. The Entity prioritises the management of these impacts in accordance with this Policy and other sustainability-related policies, strategies and commitments.

7.2.2. Engagement

As part of the process of compliance with this Policy, VidaCaixa maintains a regular dialogue with the companies it funds and invests in, depending on their relevance or influence. VidaCaixa believes that a positive impact is best achieved through this route. The Subgroup's approach to engagement is defined in greater detail in the Engagement Policy.

When violations of this Policy are observed in an investee company or it makes insufficient progress in the integration of the measures in its daily operations, VidaCaixa may hold a one-off dialogue with a view to it meeting VidaCaixa's expectations and complying with measures to prevent new violations in the future, or for it to present a plan describing how it intends to improve its practices, including specific targets and realistic timelines.

7.2.3. Company and Customer Investment

The management model for this activity, tailored to the specific circumstances of investing in these assets, is fundamentally based on the verification of compliance based on the information provided by specialist ESG data providers, the most relevant points in this Policy, as well as the restrictions on investment in companies involved, whether directly or indirectly, in controversial activities, as described in Section 5.

7.2.4. ESG risk assessment in the admission of institutional customers

The analysis of risks affected by the cross-cutting ESG factor is integrated into the admission process for group business customers not emerging from sector-specific plans. In this process, an ESG risk analysis is carried out on customers in order to ensure their compliance with the criteria of this Policy relating to human rights and defence.

8. General and sectoral criteria for evaluation and exclusion

This Policy establishes a set of criteria to exclude or limit the assumption of exposure to ESG risks, which are articulated at two levels:



General cross-cutting action criteria, which apply to all legal entities as indicated in the scope (section 1.2) of the policy in which the Entity may invest directly.



Specific criteria for action to exclude or limit the assumption of exposure to certain sectors (hereinafter, "sectoral") and activities with a special impact on the environment or society.

Finally, the analysis required for the implementation of this Policy will be applied, in general terms, to the companies where it is invested or to the customers by business group to which they belong, unless there is a lower level that can provide a more accurate picture of the ESG risk assumed. Depending on the materiality of the ESG impact and the risk appetite, this Policy provides for the **exclusion** of certain types of companies from their customer base (i.e. non-provision of products or services and non-investment), although in other cases it prescribes **restrictions on** investment.

8.1 General criteria

Below are the general criteria related to fundamental ESG factors (human rights, climate change and nature), which are applicable to VidaCaixa's investments across all sectors to which this Policy applies (see Section 1.2 Scope).

8.1.1. Human rights

Context and objectives

For VidaCaixa, respect for human rights is an integral part of its values and the minimum standard of action to carry out business activity in a legitimate manner. It also believes that the protection of human rights rests primarily with governments and that companies have the responsibility to foster and respect them within their sphere of action.

On this premise, and in accordance with its policies and responsible positions on ethics and human rights, VidaCaixa operates under a culture of respect for human rights, and expects its employees, collaborators, partners and other parties directly related to its operations, products and services to do the same.

In order to mitigate the risk of participating in these breaches, in addition to establishing a series of sectoral positions, VidaCaixa has a series of general exclusions.

Implementation standards

In the drafting of this Policy, internationally recognised standards and initiatives were taken into account, which include:

- The Universal Declaration of Human Rights
- The International Covenant on Civil and Political Rights
- International Labour Organization (ILO) Conventions
- The United Nations Declaration on the Rights of Indigenous Peoples
- The Convention on the Rights of the Child
- The Declaration on Human Rights Defenders
- The United Nations Guiding Principles on Business and Human Rights
- OECD Guidance on Due Diligence in Responsible Business Conduct
- National Action Plan on Business and Human Rights
- The OECD Guidelines for Multinational Enterprises
- The United Nations Global Compact Initiative
- The International Finance Corporation (IFC) Performance Standards
- Equator Principles

Exclusions

In the area of human rights, the VidaCaixa Subgroup enforces a series of general exclusions set out by the CaixaBank Group, applicable to all new investments and new customers that fall within the scope of this Policy (in any sector), where they are:

- companies on which there is strong evidence of material violations of human rights (e.g. child or forced labour, among others, as defined in the ILO Conventions), or which violate labour rights and in particular those linked to the health and safety of workers, and, therefore, in contravention of the United Nations Global Compact,
- companies that violate the rights of indigenous or vulnerable groups or resettle them without their free, prior and informed consent.

