



Principal Adverse Impacts Statement

June 2022

0. Context of the document

VidaCaixa S.A.U. de Seguros y Reaseguros, (hereinafter 'VidaCaixa' or 'the Entity') is committed to sustainable development and is cognizant of the crucial role that financial institutions play in directing financial resources to activities that benefit society as a whole.

In 2019, Regulation (EU) 2019/2088¹ on sustainability-related disclosures in the financial services sector (hereinafter 'SFDR') entered into force with the aim of promoting transparency regarding the way in which financial market participants integrate sustainability risks into investment decision-making and the investment process, aside from requiring entities to classify their products according to their degree of sustainability (Article 6, 8 or 9).

The European Supervisory Authorities (hereinafter 'ESAs') have developed the regulatory technical standards² (hereinafter 'RTS') for the disclosure of the consideration of Principal Adverse Sustainability Impacts (commonly known as 'PASI') on investment decisions. This document responds to these entity-level reporting requirements.

¹ The regulation is available at the following link [EUR-Lex - 32019R2088 - EN - EUR-Lex \(europa.eu\)](#)

² The regulatory technical standards (RTS) are available at the following link: [Sustainability-related disclosure in the financial services sector | European Commission \(europa.eu\)](#)

VidaCaixa, S.A.U

1. Summary

This document contains the consolidated statement of the principal adverse impacts on the sustainability of VidaCaixa, S.A.U. In preparing this Statement, every effort has been made to follow – to the extent possible – the guidelines and format set out by the latest version of the RTS templates, published in 2022. As these templates will only be compulsory from 2023 onwards, this document constitutes a voluntary statement in line with the best practices in the market.

VidaCaixa considers the sustainability risks and possible influences of adverse sustainability impacts on its investment processes. The Entity has due diligence processes in place to identify, prevent, mitigate and explain how to address these impacts. To this end, aside from the policy on relations with the defence sector and the environmental risk management policy, the relevant sustainability policies apply, specifically the sustainability risk integration policy and the engagement policy. VidaCaixa systematically analyses and monitors the principal adverse impacts, adopting the necessary mitigation measures. These measures may include not investing, disinvesting, reducing exposure or observing, initiating the engagement actions that, where appropriate, are considered necessary.

This Principal Adverse Sustainability Impacts (PASI) statement includes seven environmental and social indicators. These were considered to be the most relevant for the Entity in terms of its current commitments and policies. This statement shows the value of these PASIs at the end of the 2021 tax year on direct investment, in corporate fixed income, public debt and variable income.

2. Description of the Principal Adverse Sustainability Impacts

The results of the indicators were obtained based on information from the data provider (in this case, MSCI). This provider does not have information available on all the assets in the VidaCaixa portfolio as the companies do not publish this data. Therefore, coverage is the percentage of assets under management for which information is available. At the end of 2021, coverage was at least 92% for each indicator, which means that the information provided is highly representative.

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES			
PASI indicator	Metric	Result at the end of 2021	
ENVIRONMENTAL INDICATORS AND OTHER ENVIRONMENT-RELATED INDICATORS			
Greenhouse gas emissions ³	Greenhouse gas emissions (GHG emissions)	Scope 1 GHG emissions	794.254
		Scope 2 GHG emissions	172.443
	Volume of GHG emissions produced by the companies VidaCaixa invests in. Sum of absolute CO ₂ emissions, whether disclosed or estimated, calculated according to the value of the investment in each company. (t CO ₂ e)	Total GHG emissions (sum of scopes 1 and 2)	966.697
	Carbon Footprint (tCO ₂ e/million invested) EUR	GHG emissions of the investee companies per million euros of value of the company	62
	GHG intensity of investee companies (tCO ₂ e/million EUR sold)	GHG emissions of the investee companies per million euros of sales.	130
	Exposure to companies active in the fossil fuel sector⁴ (%)	Proportion of investments in companies active in the fossil fuel sector.	9,8%⁵

³ Scope 1 refers to emissions produced directly by the activities of investee companies, while Scope 2 refers to emissions produced indirectly, arising from the energy consumed by investee companies.

