



> 2022 - June 2023

# Climate report



Interactive  
document

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## Letter from the Chairman





# Letter from the Chairman

Over the last few years, we have witnessed how society is demanding greater involvement from all social agents in the transition towards a more environmentally and socially sustainable economic model.

At CaixaBank, we are fully aware of this, we listen to social demand and we consider a priority to advance in the transition towards a sustainable, socially inclusive economy, while maintaining excellence in corporate governance.

It is not an easy road, as it requires the transformation of our economic model, enterprises and consumption habits. Moreover, this transformation requires the mobilisation of huge amounts of resources and investments.

Sustainability is therefore one of the three pillars of the Group's Strategic Plan 2022-2024. We aim to be a European leader in sustainability. Our Sustainable Banking Plan 2022-2024 is consistent with this objective.

One of the main pillars of this Plan is to foster the sustainable transition of both companies and society taken as a whole. To achieve this, we support and advise our customers on environmental and climate issues, offering solutions for all groups, leading positive social impact and promoting financial inclusion. In this respect, we have already achieved 62% of our 2022-2024 sustainable finance mobilisation target of €64,000 million by the end of June 2023.

As evidence of our commitment to the transition towards a decarbonised economy, CaixaBank is a founding member of the Net-Zero Banking Alliance (NZBA), promoted by the United Nations, with a commitment to achieve carbon neutrality by 2050.

Within this framework, since 2018 we are neutral in our operational carbon footprint and we work towards making our financing and investment portfolio also net greenhouse gas neutral by 2050. To this end, we have set interim emission reduction targets up to 2030 in our financing portfolios, specifically in the most GHG-intensive sectors (oil and gas, power, automotive, coal, iron and steel). In the case of coal, we have made a commitment to reduce our thermal coal exposure to zero by 2030.

At CaixaBank, we are also clear that nature conservation is essential to combat climate change. For this reason, we are the first Spanish financial institution to have signed the Financial Sector Statement on Biodiversity, promoted on the occasion of the United Nations Conference on Biodiversity (COP 15).

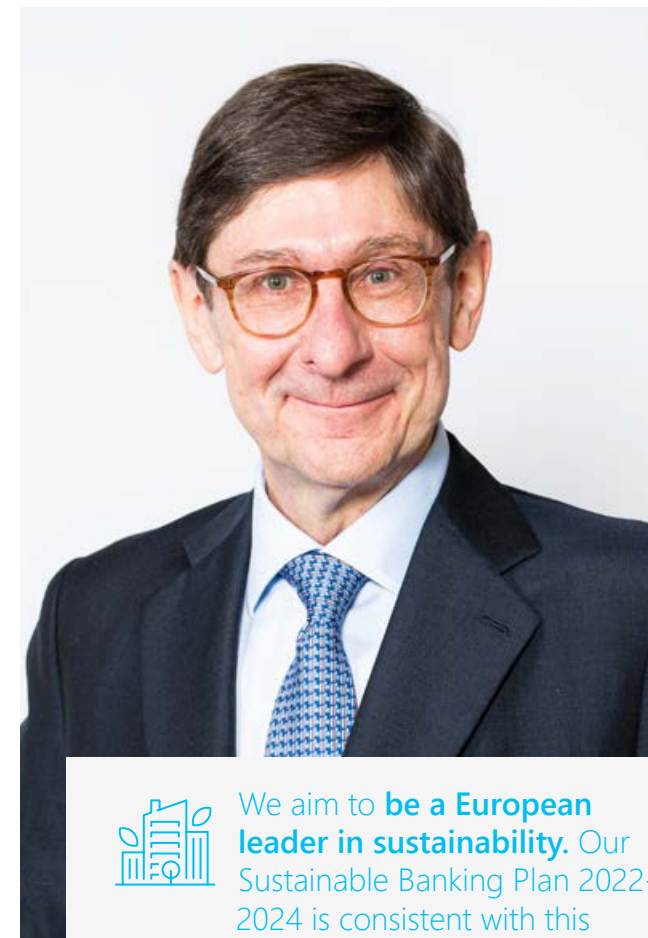
Our commitment continues to be recognised by the market and, as an example of this, the leading climate change analyst CDP has recognised CaixaBank for the ninth consecutive year as a leading company in sustainability for our action against climate change.

All of the above is included in this second CaixaBank climate report, with which we wish to fulfil our commitment to stakeholder disclosure. In this report we give an account of the progress and initiatives we are developing on climate issues in all areas of our organisation.

These actions have a clear goal, which is none other than to continue helping families and businesses and to make possible the transition towards a more sustainable economy with greater opportunities for all.



**José Ignacio Goirigolzarri**  
Chairman



We aim to **be a European leader in sustainability**. Our Sustainable Banking Plan 2022-2024 is consistent with this objective.



# 02

## Executive summary



# Executive summary

## Strategy

- **Strategic Plan 2022-2024** based on three strategic lines and two cross-cutting enablers. The third strategic line aims to consolidate CaixaBank as a leader in sustainability in Europe.
- **Materiality analysis** carried out to identify the ESG, economic and financial aspects that are a priority for CaixaBank and its stakeholders.
- **Sustainable Banking Plan 2022-2024<sup>1</sup>** which is structured on three ambitions and eleven strategic lines, focused on solving challenges such as inequality, climate change and boosting the real economy.
- **Stakeholder engagement actions** carried out to ensure the success of the Sustainable Banking Plan 2022-2024.
- **Sustainability training plan** aimed at the entire CaixaBank workforce.
- **CaixaBank Asset Management and VidaCaixa Involvement Plan**, whose priority issues are climate change, human rights and good governance and good social practices.
- **An environmental and climate strategy** that aims to contribute to the sustainable transition, addressing the challenge of accelerating the transition to a carbon neutral economy, taking into account the natural capital.
- **2022-2024 Environmental Management Plan**, which has eight lines of action aimed at reducing impacts based on innovation and efficiency, focusing on reducing emissions from the activity itself and from the value chain.
- **Guide for Identifying Sustainable Financing<sup>2</sup>** which aims to define the criteria for considering CaixaBank's financing arrangements for individuals and companies as sustainable, as well as their contribution to the SDGs.
- **The most significant climate risks** identified are related to credit, operational, reputational and business/strategic risks, with market and liquidity risks being less significant.
- In 2023, CaixaBank **was assessed for the first time** with a solicited ESG rating by Sustainable Fitch, making it the first Spanish bank to publish an assessment of this type in the market.



## Governance

- **Sustainability governance system** through the governing and management bodies, complemented by other internal committees and areas of the Bank.
- CaixaBank has strengthened responsible business management and made progress in **integrating social and environmental criteria** into its activity, ensuring best practices in internal control and good corporate governance.
- The **strategy and management on sustainability and climate change** has been approved and supervised by the **Board of Directors**.
- In 2022, the weighting of **metrics linked to ESG factors** was increased in both annual and long-term variable remuneration schemes, **applying to Executive Directors, the Management Committee, the Identified Staff<sup>3</sup> and the Bank's senior executives.**

<sup>1</sup>[Sustainability Master Plan](#).

<sup>2</sup>[Guide for Identifying Sustainable Financing](#).

<sup>3</sup>Identified Staff is made up of directors, senior managers or employees whose professional activities have a significant impact on the risk profile of an entity.



## Risk management

- **ESG materiality assessment** as a basis for a proportionate implementation of ESG risk management processes, with a detailed focus on climate risks.
- **Analysis of climate scenarios** as a key tool for the assessment of climate and environmental risks, which have a greater materiality in the short, medium and long term on the Group's assets.
- **Qualitative analysis of transition risks** for the most emission-intensive sectors, adding 4 sectors to those already assessed last year.
- CaixaBank has developed a **measurement framework for climate risks**, both physical and transitional, and has begun to integrate it into the monitoring of the loan portfolio during 2022.
- We have defined **extreme scenarios of operational risk** linked to both physical and transitional risks.
- **Corporate Sustainability/ ESG Risk Management Policy**, which establishes the risk management principles focused on priority sectors for CaixaBank (such as energy, oil and gas), among the sectors with the highest risk identified. An analysis of the Bank's portfolio of customers with higher inherent ESG risk is being carried out to meet ESG risk management commitments.
- In 2023, a **new circuit has been approved for intra-CaixaBank Group coordination** in relation to serious ESG controversies linked to companies with which the Group has or seeks to have a position and which may involve a potential violation of the Corporate Sustainability Risk Management Policy or other responsible policies.
- CaixaBank applies the **Equator Principles** to specific operations, with potential environmental and social risks, including those related to human rights, climate change and biodiversity.