8.1.2. Climate Change

Context and objectives

Climate change is one of the major challenges facing the planet, with impacts on the physical environment, society, and the economy.

The scientific community and organizations such as the Intergovernmental Panel on Climate Change (IPCC) believe that only substantial and sustained reductions in greenhouse gas emissions can limit global warming and reduce the risks and impacts of climate change.

In 2015, the Paris Agreement established a global action plan with the long-term goal of keeping the increase in global average temperature well below 2°C above pre-industrial levels and limiting the increase to 1.5°C.

VidaCaixa's aim is to contribute towards the transition to a net-zero economy through the reduction of the impact of its investments. As evidence of the Entity's commitment to the energy transition, VidaCaixa is committed to achieving net-zero emissions by 2050, by setting interim climate commitments and supporting the transition in intensive activities, and prioritizing those with the longest track record, such as thermal coal. These commitments are consistent with the Net Zero Asset Owner Alliance, of which VidaCaixa is a signatory and defines specific sectoral positions such as the position on thermal coal ("Thermal Coal Position paper").

Implementation standards

In the drafting of this Policy, internationally recognised standards and initiatives were taken into account, which include:

- United Nations 2030 Agenda for Sustainable Development Goals (SDGs).
- Paris Agreement (COP21) at the United Nations Framework Convention on Climate Change and Katowice (COP24).
- The United Nations Global Compact (UNGC).
- Principles for Responsible Investment (PRI)
- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
- Principles for Sustainable Insurance (PSI) fostered by UNEP FI
- Net-Zero Asset Owner Alliance (NZAOA) protocol.
- *Carbon Disclosure Project*.
- Carbon Tracker Initiative (CTI).
- Transition Pathway Initiative (TPI)



Restrictions

The VidaCaixa Subgroup may decide not to make investments that could pose a material risk to the Entity in climate matters. This decision may be made when the climate assessment indicates that the company's decarbonization strategy or trajectory is inadequate, or when the investment could generate significant risks associated with the transition to a low-carbon economy or affect the Entity's compliance with its climate change commitments.

8.1.3. Nature

Context and objectives

VidaCaixa recognises that the economic activities of its investments for itself or its customers may have a substantial impact on nature. These impacts may be more severe when they occur in areas with high biodiversity value, sensitive ecosystems, areas vulnerable to water stress, domestically and internationally protected areas; or when the impact itself is relevant, whether it occurs in these areas or not. Consequently, the Entity will gradually include such risks, as it becomes possible to measure them, in their sustainability risk management, in order to minimize the potential adverse impact of its portfolio on nature.

Implementation standards

In the drafting of this Policy, internationally recognised standards and initiatives were taken into account, which include:

- UNESCO World Heritage Convention
- Convention on Wetlands of International Importance Especially as Waterfowl Habitat (Ramsar Convention)
- Forest Stewardship Council International Standard
- UNESCO World Network of Biosphere Reserves
- International Union for Conservation of Nature (IUCN) Protected Areas
- Recommendations of the Task Force on Nature-related Financial Disclosures (TNFD)

8.2 Sectoral criteria

8.2.1. Energy

Context and objectives

The energy sector is of great importance in the development of the global economy, and access to safe and affordable energy is an essential basic service for global wellbeing. However, VidaCaixa is aware that the energy sector presents significant environmental and social impacts, as well as risks and opportunities stemming from climate change and the transition to a low-carbon economy.

In this context, reducing the use of fossil fuels and moving towards energy generation systems with low greenhouse gas emissions contribute substantially to the fight against climate change. At the same time, the sector faces physical risks, such as the exposure of infrastructure to extreme weather events, and transition risks, arising from regulatory, technological, and market changes.