⁴ Companies active in the fossil fuel sector are understood as companies that derive revenues from the (i) exploration, extraction, distribution or refining of hard coal and lignite; (ii) exploration, extraction, distribution (including transport, storage and selling) or refining of liquid fossil fuels; and (iii) exploration and extraction of gaseous fossil fuels or their specific distribution (including transport, storage and selling).

⁵ This figure does not take into account the percentage that the investee company devotes to activities related to fossil fuels. A company with a minimum percentage of exposure to this sector will have the same weight for the indicator as a company with a higher percentage of exposure.

SOCIAL AND EMPLOYEE AFFAIRS, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY

PASI indicator	Metric	Result at the end of 2021
Social and employee affairs	Gender diversity in governing bodies (%)	Average proportion of female vs male members in the governing bodies of the companies of investee companies, expressed as a percentage of all members of the governing bodies ⁶
	37%	
	Exposure to controversial weapons (landmines, cluster bombs, chemical and biological weapons) (%)	Percentage of investments in portfolio companies that are involved in manufacturing or selling controversial weapons
		0%

INDICATORS APPLICABLE TO GOVERNMENTS AND SUPRANATIONAL ORGANISATIONS

PASI indicator	Metric	Result at the end of 2021
Greenhouse gas emissions	GHG intensity (tCO ₂ e/billion of GDP)	Weighted average of GHG emissions per billion euros of GDP (gross domestic product) of the countries VidaCaixa invests in.
		267

⁶ Average proportion of females in the governing bodies of investee companies

3. Description of policies to identify and prioritise the influences of the principal adverse sustainability impacts

VidaCaixa has developed a holistic framework for sustainable investment that it applies in the investment process.

This sustainable investment framework is based on:

ESG integration, which consists in the explicit and systematic inclusion of environmental, social and governance (ESG) considerations when analysing investments and investment decisions. ESG factors are defined as:

- **Environmental.** Factors related to the quality and functioning of the environment and natural systems, such as air, water and soil quality, carbon and climate, ecology and biodiversity, CO2 emissions and climate change, energy efficiency, natural resource scarcity and waste management.
- **Social.** Factors related to the rights, welfare and interests of individuals and communities, such as human rights, working conditions and labour standards, education, gender equality and the prohibition of child and forced labour.
- **Governance.** Factors related to good governance in companies and other entities it invests in, such as board independence and oversight, best practices and transparency, executive remuneration, shareholder rights, management structure, or anti-corruption and anti-insider trading measures.

3.1. Details on ESG integration in investment analysis

ESG integration consists in the explicit and systematic inclusion of environmental, social and governance considerations when analysing investments and investment decisions. In this regard, investment managers take into account sustainability risks and the influence of adverse sustainability impacts on their investment processes, as defined below:

- **Sustainability risks** are the risks of an event related to sustainability occurring, which could cause a significant negative impact on portfolio performance if it were to occur.
- **Principal adverse sustainability impacts** are negative non-financial ESG impacts that could be caused by the companies or organisations to the investment portfolios.

ESG integration seeks to reduce the effects of sustainability risks and to minimise the principal adverse impacts, without losing sight of profit generation.

3.2. The due diligence process

VidaCaixa has risk-based due diligence processes in place to identify, prevent, mitigate and explain how to address these actual and potential negative impacts on its own activities, its supply chain and other business relationships.

Due diligence contributes towards anticipating, preventing or mitigating these adverse impacts. In some cases, due diligence can help in deciding whether to continue the activities or investments or not as a last resort, either because the risk of a negative impact is too high or because mitigation efforts have been unsuccessful.

Bearing in mind that due diligence should be proportionate to the risk and tailored to the circumstances and context of the specific company, the following pillars or principles are used in investment processes:

- Identify actual or potential negative impacts.
- Adopt measures to stop, prevent or mitigate them.
- Monitor implementation and results.
- Report on how to address the principal adverse impacts.

In practice, the due diligence process is ongoing, iterative and not necessarily sequential, as several steps may be carried out simultaneously with results feeding into each other.

