



# Engagement: 2024 Plan

Engagement and voting actions

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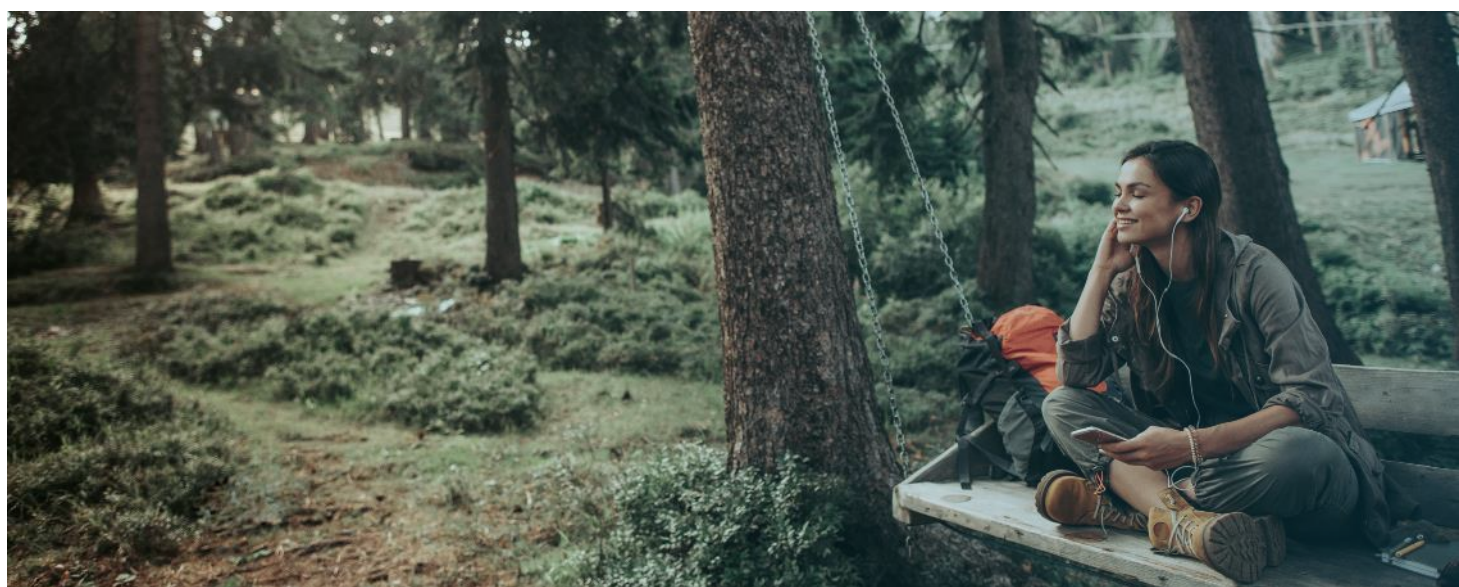
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# Global engagement strategy

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, organizations 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 ORGANIZATIONS

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



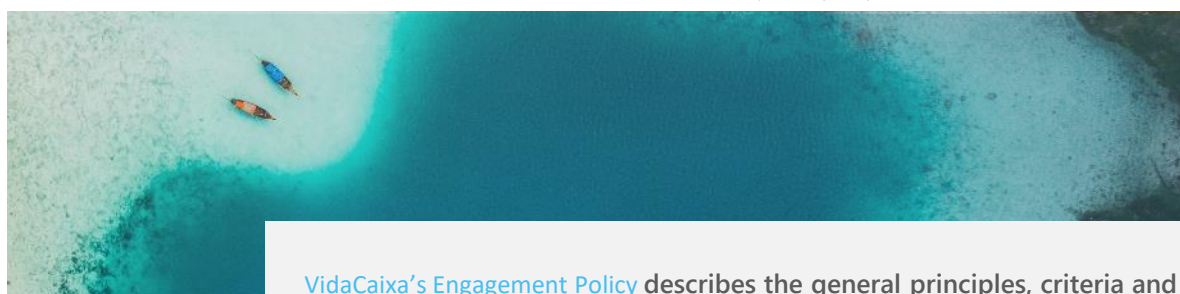
**VidaCaixa conducts a due diligence on external asset managers** regarding their responsible investment policies, commitments and resources in terms of ESG.



It holds conversations with asset managers aiming to ensure that 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.

It prioritizes dialogues with asset managers whose products identify improvement aspects linked to our Sustainability Risk Integration Policy, to the Principal Adverse Impacts detected and to the priority topics defined in this document.



[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.