Additionally, adverse effects from the energy sector on the environment and society must be taken into account, such as the alteration of ecosystems, generation of impacts on biodiversity through the construction of energy infrastructures in sensitive areas, worker health and safety, and the effects on local communities, among others. These risks must be managed appropriately, reconciling them with the need to advance the energy transition and the growing demand for cheaper, safer, cleaner and more efficient energy sources.

Oil and gas

Oil and gas play a significant role in the global energy sector, although their extraction can have environmental and social impacts, especially in the case of unconventional resources such as oil sands, shale, or fracking; or when they are carried out in complex or sensitive areas. Furthermore, these activities are exposed to risks stemming from the transition to a low-carbon economy, and their environmental impacts are directly linked to greenhouse gas (GHG) emissions.

Coal

Coal-related activities have significant environmental impacts, particularly due to their GHG emissions, as well as significant risks associated with the decarbonization of the economy.

Nuclear energy

Improper handling of nuclear energy can entail health, safety or environmental problems such as radioactive contamination, with great impacts on biodiversity and communities.

Renewable energy

Renewable energies play a key role in the energy transition. However, their development can have negative impacts on the environment and society, especially when they are not managed properly (for example: water use or impact on biodiversity).

Sectoral scope

The energy sector covered by this Policy refers to the companies engaged in the following activities:

- Companies whose activities are related to oil and gas.
- Processing and production: refining, including the petrochemical industry, refineries, gasification, etc.
- Generation of electricity from fossil fuels (coal, oil and gas); and from renewable energy sources (wind, solar, hydropower, geothermal, biomass and liquid and gaseous biofuels);
- Generation of heat from renewable energy sources (geothermal and solar) and waste;
- Production of bioenergy (solid biomass and liquid and gaseous biofuels) used as an alternative to solid fuels.
- Commercial and logistics activities and services specifically designed or used for the energy sector, including trading, shipping, pipelines, storage facilities, vessels, floating production, storage and

offloading vessels (FPSOs), blending, and the transmission, distribution and marketing of heat and electricity.

- Generation of nuclear energy.

Implementation standards

In the drafting of this Policy, internationally recognised standards and initiatives were taken into account, which include:

- Guidance from the International Petroleum Industry Environmental Conservation Association (IPIECA) in areas of conflict.
- World Bank Global Partnership for Gas Burning Reduction.
- Extractive Industry Transparency Initiative.
- Voluntary Standards for the Global Reduction of Gas Flaring and Venting Voluntary Principles on Safety and Human Rights of the International Energy Agency.
- The World Bank's Environmental, Health and Safety General Guidelines in the Energy Sector
- Energy and Biodiversity Initiative (EBI)

Exclusions and restrictions

VidaCaixa will not make any new investments in companies that meet any of the following requirements:

- Turnover depends on over 5% of coal-fired power generation, unless:
 - They have a successful decarbonization and coal phase-out strategy by 2030 (no coal dependence by 2030) in OECD countries, and by 2040 in other countries; or
 - The purpose of the operation is the installation of renewable energy, or another demonstrable purpose associated with the energy transition.
- The company is involved in developing new electricity generation capabilities from coal⁶.
- Groups mainly dedicated to the exploration, extraction and production of oil and natural gas, unless the purpose of the investment is the installation of renewable energies or another demonstrable purpose associated with the energy transition (for example, through green bonds).
- There is evidence that tar sands exploration, production or transport represents over 10% of its turnover.
- There is evidence that oil and gas exploration, production or transport in the Arctic region (AMAP⁷) represents over 10% of its turnover.

⁶ Companies that are developing or planning to develop new thermal power plants or expand existing ones. The Global Coal Exit List (GCEL) is used as a reference for identifying companies related to the coal industry, including those that develop new electricity generation capacity from coal (energy) and those that explore, open or expand coal mines, or extend their operating life (mining).

⁷ Definition of the Arctic Monitoring and Assessment Programme

Finally, with existing companies, the aim will be to drive transition while maintaining a competitive position, thus achieving improvement through dialogue procedures.