3.3. Methodology for the identification of Principal Adverse Impacts

The process of identifying the principal adverse impacts is directly linked to the investment decision-making process carried out by VidaCaixa, identifying the exposure of portfolios or investments in sectors, industries and companies.

First of all, the relevant sustainability factors in a certain area, industry, sector or company are identified. To this end, several materiality analyses by benchmark organisations are carried out, with the support of ESG data

providers engaged for this purpose, as well as public sources of information. Pursuant to the foregoing, the material indicators included in the process of building and managing different portfolios are identified through the selection and assignment of different assets according to the procedures implemented by the CaixaBank Group. Furthermore, an analysis of the adverse sustainability impacts on the investments made is carried out.

The actual and potential negative impacts identified are then monitored through the evolution of the adverse impact indicators. If a possible adverse impact is identified due to the increase of environmental or social impacts or due to potential breaches of commitments or policies, the reasons are assessed and the necessary mitigation and correction measures are carried out. Such measures may consist in not investing, disinvesting, reducing exposure or observing. These measures may be supplemented, if necessary, with the exercise of active ownership through engagement actions, such as dialogue and/or the exercise of the voting rights that the Entity is entitled to according to its stake in the investee company.

The CaixaBank Group has policies that include restrictions for investment processes under certain criteria or in certain sectors, which mitigate the risk of adverse impacts occurring. Specifically, there are policies that exclude investments in companies with exposure to controversial weapons.

4. Engagement policy

In its investment advisory, analysis and management processes, VidaCaixa takes into consideration different ESG policies adopted by the CaixaBank Group. These policies constitute a control framework to try to avoid, anticipate or mitigate events that could lead to adverse sustainability impacts. The most relevant Policies are:

Engagement policy (January 2021)

Generally speaking, VidaCaixa is committed to long-term investment. Because of this, it will seek to encourage dialogue with companies or providers of financial products as the primary mechanism to improve the sustainability of the companies it invests in.

This strategy of engagement with listed companies will be implemented with the aim of protecting the exclusive interests of clients and participants at most, with complete independence and objectivity as regards the interests of the CaixaBank Group. This strategy is mainly focused on environmental, social and governance (ESG) aspects, due to the potential to create long-term value for shareholders, and will be implemented according to the provisions of this Engagement Policy, which applies to the group.

In line with its fiduciary duty, and with the aim of being an active owner of the investments it makes, VidaCaixa lays down mechanisms to initiate dialogue actions with companies and providers of investment products, in order to modify identified conduct that could potentially:

- Go against the values of VidaCaixa or its clients and Pension Fund participants.
- Allow for alignment with the strategic opportunities and risks identified by VidaCaixa and the CaixaBank Group, such as climate change and support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), as expressed in the statement on climate change, as well as the opportunities and risks expressed by the CaixaBank through the Sustainable Development Goals (SDGs).
- Have a negative impact on society, the environment, as well as VidaCaixa's reputation and solvency. In these cases, a dialogue action would also be initiated with the providers of the investment funds affected.
- Involve holding, through investment funds managed by other entities, positions in companies excluded by VidaCaixa or institutions for occupational retirement provision.
- Allow the representation of interests expressed by clients and participants, provided they do not contradict any of the general principle above.

- **Dialogue actions:**

VidaCaixa may set out dialogue actions directly with the providers of investment products and the companies, or collaboratively with other investors, or through a third-party representative. In this regard, priority will be placed on collaborative actions with other investors as these are considered to have a greater impact on modifying the conduct of the companies. If dialogue with the company is chosen, it will always be done while preserving the independence of VidaCaixa and the interests it represents to the extent possible.

For third-party products such as investment funds, aside from the dialogue processes, due diligence will be regularly carried out to assess the ESG integration procedures at the manager level and the investments it makes. Among the aspects analysed, particular attention will be paid to engagement, dialogue and voting mechanisms.

If dialogue with a company does not lead to a favourable outcome, voting will be used as a strategy to continue dialogue actions with the companies according to the progress made (escalation), adopting measures such as supporting proposals by shareholders in favour of greater transparency or better ESG performance or voting against the election (or reelection) of a board member responsible for ESG matters, in case of an adverse impact.