## Metrics and targets



- CaixaBank, as a founding member of the Net-Zero Banking Alliance, is committed to achieving **net-zero emissions by 2050** and to setting interim decarbonisation targets by 2030.
- Incorporation in the Risk Appetite Framework (RAF) of a metric that aims to **monitor the concentration of the portfolio in carbon-intensive sectors**.
- CaixaBank is a **member of the Partnership for Carbon Accounting Financials (PCAF)**, which aims to establish an international standard for measuring and disclosing emissions financed.
- A **calculation has been made of CaixaBank's financed emissions** for its 2021 loan and investment portfolio (excluding sovereign debt).
- **Decarbonisation targets for 2030 are set for 5 sectors of activity**, including the coal phase-out. Metrics for electricity and oil and gas sectors are also advancing.
- The calculation of the Bank's **operational carbon footprint has been rescaled** through a materiality analysis of the different Scope 3 categories (except category 15).





# Key developments in the report

## New materiality analysis methodology:



CaixaBank has shifted its materiality analysis methodology from a vision-relevance approach to a **vision-impact approach**.

## New Guide for Identifying Sustainable Financing:



CaixaBank has published its first Guide for Identifying Sustainable Financing, which aims to **define the criteria** to consider CaixaBank's financing arrangements for individuals and companies as sustainable, as well as their contribution to the Sustainable Development Goals (SDGs).

## Advances in ESG engagement:



The Bank has focused on customer engagement through the **ESG Engagement Project**, which is particularly relevant in corporate banking.

**500+**  
companies, SMEs and professionals involved

## New ESG customer onboarding:



CaixaBank has established a **procedure for ESG customer** onboarding with a focus on assessing alignment with the Bank's policies.

## Participation in new ESG ratings:



CaixaBank has become the **first Spanish bank** to be assessed with a solicited ESG rating by Sustainable Fitch and to make its rating available to the market.

**2/5**  
(Score achieved)\*

## Advances in ESG training:



The Bank is developing an **ambitious training programme** for its employees on sustainability, including compulsory training on climate change, decarbonisation and reporting linked to the annual bonus.

**500,000+** hours  
(Employee training in the period 2022-June 2023)

## New emissions calculation:



CaixaBank has added **new sectors** to the calculation of the carbon financed footprint (in addition to the oil and gas and power sectors).

- Transport
- Real estate business
- Cement
- Iron and Steel
- Agriculture (including livestock)
- Aluminium
- Coal
- Other non-intensive sectors

CaixaBank has defined a **new perimeter for calculating its operational carbon footprint** after conducting a materiality analysis.

## New decarbonisation targets:



The Bank has set **decarbonisation targets in new sectors** in addition to those already published in 2022 (oil and gas and power sector).

- Coal phase-out by 2030
- Automotive
- Iron and Steel

## New transition plans:



CaixaBank has defined **new transition plans** for the oil and gas and power sectors with new monitoring metrics.

**Net Zero by 2050**  
(Oil and gas and power sectors)

## Nature



**New section** linking nature to climate change, with CaixaBank's action plans.

## Climate Report transparency:



The report incorporates an alignment exercise regarding **TCFD requirements and recommendations**.

\*With 1 being the best score and 5 being the worst.

# 03

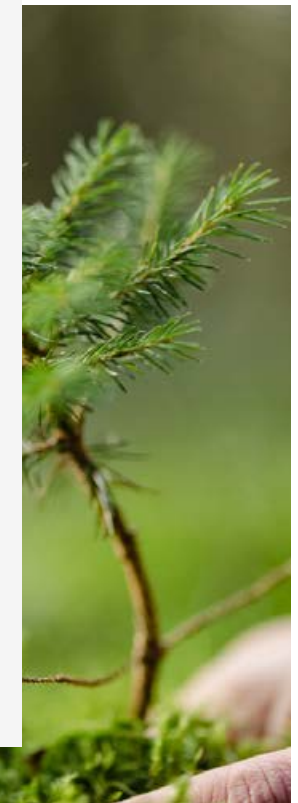
## Climate and environmental commitments



# Climate and environmental commitments

	2020 real	2021 real	2022 target	2022 real	2023 target	2024 target	2030 target
Global operational emission (t CO <sub>2</sub> e)		28,186 <sup>5</sup>	-12.9%	24,835 (-31.7%)	-15.8%	-19.3%	
Use of renewable energy		98.78%	100%	100%	100%	100%	
Offset operational emissions		100% <sup>6</sup>	100%	100%	100%	100%	
Paper consumption (t)		1,2	-8%	815	-12%	-15%	
Energy consumption (MWh)		302,319 <sup>7</sup>	-6%	259,726	-8%	-10%	
Mobilisation of sustainable finances <sup>8</sup> (€ billion)		18.5	19.2	23.6	40.2	64	
Financed emissions	Oil and gas (MtCO <sub>2</sub> e)	Scope 1, 2 and 3	9.1 <sup>9</sup>	7.5	7.4		-23%
	Electricity (kgCO <sub>2</sub> e/MWh)	Scope 1	136 <sup>10</sup>	111	118		-30%
	Automotive (gCO <sub>2</sub> /vkm)	Scope 3 <sup>11</sup>			154		-33%
	Iron and steel (kgCO <sub>2</sub> e/t steel)	Scope 1 and 2			1,230		-[10-20]%
	Coal (€Mn)	N/A			2,845 <sup>12</sup>		-100%

From... to...  
Cumulative target 2022-2024



Details on the above figures are shown in the chapter on metrics and targets.

<sup>5</sup>For the calculation of the scope 1 target, CaixaBank's refrigerant gas emissions data will take the average for the period 2019-2021 as the baseline year. For the calculation of the scope 3 target, CaixaBank's corporate travel emissions data will take 2019 (prior to COVID-19 restrictions) as the baseline year. The scope 3 perimeter calculated in 2021 consisted of the sum of the historical scope 3 perimeters of each entity (CaixaBank and Bankia). A new standard perimeter has been used as the basis for calculating compliance with the 2022, 2023 and 2024 targets, modifying the figure previously published for the year 2021 in the 2021-June 2022 Climate Report. The figure of the carbon footprint for 2021 that incorporates these changes and serves as a basis for assessing compliance with the targets published in this report is 36,382 tCO<sub>2</sub>e. By 2022, the overall operational emissions reduction corresponds to 31.74% of this value. Scope 3 does not include category 15, Investments.

<sup>6</sup>Does not include data for category 3.6 of the Group's companies.

<sup>7</sup>Energy consumption data updated with the latest invoices received.

<sup>8</sup>Value referred to the cumulative target for 2022-2024. The target figures correspond to the timing of the €64,000 target at the start of the Sustainable Banking Plan 2020-2024. The 2021 value published in the previous 2021-June 2022 Climate Report took into account only sustainable finance.

<sup>9</sup>Value considering scope 1, 2 and 3 emissions from customers and parts of the value chain within the target setting perimeter. The value differs from that previously published in the 2021-June 2022 Climate Report, see details in the Metrics and Targets section, section Decarbonisation Targets (Oil and Gas).

<sup>10</sup>Value considering scope 1 emissions from customers and parts of the value chain within the target setting perimeter.

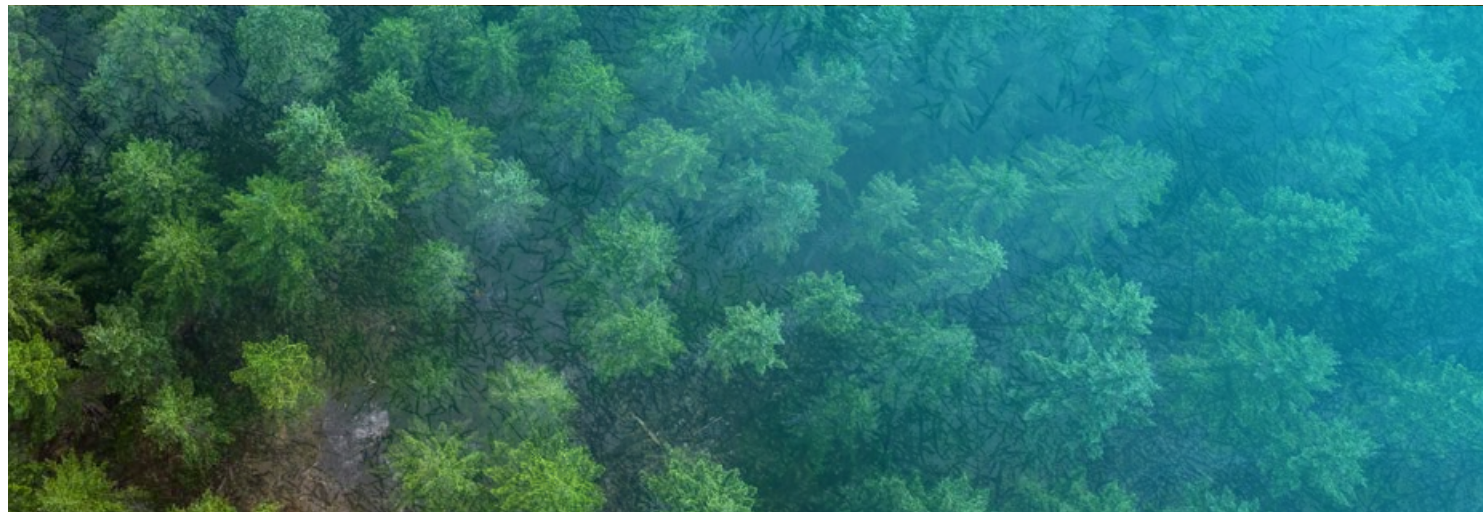
<sup>11</sup>Scope 3 emissions, category 11 are covered: *tank-to-wheel*.

