

Statement of Principal Adverse Impacts of investment decisions on sustainability factors

CaixaBank Wealth Management Luxembourg, S.A.

2221007YM6XY7PI28I04

1. Summary

CaixaBank Wealth Management Luxembourg, S A (hereinafter, " CaixaBank Wealth Management Luxembourg " or the "Entity") considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on the principal adverse impacts on CaixaBank Wealth Management Luxembourg's sustainability factors.

This statement of the principal adverse impacts on sustainability factors covers the reference period from 1 January 2022 to 31 December 2022.

The guidelines and format laid down in Annex 1 of the Regulatory Technical Standards (hereinafter "RTS") have been followed to the extent possible when preparing this statement.

CaixaBank Wealth Management Luxembourg is committed to sustainable development and is aware of the vital role of financial institutions in directing financial resources to activities that are beneficial to society as a whole. It upholds its commitment to evolving towards a sustainable economy.

Fulfilling the requirements of Regulation (EU) 2019/2088¹ on sustainability-related disclosures in the financial services sector (hereinafter, "SFDR") was approved with the aim of promoting the transparency on the way in which the participants in the financial markets integrate sustainability risks into their investment decisions and processes.

CaixaBank Wealth Management Luxembourg considers the Principal Adverse Impacts on Sustainability (hereinafter, "PAIS") in its own and third-party investment products and in the discretionary portfolio management delegated to CaixaBank Asset Management S.G.I.I.C., S.A.U. (hereinafter, "CaixaBank AM"). Both CaixaBank Wealth Management Luxembourg and CaixaBank AM consider Environmental, Social and Governance (hereinafter, "ESG") criteria when selecting the third-party products included in advice proposals or managed assets, respectively. In this regard, a due diligence process is conducted to identify, prevent, mitigate, and explain how these impacts are addressed.

The CaixaBank Group (hereinafter, the "Group" or "CaixaBank Group") has a framework of sustainability policies to ensure that its activity contributes to sustainable development. These notably include the Discretionary Portfolio Management Engagement Policy (hereinafter the "Engagement Policy") and the Operating Principles of the Corporate Policy for Managing Sustainability/ESG Risks, which enable us to systematically analyse and monitor the Principal Adverse Impacts and, where necessary, to take the appropriate mitigation

¹ You can find the Regulation at the following link [EUR-Lex - 32019R2088 - EN - EUR-Lex \(europa.eu\)](#)

measures. These measures may take the form of not investing, divesting, reducing exposure or placing certain assets and issuances under observation, thus initiating the required engagement actions, where applicable.

This statement presents the average monthly value of the PAIS indicators in relation to the positions in the discretionary management portfolios of CaixaBank Wealth Management Luxembourg customers, in direct and indirect investment, both in corporate fixed income and public debt, as well as in equities, which as of December 2022 amounted to € 211.255.962,09 for the purposes of the SFDR Regulation.

The results of the PAIS indicators provided for 2022 in this statement are not comparable to the results published in the "Statement of Principal Adverse Impacts (PIA) of investment decisions on sustainability factors"² for the previous financial year 2021. This is the result of developments in the methodologies used to calculate the indicators, as well as a change in the scope and perimeter of the data reported between the current and previous fiscal years.

2. Description of the principal adverse impacts on sustainability factors

The indicators' results have been obtained from information pertaining to the data provider MCSI Inc. At present the indicator data include exposure to both direct investment and third-party vehicles.

Coverage on the indicators is around 80%, except were stated in the table below:

² You can find the previous Statement at the following link:

<https://www.caixabankwealthmanagement.lu/deployedfiles/luxemburgo/Estaticos/pdfs/CWML-Principal Adverse Impacts on sustainability factors 2022-06.pdf>