- **Exercise of voting rights:**

VidaCaixa will exercise the voting rights inherent to the listed securities comprising the portfolios managed by it, always for the exclusive benefit of the participants/clients. In any case, the way it will cast its vote will be decided with complete independence and objectivity as regards the interests of the CaixaBank Group.

Attendance and voting rights granted by the listed securities will be exercised directly or delegated to another shareholder or the chairperson of the Board of Directors in whose companies it holds a stake. In any case, when voting, the way the proxy will vote as decided by VidaCaixa beforehand will be binding.

Voting rights will be exercised or delegated as it sees fit in the clients' best interest, taking into account the nature of each corporate resolution under consideration by the General Meeting of Shareholders, based on publicly available information or information that has been made available to shareholders for the General Meeting of Shareholders.

4.1. Sustainability policies

Policy on the integration of sustainability risks (January 2021)

In investment management, sustainability risk is defined as any environmental, social or governance (ESG) event or condition that could lead to a material negative impact on the value of the investment if it were to occur. In line with its commitments and values, VidaCaixa integrates ESG aspects in the management of its investments in the insurance business, as well as in the management of the investments of its clients in relation to its activities as a pension fund management company. The main aim of this Policy is to set out the principles and premises regulating the integration of such risks.

This Policy is corporate in nature, and as a result, the principles of action defined in it are applicable to all the insurance subsidiaries of VidaCaixa that are exposed to sustainability risks. This policy includes:

- A framework of reference that allows for the integration of sustainability risks in investment management.
- The perimeter of the sustainability risks to cover.
- The governance framework to follow for the integration of sustainability in investment management for the proper integration of sustainability risks.

VidaCaixa's Code of Ethics and Principles of Action (July 2021)

In line with CaixaBank's Code of Ethics, this Code applies to VidaCaixa and all its employees and executives, as well as the members of its Governing Bodies. This Code reflects VidaCaixa's commitment to carry out its activities in accordance with the strictest legal and ethical standards, and with exemplary standards of professional behaviour, both in the interest of its clients and the community at large.

In this regard, VidaCaixa, as a subsidiary of CaixaBank, supports the latter's mission, which consists in satisfying the financial needs of clients by offering a complete range of suitable products and excellent service quality, with the commitment to bring value to clients, shareholders, employees and society as a whole.

VidaCaixa's principles of action are:

- Compliance with the laws and regulations in force at all times
- Respect
- Integrity
- Transparency
- Excellence and Professional Confidentiality
- Confidentiality
- Corporate Social Responsibility

Statement on climate change (May 2022)

VidaCaixa systematically works with the aim of contributing towards the transition to a low-carbon economy by reducing the direct impact of its operations, as well as financing and investing in sustainable projects. In line with this, it has developed the following courses of action:

- Support viable projects compatible with a low-carbon economy and solutions to climate change
- Manage risks that arise from climate change
- Minimise and offset our carbon footprint
- Collaborate with other organisations to move forward together
- Report on our progress in a transparent manner

VidaCaixa's Human Rights Principles (May 2022)

VidaCaixa understands respect for Human Rights as an integral part of its values, and takes on the responsibility of promoting and respecting these rights within its sphere of action. Under this premise, and in keeping with its Code of Ethics and Principles of Action, VidaCaixa operates within a culture of respect for Human Rights, and promotes this way of working among its employees, collaborators, partners and other parties directly related to its operations and products⁷

VidaCaixa's Human Rights Principles sets out the principles of action that the company must follow in this regard, and which must be followed for all relationships it establishes with its employees, clients, shareholders, providers and other business partners, as well as the communities where it does business and carries out activities. This Policy applies to the group, and is aligned with CaixaBank's Human Rights Principles. It applies to VidaCaixa's employees and executives, as well as the members of its Governing Bodies.