<sup>12</sup>€213 mn considering mitigating factors. Mitigating factors are considered to be phase-out commitments <= 2030 or renewable financing only.



# 04

## Introduction



# Introduction

 **Global greenhouse gas emissions have continued to increase, with uneven contributions both in the past and present, resulting from the use of unsustainable energy sources, changes in land use, consumption and production patterns, as well as lifestyles.**



According to the latest Intergovernmental Panel on Climate Change (IPCC) report (AR6)<sup>13</sup> published in 2023, human activity, which is responsible for greenhouse gas emissions, has indisputably caused a global temperature increase, exceeding the levels recorded between 1850 and 1900 by 1.11°C over the period 2011 to 2020. Global greenhouse gas emissions have continued to increase, with uneven contributions both in the past and present, resulting from the use of unsustainable energy sources, changes in land use, consumption and production patterns, as well as lifestyles.

Significant and accelerating transformations have occurred in the composition of the atmosphere, oceans, cryosphere and biosphere. Human-induced climate change is having an impact on various extreme weather and climate events in all parts of the world. As a result, there is widespread adverse impacts and related losses and damage to both ecosystems and people.

Many climate-related risks are greater for any level of future warming than previously assessed, and projected long-term impacts are much greater than currently observed. Projected risks and adverse impacts, and losses and damages related to climate change, increase with every one tenth of a temperature increase. Climate and non-climate risks will increasingly interact, creating compound and cascading risks that are more complex and difficult to manage.

In addition, the COP27, held in November 2022 in Egypt in a difficult geopolitical context, resulted in a series of decisions reaffirming the commitment to limit global temperature increase to 1.5°C above pre-industrial levels. These decisions also served to reinforce countries' ambition to reduce greenhouse gas emissions and adapt to the unavoidable effects of climate change, and to boost support for the finance, technology and capacity building that developing countries need.

In order to limit the increase in global temperature, net zero CO<sub>2</sub> emissions must be achieved by 2050 at the latest, as set out in the European Green Pact and the Spanish Law on Climate Change and Energy Transition. This is why CaixaBank maintains its ambition to achieve net zero emissions by 2050, as a reflection of the commitment that will determine the company's sustainable development over the coming years. This, once again, demonstrates CaixaBank's commitment to the Sustainable Development Goals and the recovery of the planet's biodiversity. CaixaBank is clear that nature is essential to fight climate change. For this reason, we are the first Spanish financial institution to have signed the Financial Sector Statement on Biodiversity, promoted on the occasion of the United Nations Conference on Biodiversity (COP 15).

<sup>13</sup>[Sixth IPCC report \(AR6\)](#).



## The role of the financial sector in the transition to a decarbonised economy

Financial institutions are exposed to climate-related risks and opportunities through their lending and other financial intermediation activities, as well as through their own operations.

As stated by the **Task Force on Climate-related Financial Disclosures (TCFD)**, banks must assume exposure to material climate risks through their borrowers, customers or counterparties. Entities that lend to, or trade securities of, companies with direct exposure to climate-related risks (e.g. fossil fuel producers, intensive consumers of fossil fuels, property owners, or agricultural/food companies) may accumulate such risks through their credit and equity holdings.

This is why financial institutions must identify, assess and manage the risks and opportunities arising from climate change that have an impact on their operational, financing and investment activities.

Financial institutions must take on the role as a driver of the climate transition, being aware of the relevance that the management of climate risks and opportunities is gaining for investors, analysts, regulators and supervisors, and non-governmental organisations.

CaixaBank continues to work on analysing the impact that its operations, and its financing and investment portfolio, generate on the climate, with a greater level of detail by sector and with a strategy that ensures that its activity is aligned with the achievement of the 1.5°C objective of the Paris Agreement.

Aware of the importance of transparently disclosing and reporting on the impact that climate change-related risks and opportunities have on its activity, **CaixaBank has aligned its climate report with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)**, developed by the Financial Stability Board (FSB), taking into account the additional recommendations established for the banking sector. In order to further improve transparency, a table of compliance with TCFD<sup>14</sup> recommendations is included in Appendix 3.

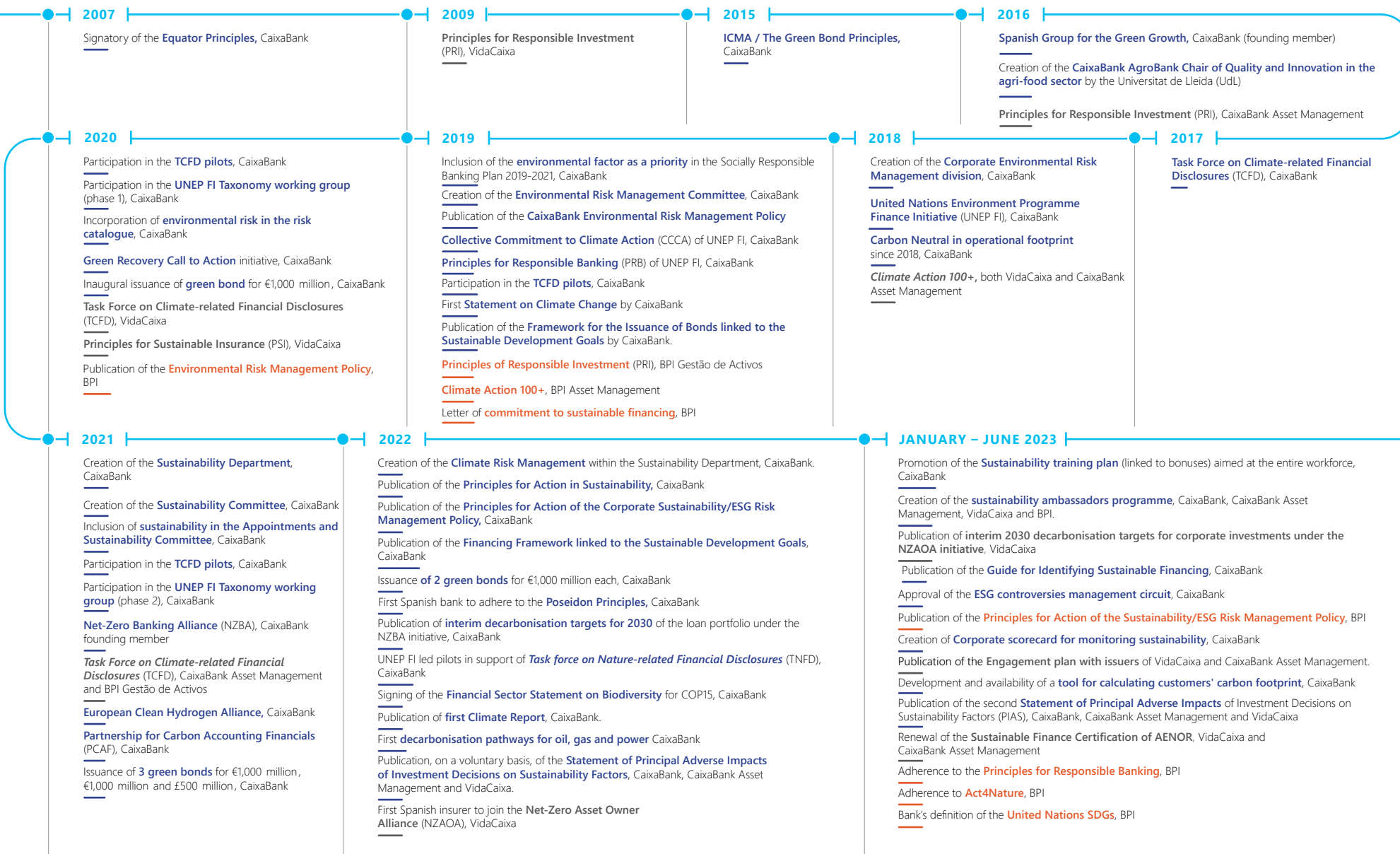
The preparation of this second climate report ensures the transparency, reliability and exhaustiveness of the information reported, showing progress on climate change in line with the CaixaBank Group's commitment to a **model of transparent corporate communication of the highest quality and scope for its stakeholders.**



<sup>14</sup> In addition, in order to begin to adapt to the new requirements of the International Sustainability Standards Board (ISSB), CaixaBank has included in Appendix 3 the equivalence of the TCFD headings with IFRS S2 (Sustainability Disclosure Standard, Climate-related Disclosures).