8.2.2. Mining

Context and objectives

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

At the same time, this industry can produce negative environmental and social impacts. For this reason, VidaCaixa believes that it is essential that the environmental, social and governance aspects related to the activity are properly evaluated and managed. Therefore, it expects its customers and those companies in the mining sector included in its portfolios to comply with internationally recognized laws and responsible standards.

Sectoral scope

These criteria apply to companies involved in the mining sector, including the exploration, planning and development, operation, closure and rehabilitation of mines, and the processing of extracted minerals (excluding oil and gas, whose criteria are defined in the section on energy). Regarding the processing of metals and minerals – this includes the refining, smelting, and further processing of metals and minerals extracted through mining activities.

Implementation standards

In the drafting of this Policy, internationally recognised standards and initiatives were taken into account, which include:

- The International Council on Mining and Metals (ICMM)
- The ILO Safety and Health in Mines Convention (No 176), 1995
- The Voluntary Principles on Security and Human Rights
- The Extractive Industries Transparency Initiative (EITI)
- The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal
- Minamata Convention on Mercury (gold)
- International Cyanide Management Code (gold mining)
- Good Practice Guidance for Mining and Biodiversity of the International Union for Conservation of Nature (IUCN) and the International Council on Mining and Metals (ICMM).
- The International Finance Corporation (IFC)/World Bank Group Environmental, Health, and Safety Guidelines for Mining
- The Energy and Biodiversity Initiative (EBI)
- The Kimberley Process (diamond industry)
- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (tin, tantalum, tungsten and gold)
- ITSCI Tin Supply Chain Initiative (tin)
- Fair Stone International Standard (natural stone)
- The Bettercoal Code.
- Recommendations of the International Commission on Radiological Protection
- Nuclear Non-Proliferation Treaty (New York, 1968)
- Safety Standards of the International Atomic Energy Agency (IAEA)

Exclusions and restrictions

VidaCaixa will not make any new investments in companies that meet any of the following requirements:

- Turnover depends on over 5% of thermal coal-fired power generation, unless:
 - They have a successful decarbonisation and coal phase-out strategy by 2030 (no dependence on coal by 2030) in place; or
 - The purpose of the operation is the installation of renewable energy, or another demonstrable purpose associated with the energy transition.
- The company is involved in coal mining expansion projects.

Finally, with existing companies, the aim will be to drive transition while maintaining a competitive position, thus achieving improvement through dialogue procedures.

8.2.3. Defence and security

Context and objectives

This policy defines the applicable procedures and standards by which VidaCaixa addresses the risks affected by the ESG cross-cutting factor related to the defence and security sector, in order to carry out its activities related to this sector responsibly. VidaCaixa expects defence and security companies to comply with the applicable regulations and international conventions ratified by the countries where they are based.

Defence Sector:

In the current context, characterized by a more complex international environment and the emergence of more intense geopolitical and security risks, there is a trend towards strengthening the defensive capabilities and resilience of States in the face of emerging threats.

In this sense, VidaCaixa acknowledges the right of countries to defend themselves and guarantee the security and protection of their citizens, as well as to possess adequate defence and deterrence capabilities, as elements that contribute to stability, the preservation of democratic institutions, and international order. Consequently, the Entity may maintain commercial relationships with companies in the defence sector whose activities are considered consistent with legitimate national security and defence strategies, always in strict compliance with the applicable national and international legal, regulatory, and human rights framework.

VidaCaixa and its subsidiaries will not intervene in the defence sector when there may be a clear risk of the use of defence material for repression or other serious violations of international humanitarian law, conventions and treaties on the non-proliferation of weapons and other related rules and guidelines.

Security Sector:

In addition, governments and businesses are increasingly turning to private security companies worldwide, sometimes outsourcing functions with the potential use of force (such as prison management, border control, protection of critical infrastructure, or support in public order situations) that take place in sensitive contexts. These circumstances could increase the risks of abuse, misuse of force, and human rights violations, as well as the challenges in terms of oversight and accountability. Therefore, it is crucial that companies in this sector operating under these circumstances exercise heightened vigilance and due diligence.