Indicators applicable to investments in investee companies ³					
Sustainability indicator in relation to adverse impacts		Parameter	Impact 2022	Explanation	Actions taken, actions planned and targets set for the next reference period
INDICATORS RELATED TO CLIMATE CHANGE AND OTHER ENVIRONMENT-RELATED INDICATORS					
Greenhouse gas (GHG) emissions	1. Greenhouse gas emissions ⁴ (GHG emissions) Volume of GHG emissions generated by the companies in which CaixaBank Wealth Management Luxembourg invests. Sum of absolute CO ₂ emissions, whether reported or estimated, calculated according to the value of the investment in each company. <i>(tCO₂e)</i>	Scope 1 GHG emissions.	9.667,61		
		Scope 2 GHG emissions.	2.069,51		
		Scope 3 GHG emissions.	71.353,98		
		Total GHG emissions (Scopes 1, 2 and 3)	88.217,01		
	2. Carbon Footprint <i>(tCO₂e/€M EVIC)</i>	GHG emissions of investee companies per million euros of enterprise value.	452,83		
	3. GHG intensity of investee companies <i>(tCO₂e/€M sales)</i>	GHG emissions of investee companies per million euros of sales.	1.007,91		

³ The calculation basis was based on assets amounting to € 211.255.962,09 €.

⁴ Scope 1 refers to emissions directly generated by the activity of the investee companies, Scope 2 refers to indirectly generated emissions resulting from the energy consumed by the investee companies and Scope 3 refers to indirect emissions generated in the value chain, including both the upstream and downstream emissions of the investee companies.

	4. Exposure to companies active in the fossil fuel sector ⁵ (%)	Share of investments in companies active in the fossil fuel sector.	9,6%		
	5. Share of non-renewable energy production and consumption (%)	Share of non-renewable energy consumption and non-renewable energy production of investees from non-renewable energy sources versus renewable energy sources (share of total energy sources)	72,7%		
	6. Energy consumption intensity per high impact climate sector (GWh / Millions of EUR revenue)	Energy consumption in GWh per million EUR revenue of investee companies, per high climate impact sector	0,2		
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas (%)	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0,1%		
Water	8. Emissions to water (Tons of emissions to water / Million EUR invested)	Tons of emissions to water generated by investee companies per million EUR invested (weighted average).	0,0	Indicator with low coverage (7%) in the absence of data from the companies.	

⁵ Companies active in the fossil fuel sector means companies that derive any revenues from (i) exploration, extraction, distribution or refining of hard coal and lignite; (ii) exploration, extraction, distribution (including transportation, storage and trade) or refining of liquid fossil fuels; and (iii) exploration and extraction of fossil gaseous fuels or from their dedicated distribution (including transportation, storage and trade).

Waste	9. Hazardous waste and radioactive waste ratio (<i>Tons of hazardous and radioactive waste / Million EUR invested</i>)	Tons of hazardous and radioactive waste generated by investee companies per million EUR invested (weighted average)	7,3	Indicator with low coverage (29%) in the absence of data from the companies.	
INDICATORS ON SOCIAL AND LABOUR ISSUES, RESPECT FOR HUMAN RIGHTS AND THE FIGHT TO COMBAT CORRUPTION AND BRIBERY					
Social and labour issues	10. Violations of the principles of the UN Global Compact and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises (%)	Proportion of investments in companies that have been involved in breaches of the UN Global Compact principles and the OECD Guidelines for Multinational Enterprises	0,8%		The result of the indicator refers to the exposure regarding third party vehicles, or positions outside the scope of the Sustainability Risk Integration Policy, pursuant to the defined procedure. Dialogues are initiated with managers when such positions are identified.
	11. No compliance processes and mechanisms to monitor compliance with the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises (%)	Proportion of investments in companies with no policies to monitor compliance with the principles of the UN Global Compact or the OECD Guidelines for Multinational Enterprises or with no complaints or grievance handling mechanisms to address breaches of the principles of the UN Global Compact or the OECD Guidelines for Multinational Enterprises	42,3%	The provider deems there to be a breach of the OECD Guidelines when no public policy is in place.	
	12. Gender pay gap, unadjusted (%)	Unadjusted average gender pay gap of investee companies	15,8%	Indicator with low coverage (20%) in the absence of data from the companies	