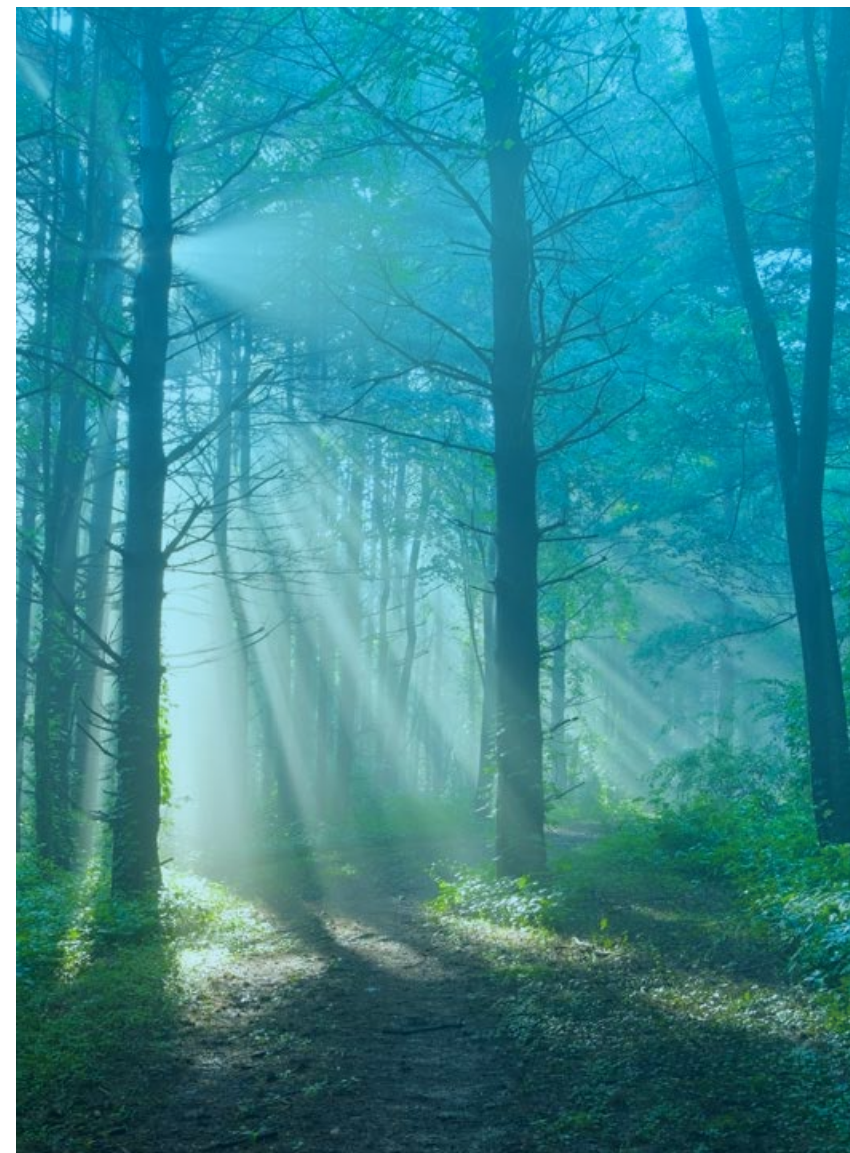
## Main CaixaBank Group climate milestones



# 05

## Strategy

- ▶ Global overview
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# Strategy

## Global overview

The Group has a strategy that incorporates **sustainability as one of its strategic priorities**. Sustainability governance was further strengthened during 2022 with the approval of the Sustainable Banking Plan 2022-2024, which was approved on 15 December 2021.

In this context, CaixaBank considers it essential to move forward in the transition to a carbon-neutral economy that promotes sustainable development and is socially inclusive. Considering that social and governance issues are receiving increasing attention from investors and society as a whole, CaixaBank aims to maintain its leadership in positive social impact through its microfinance and financial inclusion activities, promoting a responsible culture focused on people and best practices in good governance, in order to continue to be a benchmark in European banking. The Bank also channels and promotes hundreds of social initiatives mainly through its branches, thanks to the CaixaBank volunteer network, the close collaboration with the "la Caixa" Banking Foundation, the CaixaBank Dualiza Foundation, MicroBank and other social initiatives.

Likewise, through the issuance of social bonds (reaching a total of €5,000 million in 5 social bonds issued in the period 2019-2023), the Bank contributes to society's development, fighting poverty and fostering job creation in the most disadvantaged areas.

## Strategic Plan 2022-2024

The Strategic Plan 2022-2024<sup>15</sup> maintains CaixaBank's commitment to society, with a unique banking model, and with the aim of offering the best service to each customer profile in order to provide solutions in all areas, promote financial inclusion and lead the way in positive social impact.

One of CaixaBank's three strategic priorities within the scope of the Strategic Plan 2022-2024 is to be a benchmark in sustainability in Europe, by promoting the sustainable transition of companies and society, positive social impact and financial inclusion, and a responsible culture.

<sup>15</sup>Strategic Plan 2022-2024.

CaixaBank wants to support and encourage the transformation that is expected of our economy, both in the progress of digitalisation and in the development of a more sustainable social and environmental situation with greater opportunities for all. And to do so, the Bank wants to lead the transformation process that is taking place in its sector. This transformational ambition is embodied in its Strategic Plan 2022-2024, which remains based on a unique banking project, rooted in its founding principles.

Through the Strategic Plan 2022-2024, the Group focuses on strengthening its positioning in all segments, maintaining an efficient distribution model, adapted to the customer and offering the best experience, and establishing itself as a benchmark bank in sustainability at European level.





The **Strategic Plan 2022-2024** is based on three strategic lines:

## 01 Boosting business growth, developing the best value proposition for our customers.

### LONG-TERM SAVING SHARE (%)

Starting point

>> 29.4	>> 29.5	>> 29.5	>> ~30
2021	2022	March 2023	target 2024

### NON FINANCIAL COMPANIES PORTFOLIO SHARE (%)<sup>18</sup>

Starting point

>> 23.8	>> 23.8	>> 23.9	>> ~24
2021	2022	May 2023	target 2024

## 02 Operating an efficient customer service model adapted to customer preferences.

### #IMAGIN CUSTOMERS (MN)<sup>21</sup>

Starting point

>> 2.7	>> 3.0	>> 3.1	>> 3.8
2021	2022	June 2023	target 2024

### #INTOUCH CUSTOMERS (MN)<sup>22</sup>

Starting point

>> 2.4	>> 3.4	>> 3.4	>> 4.6
2021	2022	June 2023	target 2024

## 03 Consolidating CaixaBank's position as a benchmark in sustainability in Europe.

### MOBILISATION OF SUSTAINABLE FINANCE (€MN)<sup>16</sup>

>> 18,531	>> 23,583	>> 39,687	>> 64,000
2021	2022	June 2023	target 2024

### NO. OF ACTIVE VOLUNTEERS<sup>17</sup>

(CUMULATIVE 2022-2024)

>> 4,997	>> 5,263	>> 4,527	>> 10,000
2021	2022	June 2023	target 2024

(CUMULATIVE 2022-2024)

The Plan also incorporates **two cross-cutting enablers** that will support the implementation of these three strategic lines: people and technology.

- Firstly, CaixaBank puts a special focus on **people** and aims to be the best bank to work for, fostering an exciting, committed, collaborative and agile team culture that promotes more engaging and motivating leadership.

### WOMEN IN MANAGEMENT POSITIONS (%)<sup>19</sup>

Starting point

>> 39.9	>> 41.8	>> 42.7	>> 43.0
2021	2022	June 2023	target 2024 <sup>20</sup>

- The second enabler focuses on **technology**. CaixaBank has excellent technology capabilities, and will continue to invest in them in order to keep driving the business forward and thus facilitate access to the digital economy for all its customers.

### CLOUD ABSORPTION (%)

Starting point

>> 21	>> 25	>> 26.4	>> 32
2021	2022	June 2023	target 2024

<sup>16</sup>Mobilisation for business in Spain.

<sup>17</sup>Does not include Social Month and Social Week volunteers.

<sup>18</sup>Business in Spain.