Sectoral scope

In line with the standards applicable to this sector, VidaCaixa subscribes to the following definition of defence and security under this Policy:

- Defence companies: any company, group, institution, State agency or organisation involved in the production, sales/marketing, testing, research and development, systems integration, maintenance and services, including private security services.
- Security companies: companies that provide private security services in line with the activities described in the Context.

Implementation standards

For the definition of controversial weapons, VidaCaixa uses the criteria found in the international conventions in this respect. The different defence activities and/or materials are classified under the following categories:

Conventional weapons:

- Weapons (such as pistols or other light weapons, bombs, missiles or rockets), included in the Arms Trade Treaty, with the exception of blank firing guns, sporting guns, replicas or collectible firearms.
- Ammunition and explosives when the purpose of use is military (including bullets, projectiles, torpedoes, grenades, mines, depth charges, among others), included in the Arms Trade Treaty, provided the purpose of use is not civilian.
- Specially designed components and essential equipment for the production, maintenance and use of conventional arms and ammunition, as well as software or hardware related to defence activities, unless their purpose is related to civil protection and security.
- Dual-use items: items that can be used for both civilian and military purposes, when they are intended for military use. For the definition of dual-use items, the CaixaBank Group follows the EU regulation on export control and dual-use items according to Council Regulation (EU) No 428/2009 of 5 May 2009, as amended by Commission Delegated Regulation (EU) No 2016/1969 of 12 September 2016, and Regulation (EU) No 2021/821 of the European Parliament and of the Council of 20 May 2021 (which repeals Regulation (EU) No 428/2009, except for authorisation applications submitted before 9 September 2021).
- Any other product covered by the Arms Trade Treaty.

Controversial weapons:

Although there is no universally accepted definition of controversial weapons, at the date of publication of this Policy, VidaCaixa regards the following as controversial weapons, on the basis of the criteria included in international conventions:

- Anti-personnel mines: Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on Their Destruction (1997).
- Biological Weapons: Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological and Toxin Weapons and on Their Destruction (1972).
- Chemical Weapons: Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on Their Destruction (1993). Additionally, and although it is not included in this convention, VidaCaixa considers the use of white phosphorus as a controversial weapon.

- Fragmentation pumps: Convention on Cluster Munitions (2008).
- Depleted-uranium munitions: although there is no international convention in force, VidaCaixa acknowledges the concerns of some stakeholders in relation to depleted-uranium munitions.
- Nuclear weapons: Treaty on the Non-Proliferation of Nuclear Weapons (1968).

Exclusions and restrictions

In the area of defence, VidaCaixa enforces a series of general exclusions set out by the CaixaBank Group, which are applicable to all new investments and new customers that fall within the scope of this Policy (in any sector).

- VidaCaixa will not invest in or offer products to companies involved in the production, sales/marketing, testing, research and development, systems integration, maintenance and services of controversial weapons (including their essential components). This armament includes anti-personnel mines, biological weapons, chemical weapons, white phosphorus, cluster bombs, depleted uranium munitions and nuclear weapons. In the case of nuclear weapons, exceptionally, investment and products may be offered to companies domiciled in countries that have ratified the 1968 Treaty on the Non-Proliferation of Nuclear Weapons, provided that these companies carry out other activities in addition to nuclear weapons and are not related to any other controversial weapons.

In the event that, as a result of participating in merger or acquisition processes of entities, VidaCaixa becomes a shareholder in any company subject to this Policy, it will seek to dispose of it in the shortest time compatible with economically reasonable management.



9. Control framework

VidaCaixa promotes a risk culture in the Group that encourages risk control and compliance, as well as the establishment of a robust internal control framework across the entire organisation that allows fully informed decisions to be made about the risks adopted.