	13. Gender diversity of the board of directors (%)	Proportion between the number of women on the board of directors and the total number of board members (men and women) of investee companies ⁶ .	35,6%		
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons) (%)	Proportion of investments in companies engaged in the manufacture or sale of controversial weapons	0,1%		As stated in the Sustainability Risk Integration Policy, dialogues are initiated with managers when such positions are identified.
Indicators applicable to investments in sovereign and supranational entities					
Sustainability indicator in relation to adverse impacts		Parameter	Incident 2022	Explanation	Actions taken, actions envisaged and targets set for the forthcoming reporting period
Environmental	15. GHG intensity (tCO ₂ e/€bn GDP)	GHG intensity of investment host countries	240,4		

⁶ Average proportion of women on the governing bodies of investee companies.

Socials	16. Investment host countries subject to social breaches (%)	The number of investment host countries subject to social breaches (absolute number and relative number, divided by all investment host countries) covered under international treaties and conventions, United Nations principles and, where applicable, national laws	0.0	For this indicator in this statement, the data is based solely on live positions, due to the lack of coverage of this data for third party funds.	
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Fossil Fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	0		
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	0		
Other indicators of the principal adverse impacts on the sustainability factors					
Indicators related to climate change and other additional environment-related indicators					
Sustainability indicator in relation to adverse impacts		Parameter	Incident 2022	Explanation	Actions taken, actions envisaged and targets set for the forthcoming reporting period
Issuances	4. Investments in companies with no carbon reduction initiatives (%)	Percentage of investments in companies with no carbon reduction initiatives to fulfil the Paris Agreement	30.4		
Additional indicators on social and labour issues, respect for human rights, and the fight to combat corruption and bribery					
Human rights	14. Number of detected cases of serious human rights issues and incidents (No.)	Number of cases of serious human rights issues and incidents linked to companies invested in on a weighted-average basis	0		

3. Description of policies to identify and prioritise the impact of Principal Adverse Impacts on Sustainability

The CaixaBank Group has established a corporate framework for sustainable investment that applies to the provision of discretionary portfolio management and investment advisory services.

This framework for sustainable investment is based on three core pillars:

1. The explicit and systematic integration of Environmental, Social and Governance (hereinafter "ESG") factors into the investment analysis and decision-making process regarding investment advisory and discretionary portfolio management services. These ESG factors will be taken into consideration alongside traditional financial criteria.

In that regard, sustainability risks and the impact of the corresponding adverse impacts that may arise during the investment processes in the discretionary management portfolios of CaixaBank Wealth Management Luxembourg customers, such as in the funds managed by CaixaBank AM that are deemed to be PAISs, will be taken into account.

Furthermore, ESG factors can be defined as:

- **Environmental:** those factors related to the quality and functioning of the environment and natural systems, such as air quality, water and soil, carbon and the climate, ecology and biological diversity, CO₂ emissions and climate change, energy efficiency, the scarcity of natural resources and waste management.
 - **Social:** those factors related to the rights, well-being and interests of people and communities, such as human rights, the working conditions and standards, education, gender equality and the ban of the child and forced labour.
 - **Governance:** those factors related to the good governance of companies and other entities in which it invests, such as the independence and monitoring of the board, best practices and transparency, remuneration of senior officials, shareholders' rights, the management structure or efforts against corruption and insider trading.
2. The compliance with the Engagement Policy, which includes engagement measures such as engaging in dialogue with the companies or banks in which it invests.

Details about ESG integration in investment analysis

ESG integration comprises the explicit and systematic inclusion of ESG considerations in the analysis of investments on the underlying assets of portfolios carried out by CaixaBank AM in the discretionary portfolio management delegated by CaixaBank Wealth Management Luxembourg. Furthermore, as stated in point 1 of the previous section, when analysing and/or making an investment decision, both sustainability risks and the principal adverse impacts (where applicable), as defined below, will be taken into account:

- **Sustainability risks** mean any environmental, social or governance event or condition that could have an actual or potential material adverse effect on the value of the investment if it were to occur
- **The principal adverse impacts** mean those impacts arising from investment decisions that can have negative effects on sustainability factors.