<sup>19</sup>Women in management positions (starting from deputy director of category A and B large branches) for CaixaBank, S.A.

<sup>20</sup>In 2023, the target initially set for 2024 was updated from 42% to 43% with the update of the Equality Plan.

<sup>21</sup>Digital assistance.

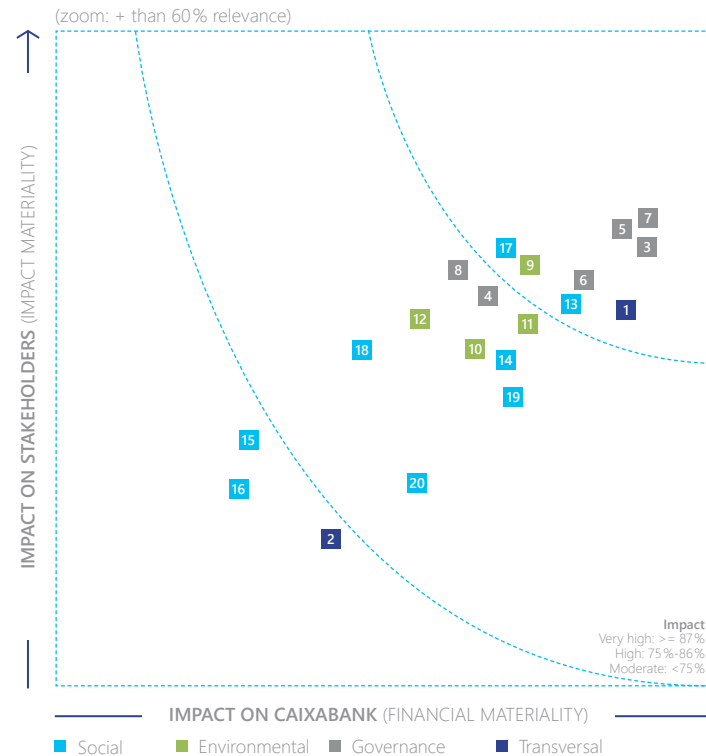
<sup>22</sup>Remote assistance.

## Materiality and strategy

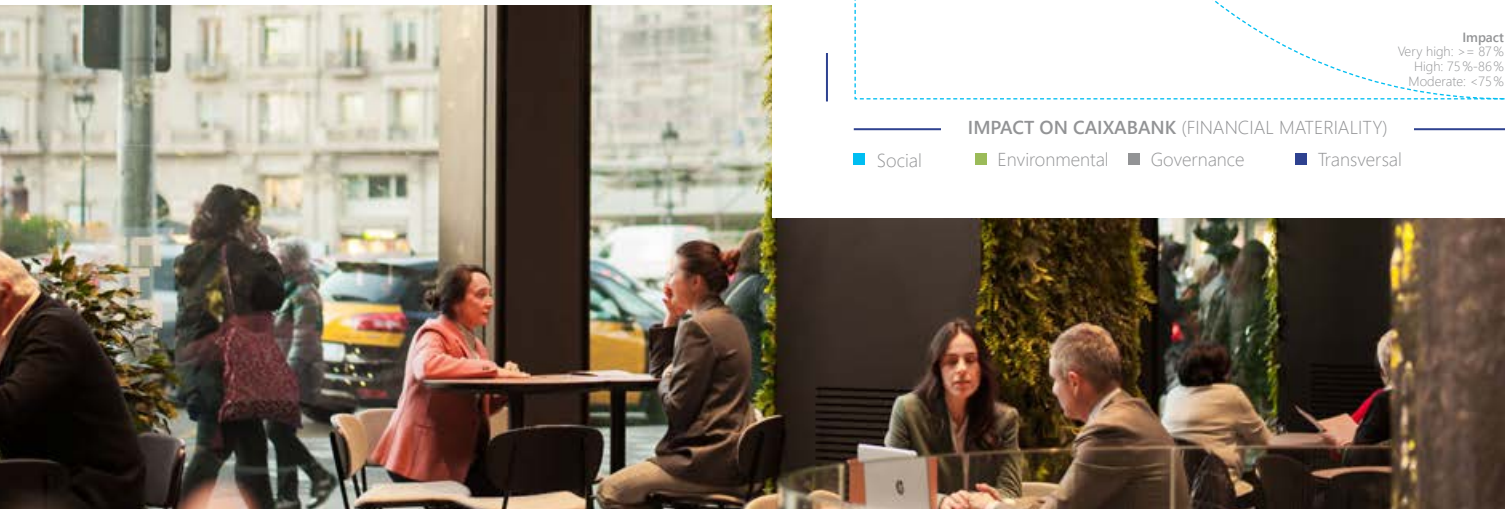
CaixaBank carries out its annual materiality analysis<sup>23</sup> to identify the environmental, social, governance, economic and financial aspects that are a priority for its business and its stakeholders. The conclusions derived from the Study are used as a guide for the management of the sustainability strategy, the Bank's Strategic Plan and determine the correct dimensioning of the information to be reported.

In 2022, the analysis methodology has evolved from a relevance approach to an impact approach, with the aim of moving towards the dual materiality perspective set out in the new European and international standards.

Material issues are those that have a high probability of having a significant impact on the Bank's financial position, stakeholders and the planet<sup>24</sup>. All material issues have a high consolidated rating (above or equal to 72%), which are divided into very high, high and medium impact.



	Material topics	Total
7	Cyber security and data protection	90.5%
5	Clear and transparent communication	89.8%
3	Corporate governance and responsible culture	89.7%
6	Responsible marketing	87.8%
1	Profitability and financial strength	87.4%
17	Diversity, equality and work-life balance	87.2%
9	Environmental financing and investment solutions	87.1%
13	Specialist customer service and accessibility of commercial channels	86.9%
4	Financial and non-financial risk management	85.8%
8	Ethical technological innovation	85.6%
11	Decarbonisation of investments	85.3%
14	Microfinance and social impact solutions	83.9%
10	Management of risks derived from climate change	83.4%
12	Environmental management and operational carbon footprint	82.9%
19	Talent management and professional development	82.5%
18	Occupational health, safety and well-being	80.9%
20	Agile and collaborative working model	78.2%
2	Partnerships for promoting sustainability	74.5%
15	Financial education	74.3%
16	Social initiatives and volunteering	71.9%



<sup>23</sup>Consolidated Management Report 2022 (See page 35).

<sup>24</sup>In order to prioritise the impacts on the business (Group executives, external experts and internal experts) and on stakeholders (retail shareholders, employees, customers and suppliers), CaixaBank has carried out annual surveys and interviews with its main stakeholders, with 3,289 consultations (+10% compared to 2021).

Regarding the performance of the material issues, a comparison has been made between the 2021 relevance vision and the 2022 impact vision, highlighting in particular an increase in the impact of issues related to the environment and climate change, which have increased their relevance notably over the last 3 years:

- Environmental financing and investment solutions: +10 pp 2022 vs 2021
- Environmental management and operational carbon footprint: +9.1 pp 2022 vs 2021
- Management of risks derived from climate change: +5.3 pp 2022 vs 2021

The materiality analysis has enabled CaixaBank to identify and prioritise the material issues on which it should focus. Issues related to climate change are shown below:

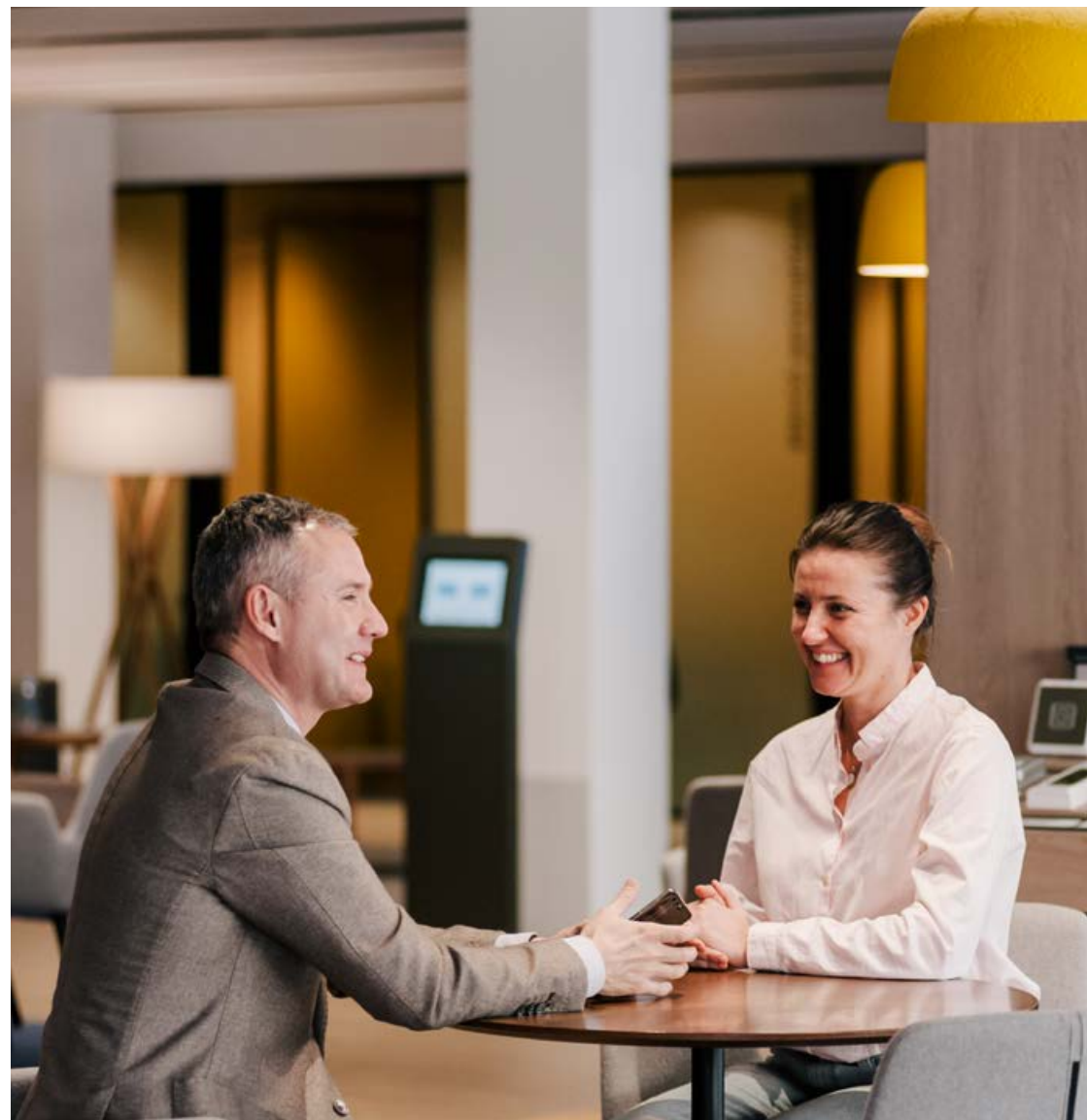
#### Very high impact:

- Environmental financing and investment solutions: designing and marketing products with environmental criteria to promote and accompany our customers in their transition to a low carbon economy, and providing them with ESG solutions.

#### High impact:

- Decarbonisation of investments: moving towards carbon neutrality of investments by 2050 through credit portfolio management and the implementation of ESG investment protocols.
- Management of risks derived from climate change: managing and monitoring ESG risks, especially climate change risks, as physical and transitional climate risks are a challenge for the sector.
- Environmental management and operational carbon footprint: reducing the environmental impacts generated by the Bank's activities and maintaining the neutrality of its own carbon footprint.

The Bank's strategy is consistent with the materiality analysis, which identifies the issues that have the greatest impact on CaixaBank's business activity to ensure that the strategy reflects the sensitivities and concerns of all stakeholders and society, as well as the trends in the environment in which CaixaBank operates.





## Sustainability Master Plan 2022-2024

The Sustainability Master Plan (also known as the Sustainable Banking Plan)<sup>25</sup>, approved by the Board of Directors in 2021, is included in the Bank's Strategic Plan and is **one of its main lines of action**. It was the result of cross-cutting project carried out at all levels of the Bank, with the participation of more than 30 directorates and 200 professionals from different directorates.

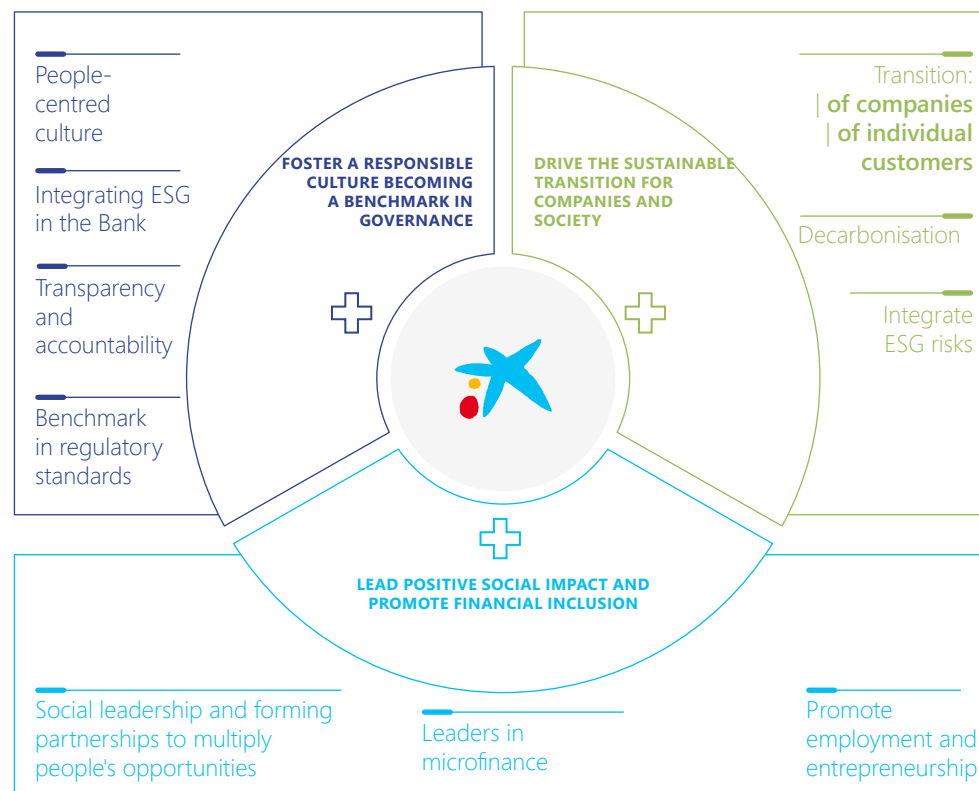
This Plan is CaixaBank's proposal for the 2022-2024 period to mitigate challenges such as inequality, climate change and boosting the real economy. It has more than 300 initiatives proposed jointly with the different groups, all of which have previously defined time and achievement milestones. The degree of implementation of each of these initiatives is reviewed every six months, establishing corrective measures if deviations are detected in any of them.

CaixaBank has a **team of ambassadors** appointed in each of the Bank's directorates, whose key mission is to promote the development of the plan and act as a driver of sustainability in their area of business.

CaixaBank aspires to become a **leading bank in Europe in terms of sustainability with this firm commitment**. To this end, between 2022 and 2024, it will allocate more than €64,000 million to mobilise resources for sustainable actions, primarily energy transition initiatives and microcredits. Through this sustainable financing and other programmes and partnerships, it aims to generate a positive social impact.

Through active listening and dialogue, a rigorous methodology for measuring and managing data, and an ESG communication strategy to raise external awareness and understanding, CaixaBank is actively pursuing its sustainable ambitions. In order to make the Bank's commitment to society a reality, the Sustainable Banking Plan 2022-2024 is structured around three ambitions and eleven strategic guidelines:

- **To drive the sustainable transition of companies and society**, offering sustainable solutions in financing and investments, with a focus on energy efficiency, mobility and sustainable housing; and ESG advice, with the commitment to decarbonise the Group's lending and investment portfolio.
- **To lead positive social impact and promote financial inclusion**, thanks to MicroBank, volunteering and social action, promoting microfinance solutions and maintaining the commitment to the rural world, adapting the service channels to the needs of the different customer groups.
- **To foster a responsible culture by being a leader in governance** through best practices in responsible culture, reporting and marketing, accompanied by effective and transparent communication on ESG issues.

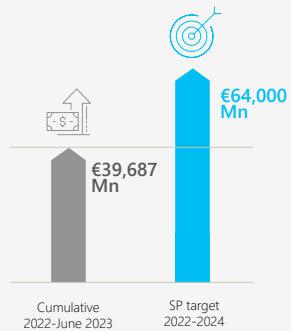


<sup>25</sup> Sustainable Banking Plan 2022-2024.