The internal control framework is structured around a three-line-of-defence model, which guarantees strict segregation of duties and the existence of several independent layers of control:

- The **first lines of defence** will be the operational units that manage dialogue activities with companies and investment product providers, and the exercise of the rights inherent to the listed securities that make up the portfolios managed by VidaCaixa. They are responsible for applying internal policies and procedures in this area, proactively implementing risk identification, management, and mitigation measures, and establishing and implementing appropriate controls.

Specifically, the Investment and Corporate Business Management Departments act as the first line of defence.

- The Risk function constitutes the second line of defence against sustainability risk and will ensure the quality of the entire sustainability risk management process. It will also review the consistency of sustainability risk-related processes with internal policy and public guidelines; conduct specific controls on information technologies; provide guidance on the design and review of sustainability risk processes and on the controls established within the risk management units; and actively participate in key risk management decision-making processes, issuing explicit opinions on material changes.

Specifically, the Risk and Actuarial Function Department acts as a second line of defence in sustainability risk management.

- The Compliance Function, as a second-level internal control function, will ensure the quality of the entire process of managing socially responsible policies and will review the consistency of internal policy with sustainability guidelines.
- The internal audit function, as the **third line of defence**, is an independent and objective assurance and consulting function, designed to add value and improve the Group's operations. It contributes to the achievement of the strategic objectives of VidaCaixa by providing a systematic and disciplined approach to the evaluation and improvement of risk and control management and corporate governance processes. In particular, Internal Audit will supervise the actions of the first and second line of defence with the aim of providing reasonable assurance to Senior Management and Governing Bodies.

The Risk Management Function, the Regulatory Compliance Function, and the Internal Audit Function, as responsible departments in the parent entity, assume strategic guidance, supervision and coordination with respect to the respective internal control functions of the Subgroup companies, while safeguarding their own scope.

Every VidaCaixa company must guarantee the existence of controls over the proper application of the general principles established in this Policy, as well as their development in internal management frameworks and procedures.

10. Information framework.

Establishing an appropriate reporting framework is essential for integrating sustainability risks.

Regulation 2020/852 of the European Parliament and of the Council, of 18 June 2020, on the taxonomy that establishes the definition of "green" activities (hereinafter, "the Taxonomy"), establishes in its eighth article the need to report information on activities that are considered environmentally sustainable, and to adopt a delegated act to complement the article, by specifying the rules of content and presentation of the information to be disclosed.

Based on the Taxonomy, both quantitative indicators (such as the Green Asset Ratio) and qualitative indicators are being defined, which allow the analysis and understanding of the Entity's risk profile in these areas.

Regarding internal communication, best market practices will be adopted, communicating aggregated risk data reflecting their exposures to climate- and environmental-related risks so that the governing body and relevant committees can take informed decisions.

The main objectives of the information framework are:

- Provide Governing Bodies and Senior Management, in good time, with accurate, clear and sufficient information to facilitate decision-making and allow verification that the entity is operating within the established risk tolerance.
- Meet the information requirements of supervisory bodies.
- Keep the shareholder informed, as well as the stakeholders of VidaCaixa in the field of risks affected by the ESG cross-cutting factor.
- Provide those responsible for the different areas, especially the management areas and the control areas, with the necessary data to be able to monitor compliance with the defined strategy for the VidaCaixa Subgroup in relation to the risks affected by the ESG cross-cutting factor.

Consequently, the areas specialized in risks affected by the ESG cross-cutting factor will raise, at least annually, the status of sustainability risks to the Risk Committee and the Appointments, Remuneration and Sustainability Committee.

11. Updating of the Policy

This Policy will be reviewed by the Board of Directors every year. However, the Risk and Actuarial Function Department, as responsible for the Policy, together with the Regulatory Compliance Department and the Investment Department and the other Departments affected as Business Enterprises, will review its content on an annual basis.

Additionally, the Policy may be updated at any time at the request of any of those involved in the integration of sustainability risks who have identified the need for its modification, motivated, among other reasons, by:

- Changes in the regulatory framework.
- Changes in the business objectives and strategy.
- Changes in the management approach or processes.
- Changes derived from the results obtained in monitoring and control activities.
- New policies or modifications to existing ones that affect the content of this Policy.
- Modification of the organizational structure that implies a change of duties in the management of the risks affected by the ESG cross-cutting factor.