The ESA integration process ultimately seeks to decrease the effects of sustainability risks and principal adverse impacts, without losing sight of the goal of profit generation.

The due diligence processes

The CaixaBank Group has established due diligence processes based on the risk to identify, prevent, mitigate, and explain how these adverse impacts are addressed. Therefore, voluntarily, CaixaBank Wealth Management Luxembourg actively participates in facilitating and channelling change through dialogue and proxy voting policies implemented by CaixaBank AM (except for discretionary portfolio management, where the Voting Policy is not applicable) and through the offer of financial products and assets managed by the companies of the Group.

In the investment decision-making processes carried out by CaixaBank AM and VidaCaixa, the following principles are followed:

- Identifying actual or potential principal adverse impacts.
- Taking measures to stop, prevent or mitigate these adverse impacts.
- Monitoring the implementation and results of these measures.
- Reporting on how the principal adverse impacts is addressed.

In that regard, CaixaBank AM has implemented a specific procedure in order to adequately monitor compliance with these principles with recurring frequency. In practice, the due diligence process is continuous, iterative and not necessarily sequential, since different stages can take place simultaneously with outcomes feeding back into each other.

Methods for identifying the principal adverse impacts

The process of identifying the PAIS is found to be integrated in the investment decision-making process carried out by CaixaBank AM in the discretionary portfolio management delegated by CaixaBank Wealth Management Luxembourg.

CaixaBank AM uses a proprietary methodology to analyse, assess and monitor adverse impacts on sustainability generated through investments made.

With a view to determining the existence of possible adverse impacts, CaixaBank AM will assess the performance of the PAIS indicators compared to the results obtained in the immediately preceding year. An adverse impact on sustainability factors may be deemed to exist when there is evidence of a material deterioration in the performance of these indicators; or, for certain indicators, when specific thresholds established through the CaixaBank Group's policies or procedures are exceeded, which include restrictions on investment in certain criteria or sectors.

Specifically, the Group has policies in place that exclude investments in companies in which it has identified violations of UN Global Compact principles (following a process of analysing the cases and assessing the remediation actions), as well as in companies that do not comply with the OECD Guidelines for multinational enterprises or that have exposure to controversial weapons.

In any case, in the event that an adverse impact is identified, CaixaBank AM will assess it, taking into consideration criteria such as: the reasons for its occurrence, recurrence and the likelihood of success in managing it, among others. The management and relief actions to be taken will also be assessed and defined, where necessary.

These measures may take the form of not investing, divesting, reducing exposure or placing exposure under observation. These measures can be supplemented, where required, with active ownership through engagement actions, such as dialogue and/or exercising the right to vote of CaixaBank AM according to its share in the investee company (excluding discretionary portfolio management, given that there is no delegation of the exercise of voting rights by the customer)⁷.

4. Engagement Policies

In its investment advisory, analysis and management processes, CaixaBank Wealth Management Luxembourg has adhered to Group policies on proprietary ESG matters or those adopted by CaixaBank Group. These policies make up a framework of control to avoid, foresee or mitigate events that can lead to adverse impacts on sustainability. The most relevant policies are:

4.1 Discretionary Portfolio Management Engagement Policy (May 2022)

The Engagement Policy is applicable to the provision of discretionary portfolio management services, which it has delegated to CaixaBank AM. This Policy sets the principles followed to participate in the decisions of the companies and issuers it invests in, considering environmental, social and governance criteria.

This policy has the following goals:

- To encourage the engagement of intermediaries and asset managers in the governance of investee companies.
- To improve the transparency of investment strategies, engagement policies and the process for exercising voting rights, especially when using proxy advisors.

The Engagement Policy establishes engagement actions and exercising voting rights:

Dialogue Actions:

CaixaBank engages in dialogue with the public and private issuers in which it invests with a view to understanding how ESG risks are managed and how they take advantage of the business opportunities associated with sustainability challenges. This process of active dialogue begins when a need for engagement is identified, i.e. a specific goal for improvement, and the goals of the various dialogue actions may vary depending on the need identified. In short, the goal is to bring about a change in the behaviour of companies on certain material issues through persistence on relevant aspects.