## OBJECTIVES OF THE SUSTAINABILITY MASTER PLAN 2022-2024:



### MOBILISATION OF SUSTAINABLE FINANCE<sup>26</sup>



### SYNTHETIC SUSTAINABILITY INDEX<sup>27</sup>

Category "A"  
June 2023

Maintain **Category "A"** in  
the index  
2024 target



### DECARBONISATION OF THE PORTFOLIO

5 of 9 sectors

Published at October 2023

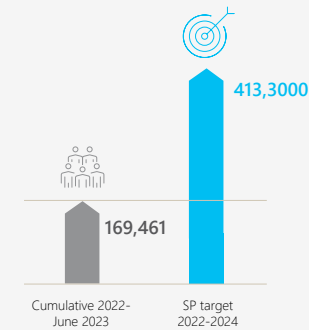
- Electricity, oil & gas and coal

Net zero emissions by  
2050

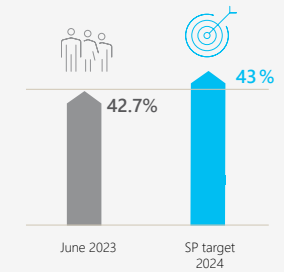
Reduce financed  
emissions by 2030



### MICROBANK BENEFICIARIES<sup>28</sup>



### WOMEN IN MANAGEMENT POSITIONS<sup>29</sup>



<sup>26</sup>The amount of sustainable finance mobilised includes: i) Sustainable mortgage financing ("A" or "B" energy efficiency certificate), financing for the energy rehabilitation of housing, financing of hybrid/electric vehicles, financing of solar panels, agricultural eco-financing and microcredits granted by MicroBank; sustainable financing for companies, property developers and ClB&IB. The amount employed for the purpose of mobilising sustainable financing is the risk limit formalised as part of sustainable financing transactions for customers including long-term, working capital and signature risk. Also considered are renewal transactions and the tacit or explicit renewal of sustainable financing; ii) CaixaBank's proportional share in the issue and placement of sustainable bonds (green, social or mixed) by customers; iii) Net increase in Assets under management at CaixaBank Asset Management as regards products classified under Articles 8 and 9 of the SFDR regulations (includes new funds/merger of funds registered as per Articles 8 and 9, plus net contributions - contributions less withdrawals - including the market effect on the valuation of units); Gross increase in assets under management at VidaCaixa in relation to products classified under Articles 8 and 9 of the SFDR (includes gross contributions - without considering withdrawals or market effect - to Pension Funds (FFPP), Voluntary Social Welfare Schemes (EPSV) and Unit Linked classified as per Articles 8 and 9 under SFDR.

<sup>27</sup>Synthetic ESG index created by CaixaBank and using a methodology developed by KPMG, which provides aggregate information from the main ESG analysis firms. The indicator objectively weights the results obtained by the Bank in the scores of the main international ESG analysts (S&P Global-DJSI, Sustainalytics, MSCI and ISS ESG).

<sup>28</sup>Number of holders and co-holders of microcredits granted by MicroBank in the 2022-2024 period.

<sup>29</sup>Women in management positions (starting from deputy director of category A and B large branches) for CaixaBank, S.A.

## Actions of engagement with stakeholders

To ensure the success of this Sustainable Banking Plan 2022-2024, CaixaBank is carrying out various engagement initiatives with its different stakeholders:

### Engagement with customers

Corporate and Institutional Banking and Business Banking:

CaixaBank has an ESG advisory service to support its corporate and institutional customers in their sustainability strategy and positioning, promoting customer alignment through an engagement process.

The ESG Advisory methodology, created in 2021 by CaixaBank CIB&IB, is based on the Cambridge Institute for Sustainability Leadership and UNEP FI Guide.

During 2022, 20 corporate and institutional customers were advised through this service, out of a total of 75 customers who were offered the service.

Regarding the promotion of sustainable financing, CaixaBank acted as ESG Coordinator Sustainable Finance Lending, providing ESG advice to corporate customers who are in the process of structuring financing solutions. In 2022, CaixaBank also acted as sustainable coordinator in 13 transactions, out of a total of approximately 80 syndicated loans arranged.

In 2023, the Bank, in collaboration with DIRSE (Spanish Association of Sustainability Managers) and Valora Consultores, has created a guide on sustainable financing<sup>30</sup> that aims to provide tools and strengthen company professionals in this area.

Three specific meetings were organised in Madrid, Barcelona and Zaragoza, bringing together more than 400 companies, SMEs and professionals to address the role of financing in the transformation towards sustainable business models. During these engagement actions, the Bank explained the importance of the

transformation of organisations towards sustainable business models, in a changing and increasingly demanding context. In addition, an in-depth analysis was made of the types of sustainable financing that companies can apply to promote sustainability in their organisations. In these meetings, attendees were able to learn more about how to obtain ESG financing and thus contribute to achieving the goals of the 2030 Agenda. A round table discussion was held at the end of each event, with the participation of different CaixaBank customers.

CaixaBank has also carried out the ESG Engagement project, whose objective is to hold conferences with customers to contrast the real appetite of companies for sustainable transition and CaixaBank as a leading partner on this path.

Businesses are increasingly aware of the need for a green transition but they face significant challenges:

- Awareness-raising: in collaboration with sectoral experts, CaixaBank promotes the dissemination of the transition benefits for its customers in a personalised manner (sector/geography/etc.).
- Limited information: CaixaBank provides its customers with an estimate of their current situation based on existing information or using information from similar companies.
- Time: CaixaBank facilitates and makes available to its customers solutions that help them understand their sustainability needs.
- Expertise: CaixaBank's sustainable transition experts provide advisory services to customers, understanding and analysing their situation and adapting to the means of communication they choose (email, at their bank branch, by video call, etc.).
- Investment: CaixaBank provides advisory services on the company's financial capacity and adapts financing options to its customers.

<sup>30</sup> [Sustainable Financing Toolkit](#) (available in Spanish).





The ESG Engagement project is of great importance and forms part of an ambitious roadmap for the Bank in relation to sustainability, making it possible to build a new commercial value proposition that generates engagement with customers and positions CaixaBank as a leading financial institution in sustainability, through:

<p><b>01</b></p> <p><b>Understanding the customers' initial situation</b></p> <p>We know the <b>starting point</b> of each of our customers in relation to the <b>implementation of sustainability measures</b>.</p>	<p><b>02</b></p> <p><b>Relevant customised solutions</b></p> <p>We propose <b>solutions adapted</b> to each customer <b>according to their transition challenges and tailored</b> to the opportunities of their <b>economic sector</b>.</p>	<p><b>03</b></p> <p><b>Offering the best service</b></p> <p>Our managers and sustainable finance experts have the <b>right solutions to support customers in their transition challenge</b>.</p>	<p><b>04</b></p> <p><b>Relationship of trust</b></p> <p>Our sales teams and sustainable finance experts are <b>ready to address any questions or concerns our customers may have</b>.</p>	<p><b>05</b></p> <p><b>Tangible added value</b></p> <p>Our sales teams <b>not only provide the best banking service but also give valuable advice on sustainability</b>.</p>
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The steps to do so are detailed below:

1. Development of a model to obtain a heatmap of the most relevant sectors according to sustainability and business variables.
  2. Grouping of sectors according to the nature of their business and pre-selection of a short list of the most attractive sectors to carry out customer awareness sessions.
  3. Selection of sectors most impacted by changes related to sustainability and where CaixaBank can act as an accelerator due to its commercial positioning (number of customers and exposure of the CaixaBank portfolio).
  4. Preparation of information meetings with managers and awareness-raising days (materials, logistics, etc.) with customers in the selected sectors.
  5. Monitoring of awareness days with customers and assessment of their ESG appetite and capturing feedback from managers/customers.
- The meetings will be monitored by the commercial teams, with the support of an expert in the sector in charge of resolving doubts about regulations or specific projects that the customer wishes to implement in order to improve their ESG positioning in their business activity.
- Lastly, the Bank focuses its efforts on promoting other initiatives that support its customers' transition to a carbon neutral economy through new distribution models, energy eco-efficiency, stimulating innovation and digitalisation, as well as promoting diversity and equal opportunities.



### Private banking:

CaixaBank, through the Social Value Project, is a pioneer in having a specialised unit that offers its Private Banking customers advice and a comprehensive solution to meet their needs in the area of sustainable and impact investment and philanthropy, making permanent solidarity projects available to people (in 2022, €1,900 million was raised for solidarity projects). Managers work with customers to develop the best philanthropic strategy in line with their concerns, objectives and resources, to create the greatest impact at each stage of their engagement.

**40% customers**  
→ have passed the new suitability test

In 2022, CaixaBank also reinforced social responsibility and commitment with unique and sustainable financial advice, to become a leader in sustainability in private banking. In this respect, CaixaBank has incorporated sustainability variables into the suitability test and the investment proposal.

Additionally, in 2022, four events were held with customers in the "Philanthropy Dialogues" cycle, which aims to identify best practices, as well as references that stimulate both the formation of partnerships and the creation of new initiatives.

The sustainable and impact investment offer continues to grow, providing both private and retail banking customers, depending on their risk profile and ESG orientation, with a wide fund range (Article 8 and 9) and the OCEAN platform, a search engine and comparator of funds from national and international fund managers where they can be selected and filtered according to sustainability criteria.