⁷ For more information on VidaCaixa's commitments to Human Rights, ethical standards and professional behaviour at the international level, please go to Section "5. References to international standards" in this document

The CaixaBank Group is firmly committed to evolving towards a sustainable economy. To this end, it has policies, principles and statements to which all the entities comprising it are committed.

Corporate Anti-Corruption Policy (September 2021)

VidaCaixa adheres to CaixaBank's Corporate Anti-Corruption Policy, which is mandatory for all the Group companies. The key objective of this Policy consists in preventing the Entity, the Group companies and its external collaborators from engaging in conduct that may be against the law or CaixaBank's basic principles of action, whether directly or through intermediaries. To this end, it seeks to:

- Convey to all members and companies of the Group the commitment to carry out all activities based on respect for the laws and regulations and in force, as well as the promotion and defence of the corporate values and principles of action set out in the Code of Ethics.
- Set out standards of conduct that must govern the activities of CaixaBank and the rest of the companies, employees and executives of the Group.
- Assure shareholders, clients, providers, judicial bodies and society in general that the CaixaBank Group fulfils its duties of oversight and control over its activities.

Policy on relations with the Defence sector (July 2020)

The Policy on relations with the Defence sector sets out principles of action and a distribution of responsibilities to be upheld at VidaCaixa, which are aimed at avoiding exposure to companies related to the defence sector that do not comply with the principles set out by the Board of Directors.

VidaCaixa will not get involved with the defence sector when there may be a clear risk of the defence material being used for repression or other serious violations of international humanitarian law, conventions or treaties on the non-proliferation of weapons and other related regulations and guidelines.

5. References to international standards

VidaCaixa considers the following international standards, which constitute a control framework to try to prevent events that may lead to adverse sustainability impacts.

The Corporate Human Rights Policy sets out the Group's commitment to abide by the following international statements:

- The United Nations Universal Declaration of Human Rights.
- The ILO Declaration on Fundamental Principles and Rights at Work.
- 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.

VidaCaixa also endorses the achievement of the goals of the Paris Agreement through its support of the Task Force on Climate-Related Financial Disclosures (hereinafter 'TCFD') and its adherence to Climate Action 100+.

Aside from adherence to international standards and codes of business conduct, the Entity made the following sustainability commitments as a sign of its willingness to avoid and address the negative impacts associated with investment decision-making.

- **Adherence to the United Nations Global Compact:** The Global Compact is the largest voluntary corporate social responsibility initiative in the world, and has two main aims:
 - Incorporate the ten universal principles related to human rights, labour, the environment and the fight against corruption into its strategies and operations.
 - Channel actions to support the broadest goals of the United Nations (including the SDGs).
- **Adherence to the United Nations Principles for Responsible Investment (PRI):** Compliance with the following principles: incorporating ESG criteria in investment analysis and decision-making processes, incorporating ESG criteria in practices and policies, encouraging the transparency of ESG information among entities, as well as promoting the principles in the investment community, collaboration and improvement in the application of the principles and transparency in the communication of the activities and progress in the application of these principles.
- **Adherence to the Principles for Sustainable Insurance (PSI):** These principles were developed by the United Nations Environment Programme Finance Incentive (UNEP FI) and constitute a framework of reference for the global insurance sector as it seeks to address environmental, social and governance risks and opportunities and its commitment to adopt four main guiding principles.
- **UN-Convened Net-Zero Asset Owner Alliance:** Commitment to achieve net-zero emissions in the risk-balanced investment portfolio by 2050 (public target), promote dialogue to drive change among the biggest sources of emissions and encourage investment in solutions that contribute towards the transition, among others.

Through the CaixaBank Group's commitments to the different international guidelines, the criteria for business conduct have been set out. These standards cover responsibilities in its actions, the applicable regulations for its operations in certain sectors, with the aim of mitigating the risk of events that could lead to adverse sustainability impacts.

VidaCaixa regularly carries out the following actions in order to monitor compliance with the policies and commitments:

- Periodic review of the policies/adherence by the governing bodies.
- Supervision of compliance by the relevant bodies.
- Setting of targets and actions plans, where applicable.
- Inclusion of control measures to ensure compliance.
- Reporting on the degree of progress.