CaixaBank Wealth Management Luxembourg is aware that active dialogue with companies and issuers of financial products, whether public or private, serves as a tool for enhancing the sustainability of the entities and institutions in which it invests. In that regard, CaixaBank Wealth Management Luxembourg has entrusted CaixaBank AM with the management of discretionary portfolios and the exercise of dialogue actions.

⁷ For more information on this type of engagement actions, see section "4. Engagement Policy" herein.

Exercise of voting rights:

In general, customers of the discretionary portfolio management service do not delegate to CaixaBank Wealth Management Luxembourg the vote or exercise of the voting rights inherent in the shares they hold. Accordingly, CaixaBank Wealth Management Luxembourg will not exercise the voting or political rights arising from the shares held by its customers under the discretionary mandates managed, insofar as customers retain the exercise of voting rights under the provisions of the discretionary portfolio management contract.

4.2 Policies relating to sustainability

In its investment advisory, analysis and management processes, CaixaBank Wealth Management Luxembourg takes into consideration different policies on the matter adopted by the Group. These policies make up a framework of control to avoid events that can lead to adverse impacts on sustainability, as well as to minimise and mitigate them to the extent possible, including the following:

Operating principles of the Corporate Policy for managing sustainability/ESG risks (March 2022)

The purpose of this policy is to establish the principles, premises and mechanisms to ensure that the ESG risks associated with customers and proprietary investments are governed, managed and controlled such that they comply with the expectations of the Group's stakeholders. The contents contained in the policy include: a regulatory framework, a control framework, the corporate ESG risk strategy, among others.

General Principles of the Corporate Anti-corruption Policy (September 2021)

The General Principles of the Corporate Anti-corruption Policy are corporate in nature and, therefore, apply to all CaixaBank Group companies, their employees, executives and members of the Governing Bodies. This document establishes the Group's commitment to fighting against corruption in all its forms, including extortion and bribery, setting forth general principles that include a regulatory framework and a standard of conduct, general principles governing corruption risk management and a reporting and whistleblowing channel. The objectives include:

- Transmitting the corporate values and principles of action, ensuring compliance with these at Group level and by employees, executives or members of the Governing Bodies or Group companies.
- Setting up due diligence measures for contractual relations with third parties.
- Ensuring that measures are taken to prevent or reduce the risk of corruption crimes being committed in all levels of its activity.

Principles on Human Rights (January 2022)

The principles of action are the guide with regard to human rights within the relationships that CaixaBank Wealth Management Luxembourg establishes with its employees, customers, shareholders, suppliers, commercial partners and the communities where it performs its business and activities. These Principles are applicable to all employees, executives and members of the Governing Bodies of CaixaBank Wealth Management Luxembourg.

In addition, the Company periodically analyses human rights affairs in association with its activity and introduces due diligence processes to assess the risk of non-compliance, followed by proposals of measures to prevent or remedy detrimental impacts and measures to maximise positive effects.

Statement on Climate Change (January 2022)

This Statement sets out the following lines of action, among others:

- Supporting feasible projects that are compatible with a carbon neutral economy and climate change solutions.
- Managing climate change risks and progressing towards the emission neutrality of the lending and investment portfolio.
- Minimising and offsetting our carbon footprint.
- Fostering dialogue on sustainable transition and collaborating with other organisations to progress together.
- Reporting on our progress transparently.

In light of this, CaixaBank Wealth Management Luxembourg considers that, as a financial institution, it has a key role to play in implementing these goals, with a view to stressing the need to accelerate the transition to a carbon-neutral economy by financing sustainable projects; supporting the sustainable transition; minimising and offsetting the impact of operations and engaging in dialogue with the CaixaBank Group's stakeholders.

5. References to international standards

CaixaBank Wealth Management Luxembourg takes into account the following international standards in its framework of control to prevent events that could lead to adverse impacts on sustainability, and has adhered to Group's initiatives in this area that strengthen its management of ESG risks and factors.