As a review procedure, the party responsible for the Policy:

- Will share the result of the analysis carried out with the rest of those involved in compliance risk management and make any necessary changes to the Policy.
- Will include a summary of the review carried out in the "Version control" section of the Policy.
- It will propose to the Global Risk Committee and/or Investment Committee to submit the review to the Appointments, Remuneration and Sustainability Committee, as well as to the Risk Committee, where their agreement will be obtained as a preliminary step to its submission to the Board of Directors for approval.

The responsibility for updating this Policy falls to the Strategy and ESG Department when any of the indicated changes occur.

However, when modifications are made outside the default period (biennial), if they are minor in nature, approval by the Global Risk Committee and/or Investment Committee is enabled. For these purposes, minor modifications are understood to be those arising from organizational changes without implications for the risk management functions affected by the ESG cross-cutting factor, purely typographical corrections or the result of updating documents referenced in the Policy⁸. The Risk Committee and the Appointments, Remuneration and Sustainability Committee will always be informed of the modifications approved by the Global Risk Committee and/or Investment Committee. If the Risk Committee or the

⁸ The "updating of documents referred to in the Policy" would only include the transcription of excerpts from documents approved by the competent bodies (Board of Directors, Global Risk Committee, etc.) or regulatory provisions, provided that the modified content is not regulated by the Policy itself.

Appointments, Remuneration and Sustainability Committee deems it appropriate, it may refer the amendments to the Board of Directors.

The Risk and Actuarial Function Department will be responsible for the storage and accessibility of this Policy and will ensure the proper functioning of the archiving, distribution and, where applicable, publication processes.

12. Glossary

- The International Bill of Human Rights comprises the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, the International Covenant on Civil and Political Rights and its two optional protocols.
 - The Universal Declaration of Human Rights (UDHR): is a declaratory document prepared by representatives from all regions of the world with 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 every human being in the world should have).
 - The International Covenants: Following the adoption of the UDHR, the Commission on Human Rights, the main intergovernmental body on the subject within the United Nations, converted these principles into international treaties to protect certain rights. Given the unprecedented nature of this task, the General Assembly decided to draft two covenants respective to two types of rights enunciated in the Universal Declaration: civil and political rights and economic, social and cultural rights.
- The United Nations Global Compact: The United Nations Global Compact is an international initiative that promotes the implementation of 10 universally accepted Principles to foster sustainable development in the areas of Human Rights and Business, Labor Standards, Environment and Anti-Corruption in the activities and business strategy of companies. It is the largest corporate social responsibility initiative in the world.
- International Labour Organization (ILO) Conventions: The International Labour Organization (ILO) is a specialist agency of the United Nations that deals with matters relating to labour and industrial relations. International labour standards are divided into conventions and are legal instruments prepared by ILO constituents (governments, employers and workers) that establish basic principles and rights at work.
- Greenhouse Gases (GHG): Gases that are part of the atmosphere, whose origin is natural and anthropogenic, that absorb and emit radiation in certain wavelengths of the infrared radiation spectrum emitted by the surface of the Earth, the atmosphere, and clouds. This property causes the greenhouse effect. The main GHGs in the Earth's atmosphere are water vapor, carbon dioxide, methane, nitrogen oxide, and ozone.

Energy Sector

- Tar sands, petroleum sands, oil sands, extra-heavy crude oil: unconventional petroleum source obtained from the combination of clay, sand, water and bitumen that have to be physically separated, in open pit mines, before continuing with their processing. Once the bitumen has been separated from the sand, it is still a heavy and low-grade fossil fuel, which requires to be subjected to an energy-intensive process to convert it into a synthetic crude oil, similar to conventional oil.