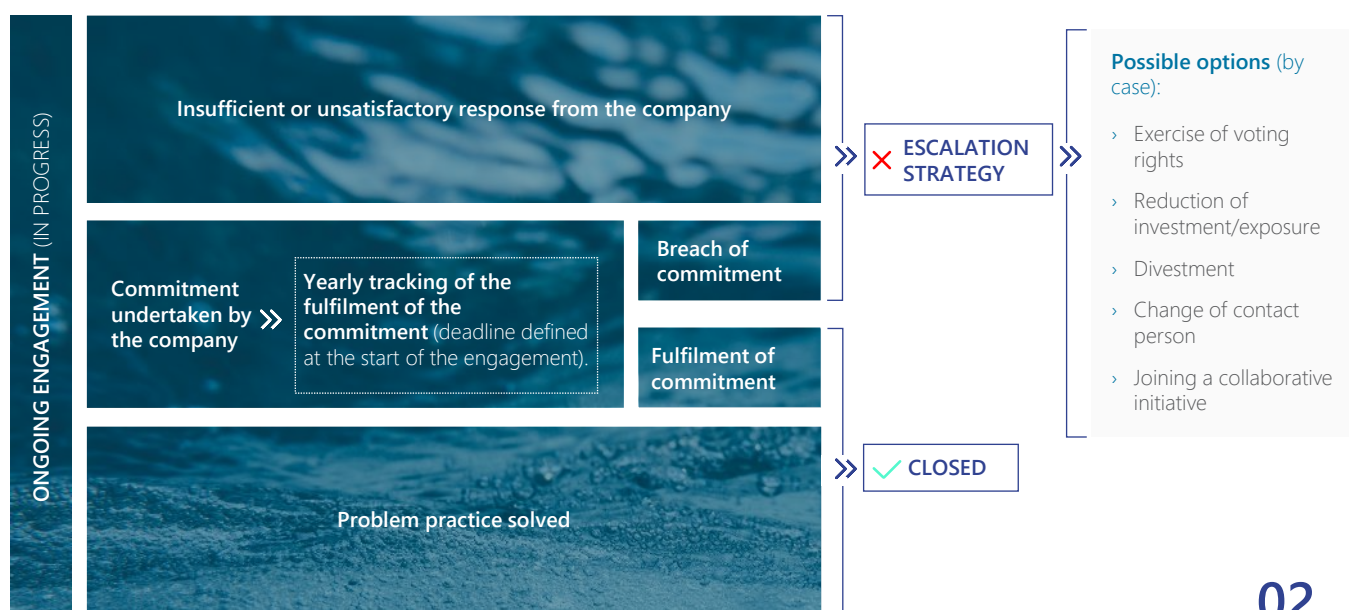
**Focus groups that promote dialogue between investors** and companies on environmental, social or other topics.

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



### FIRST STEP: Identify priority topics taking into account:

#### » 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;

### SECOND STEP: Out of the topics chosen, identify those that are relevant to our investment universe, considering:

#### » 04.

The **Principal Adverse Impacts** by investments;

#### » 05.

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



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

#### » 06.

In which VidaCaixa has a **relevant investment** (absolute or relative), and/or presence in products with a sustainable approach\*

#### » 07.

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



\* Products classified as Article 9 or 8 under the SFDR regulation.



## » ENGAGEMENT PLAN 2023: PRIORITY SUSTAINABILITY TOPICS

### AREA



### CLIMATE CHANGE AND NATURE

The transition towards a sustainable and decarbonized 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. But this challenge is also accompanied by the loss and degradation of nature, a trend that the Kunming-Montreal Global Biodiversity Framework is trying to stop and reverse to reach the vision of a world living in harmony with nature by 2050. Both challenges are closely interlinked.

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](#)
- [VidaCaixa's Statement on Nature](#)
- [Statement on Principal Adverse Impacts 2023 \(linked to PAIs 1-9\)](#)

### 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 license 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](#)
- [Statement on Principal Adverse Impacts 2023 \(linked to PAIs 10-11\)](#)

### 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](#)
- [Principles of Action for Sustainability](#)
- [Corporate Anti-corruption Policy](#)
- [Statement on Principal Adverse Impacts 2023 \(linked to PAIs 12-13\)](#)

# Criteria for the engagement priorities and targets by area



AREA



CLIMATE CHANGE AND NATURE

**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 and/or activities with a high likelihood of impacting nature..

**Expectations for issuers and priority goals**

Definition and fulfilment of science-based decarbonisation commitments (short, medium and long-term) and verified by external sources.

Governance of the company's environmental strategy among the top governing bodies.

Follow-up of recommendations made by the Task Force on Climate-related financial disclosures (TCFD)

Promote disclosures on the evaluation and management of impacts and dependencies in nature, prioritising, as the reference framework, the recommendations from the Task Force on Climate-related financial disclosures (TCFD).

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.

With regard to nature, the selection of issuers will be determined by our participation in collective initiatives and also, when appropriate, this will be included in climate dialogues.

## Target and channels

In 2024, the minimum target for climate engagement (direct dialogue or with a proactive role in group initiatives, new or ongoing dialogues opened in previous years with companies who represent at least 10% of the financed emissions in its insurance portfolio.

Dialogues related to these topics will be preferably conducted through collaborative dialogues, besides relying on direct dialogues or an expert independent supplier when convenient.



## 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.

Low level of transparency and performance regarding remuneration systems and pay gaps.

### 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 and, where necessary, corrective measures, goals and deadlines to close these gaps.

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**.