The Principles on Human Rights establish the Entity's commitment to uphold the following international declarations:

- The United Nations International Bill of Human Rights, 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 International Labor Organization Declaration on Fundamental Principles and Rights at Work and the eight fundamental conventions identified by the same.
- The United Nations Global Compact, incorporating both its ten principles and the 17 Sustainable Development Goals ("SDGs").
- The EU Charter of Fundamental Rights.
- The Guiding Principles on Business and Human Rights of the United Nations.
- The OECD Guidelines for Multinational Enterprises.

CaixaBank Wealth Management Luxembourg also endorses achieving the objectives of the Paris Agreement through its support for the Task Force on Climate-related Financial Disclosures (TCFD).

As well as adhering to international standards and codes of business conduct, the Entity has made the following commitments in relation to sustainability, to demonstrate its willingness to prevent and address negative impacts.

- **Adherence to the United Nations Global Compact (the "Global Compact"):** CaixaBank S.A. is member of the Global Compact Network Spain. The Global Compact comprises the most important voluntary corporate social responsibility initiative in the world, and it has two main goals:

 - Incorporate the 10 universal principles based on human rights, labour rights, respect for the environment and combatting corruption in its strategies and operations.
 - To channel actions towards a supporting plan for the broader UN goals, including the 17 Sustainable Development Goals ("SDGs"). In that regard, although CaixaBank incorporates the 17 SDGs in its sustainability strategy, contributing to all of them through its activity, social action and strategic partnerships, it focuses its actions on four priority goals:
 - SDG 1 - No poverty,
 - SDG 8 - Decent work and economic growth,
 - SDG 12 - Responsible production and consumption, and;
 - SDG 17 - Partnerships for the goals.
- **Adherence to the Principles for Responsible Banking:** of the United Nations Environment Programme Finance Initiative (UNEP FI), of which it is a signatory since 2019. These Principles aim to advance in the integration of the UN Sustainable Development Goals and the Paris Agreement into the business model and strategy of the signing entities and involve a commitment of annually reporting the degree of progress of their implementation. In the field of climate action and as part of the Principles for Responsible Banking, CaixaBank S.A. is also one of the founding members of the Net-Zero Banking Alliance (NZBA), taking on the commitment to only hold investment and credit portfolios that are neutral in greenhouse gas emissions by 2050.
- **Principles for Responsible Investment (PRI)** CaixaBank AM is a signatory to this initiative, which fosters collective dialogues with the world's largest corporate emitters of greenhouse gases, in order to reduce emissions, improve climate governance and enhance climate transparency.
- **Adherence to the Climate Action 100+ initiative:** within the scope of climate action, CaixaBank AM adheres to this initiative, the purpose of which is to encourage dialogue with companies with the highest levels of GHG emissions, so they take critical measures to align themselves with the goals of the Paris Agreement; CaixaBank AM is related to CaixaBank Wealth Management Luxembourg since it is entrusted with its portfolio management.

Corporate behaviour criteria is established via the Group's commitments with various international guidelines. These standards cover the Group's responsibilities in its activity and

the regulations applicable to its operations, with the aim of mitigating the risk of events that can lead to adverse impacts on sustainability.

6. Historical comparison

As outlined in point 1 of this Statement, the results of the PAIS indicators provided for 2022 are not comparable to the results published in the "Statement of Principal Adverse Impacts (PIA) of investment decisions on sustainability factors"⁸ for the previous financial year 2021.

This situation is the result of the following reasons:

- The evolution of the regulations and the methodology for calculating PAIS indicators.
- Changes in the coverage and quality of data provided by data providers.
- And, lastly, as a result of the change in the scope and perimeter of reporting of the PAIS indicators, given that the statement from the previous year only reported the positions in respect of direct investment in assets (corporate and government fixed income and equities) of the Asset Plus Portfolios and the funds managed by CaixaBank AM of the Master Portfolios that make direct investments in these same assets at the close of 2021.

⁸You can view the above Statement at the following link
https://www.caixabankwealthmanagement.lu/deployedfiles/luxemburgo/Estaticos/pdfs/CWML-Principal_Adverse_Impacts_on_sustainability_factors_2022-06.pdf