Mining Sector

- The Kimberley Process Certification Scheme (KPCS) is a certification system designed to prevent conflict diamonds (involving human rights abuse or war funding) from entering the diamond market. In order for a country to participate, it must ensure that:
 - Any diamond originating in the country does not fund a rebel group or other entity whose objective is the removal of a government recognized by the United Nations.
 - Every diamond exported must be accompanied by a certificate guaranteeing that it complies with the Kimberley Process. There are no diamonds imported or exported to a country that is not part of the plan.

Defence Sector

- Controversial weaponry: weaponry that, due to its characteristics, can seriously affect the civilian population. These include anti-personnel mines, biological weapons, chemical weapons, white phosphorus, cluster bombs, depleted uranium munitions and nuclear weapons.
- Anti-personnel mines: Anti-personnel mines are a type of landmine. They are designed to kill or incapacitate their victims. Its most common effects are amputations, genital mutilations, injuries to muscles and internal organs, or burns. Its definition is regulated in the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on Their Destruction (1997).
- Biological Weapons: A biological weapon-also known as a bioweapon or sometimes as a bacteriological weapon-is any pathogen (infectious agent) that is used as a weapon of war. Offensive use of living organisms is generally characterized as a biological weapon. A biological weapon can be intended to seriously kill, incapacitate, or impede an individual such as entire cities or places. Its definition is regulated in the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological and Toxin Weapons and on Their Destruction (1972).
- Chemical weapons: Chemical weapons use the toxic properties of chemicals to kill, injure, or incapacitate. Toxic products produced by living organisms (e.g. toxins) are considered chemical weapons. According to the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on Their Destruction (1993), any toxic chemical substance is considered a chemical weapon, regardless of its origin, with the exception of those used for permitted purposes. Chemical weapons are classified as weapons of mass destruction by the United Nations and their production and storage is prohibited by the aforementioned 1993 Convention.
- Fragmentation pumps: this is a bomb or projectile whose casing splinters when exploding and is thrown in fragments in all directions. The characteristic of this bomb is that when it opens it releases many other, but smaller ones, which can be used for various purposes: to cause damage or death to a large number of people indiscriminately; to cause fires; to pass through armoured vehicles. Its definition is regulated in the Convention on Cluster Munitions (2008).
- Ammunition containing depleted uranium: Depleted uranium ammunition is a type of ammunition largely constructed from depleted uranium. Depleted uranium is a dense metal derived from the enrichment of natural uranium as a nuclear fuel. It is used in piercing projectiles and in bombs to increase their penetration capacity.
- Nuclear weapons: A nuclear weapon is a high-powered explosive that uses nuclear energy. The vectors that carry it can be intercontinental ballistic missiles, submarine-launched ballistic missiles,

and long-range bombers, carriers of both subsonic and supersonic cruise missiles, among others. Its definition is regulated in the Treaty on the Non-Proliferation of Nuclear Weapons (1968).

- White phosphorus: an allotrope (molecule formed by a single element) of the chemical element phosphorus, which has extensive military use as an incendiary agent, an agent to create smoke screens, and as an anti-personnel incendiary component capable of causing severe burns. There is dispute as to whether it is considered within the grouping of chemical weapons. In addition to its offensive capabilities, white phosphorus is also a highly efficient smoke agent, capable of burning quickly and producing instant smoke screens. For this reason, white phosphorus ammunition is common in infantry smoke grenades and grenade launchers, as well as tank ammunition, armoured vehicles, cannons, and mortars.
- Dual-use items: these can be used for both civilian and military purposes. According to Council Regulation (EU) No 428/2009 of 5 May 2009, as amended by Commission Delegated Regulation (EU) No 2016/1969 of 12 September 2016 and Regulation (EU) No 2021/821 of the European Parliament and of the Council of 20 May 2021 (which repeals Regulation (EU) No 428/2009, except for authorisation applications submitted before 9 September 2021), Dual-use items are as follows:
 - Nuclear materials, facilities and equipment
 - Special materials and related equipment
 - Treatment of materials
 - Electronics
 - Computers
 - Telecommunications and information security
 - Sensors and lasers
 - Navigation & Avionics
 - Marina
 - Aeronautics and propulsion