CaixaBank continues to be the bank with the highest volume of managed assets under Article 9 of the SFDR in the Spanish market as part of its impact product range (mutual funds and pension plans), Gama SI Soluciones de Impacto. In 2022, the impact product range was completed with a pure equity product, the MicroBank SI Impacto Renta Variable investment fund, with a direct investment in equities and supported by the specialist impact investment advisor BlackRock Netherlands BV. By the end of 2022, 98% of the Bank's managers were already sustainability certified, reflecting an anticipation of the regulator's requirements. The objective is to have a sales team trained to provide customers with the best advice on sustainable investment, offering them sustainable portfolios that are best suited to their interests.

### Retail banking:

In the retail area, EDP, an expert in solar energy, provides advice through the Bank's commercial network to private customers, businesses and agribusinesses to promote energy savings and the generation of green energy through the financing of solar panels. As a reflection of this engagement, in 2022, €70 Mn in loans were granted to individuals for the installation of photovoltaic panels.

CaixaBank also makes a "carbon footprint calculator" available to its retail customers through CaixaBank Now. This tool, whose methodology has been validated and verified by AENOR, allows customers to find out their carbon footprint through the automatic analysis of their consumption and purchases (household consumption, clothing and footwear, food, transport, restaurants and leisure, etc.), obtaining data on the movements of their direct debit receipts and statements of their debit, credit and prepaid card transactions. The footprint is detailed with a breakdown of emissions by household, leisure, restaurants, electronics and appliances, clothing and footwear, supermarkets and hypermarkets, mobility and travel. In addition, the user can compare it with the national or European average and find out the environmental impact it represents, such as how many trees would need to be planted to compensate for it or how many kilometres by car it is equivalent to. This tool also identifies areas for improvement and offers a series of recommendations to reduce it. The Bank has also made a carbon footprint calculation solution available to companies and businesses.

### Imagin:

Another segment where the Bank also focuses its engagement efforts is the young or junior segment through Imagin, a B Corp certified company for its positive impact on the environment and society.

Throughout 2022, the Bank completed its offering with exclusive agreements with new partners committed to sustainability and, through imaginPlanet, launched initiatives with a positive impact on environmental sustainability, such as the reforestation of devastated areas: 300,000 trees planted with more than 400 tonnes of CO<sub>2</sub> offset, and through Imagin Seabins, an innovative marine device has been installed in nine ports in Spain that contributes to the cleaning of seas and oceans through the capture of plastics and floating debris, recovering three tonnes of plastics by 2022.

Additionally, Imagin has launched a limited edition of 20,000 MyCard Imagin cards in 2023, made from 60% of plastics extracted from the sea by environmental organisations specialising in this area, with the remaining 40% of the card also made from recycled plastic.

Imagin has also included a calculator in its app so that its users can measure their carbon footprint and has committed to offset 5 kg of CO<sub>2</sub> for each new user who calculates it, contributing to meet its commitment of 200 tonnes offset by 2022.



## Engagement with issuers, analysts, shareholders and investors

CaixaBank maintains an active ESG engagement with its shareholders and institutional investors to share priorities and understand their expectations.

In 2022, the Investor and Shareholder Relations Department held 16 meetings with institutional investors specifically on ESG issues with a total of 44 investors and attended 58 ESG requests from investors, analysts and opinion leaders (+115% vs 2021).

With respect to retail shareholders, activities were carried out (events, newsletters, Aula training, etc.) with specific sustainability content to raise awareness on the importance of ESG and CaixaBank's work in this regard. Regular meetings are also held with the Shareholder Advisory Committee to discuss sustainability issues.

VidaCaixa and CaixaBank Asset Management also carry out sustainability engagement processes with issuers:

- In 2022, CaixaBank Asset Management held 131 dialogues with companies on ESG issues, as well as 161 ESG due diligences with external managers and dialogues with third-party managers, and participated in proxy voting at 1,086 shareholders' meetings.
- VidaCaixa, for its part, held 65 dialogues with companies on ESG issues in 2022, 12 dialogues with external managers and 340 ESG due diligences with external managers, and participated as proxy voting at 497 shareholders' meetings.

CaixaBank also participates in the assessment process of various sustainability and climate change analysts, actively responding to their requests for information in a transparent and committed manner. For this reason, CaixaBank is widely recognised by the market's main sustainability indexes and analysts. As proof of this, the leading climate change analyst CDP has recognised CaixaBank for the ninth consecutive year as a leading company in sustainability for its action against climate change, renewing its top score of A in 2022 (Leadership).



In 2023, CaixaBank was assessed for the first time with a solicited ESG rating by Sustainable Fitch, achieving a rating of 2<sup>31</sup>, making it the first Spanish bank to publish an assessment of this type in the market.

## Engagement with suppliers

The CaixaBank Group undertakes in its Procurement Principles to disclose ethical, social and environmental factors among CaixaBank's network of suppliers and collaborators, to promote the contracting of suppliers that apply best practices, as well as good corporate governance, and to implement mechanisms for the ongoing assessment of suppliers' performance, fostering dialogue through an institutional communication channel. Integrity and transparency are essential pillars, and for this reason principles of conduct have also been established in the Supplier Code of Conduct, in accordance with the Group's principles, which must also be accepted by all suppliers in their registration and approval process.

In 2022 and 2023, new Procurement Principles<sup>32</sup> were developed and published, setting out the reference framework for procurement management in CaixaBank Group, as well as a new procurement standard, including best practices and optimisation of the Bank's procurement processes, and incorporating ESG criteria. Additionally, supplier contracts include specific ESG clauses.

In the area of supplier performance, CaixaBank implemented the Supplier Development Plan as part of its Sustainable Procurement Project, aiming to help benchmark suppliers achieve better positioning in terms of sustainability. In 2022, 10 development plans were carried out, and the aim is to expand this number in the coming years.

CaixaBank has also participated as a collaborating company in the training programme: Sustainable Suppliers<sup>33</sup> is a project promoted by the United Nations Global Compact, its local network in Spain and the ICO Foundation and ICEX Spain Export and Investment, in which, in its first edition, more than 2,000 SME suppliers from 38 countries participated, totalling a combined workforce of 140,000 employees, with the aim of training supply chains in sustainability under the frameworks of the Ten Principles and the 2030 Agenda.

<sup>31</sup> Scale of 1 to 5 (1 is the best score and 5 is the worst). See <https://www.caixabank.com/en/sustainability/sustainable-banking/esg-analysts-ratings.html> and <https://www.sustainablefitch.com/banks/sustainable-fitch-assigns-caixabank-esg-entity-rating-of-2-23-10-2023>.

<sup>32</sup> [Procurement principles](#).

<sup>33</sup> [Training programme: Sustainable suppliers](#) (available in Spanish).





## Engagement with employees to promote sustainability

CaixaBank has a strategy of actively listening to its employees, paying special attention to their opinions. This listening enables it to draw up an action plan to adapt to their needs. The Bank measures the commitment, satisfaction and needs of its employees through internal surveys (opinion, psychosocial factors, touchpoints, quality of service, etc.), as well as through external monitors such as Merco Talento.

In 2022, an Engagement, Culture and Leadership study was carried out. Following this listening period, during the second half of 2022, a cross-cutting action plan was launched for all CaixaBank Group companies with the aim of establishing improvement actions and generating greater well-being and commitment among the workforce.

Another pillar of employee engagement to encourage participation and collaboration is internal communication, which is driven by the internal social network "People Now", which has become the Bank's social intranet. Moreover, through this network, in 2022, a special focus was placed on transmitting the new Strategic Plan 2022-2024 with the creation of a monographic portal that includes the roadmap for the next three years and news related to the strategic pillars. A specific sustainability section has also been created with strategic, informative and dissemination content.

Additionally, as part of CaixaBank's ambition to be a leading bank in terms of sustainability, training is considered a key element in order to be a leader in this area and ensure that all employees have internalised the concepts related to sustainability and make the most of the new business opportunities that the change in the financial scenario presents to society.

In 2021, generic awareness training for all employees was started in order to lay the foundations and training on sustainable investments for the Private Banking group.

In 2022, the training on sustainable investments was extended to the Premier Banking group and the legal requirements for MiFID training on sustainable finance and adaptation of the suitability test were met.

In 2022, CaixaBank trained 15,689 professionals in "Regulations, Preferences and Suitability Test" and a further 13,850 in "Sustainability Regulations and Preferences". At the end of 2022, the number of MiFID II certified professionals<sup>34</sup> was 33,512.

According to the expectations of the ECB in terms of climate and environmental risk management and disclosure of the Thematic Review and the relevance of the decarbonisation commitment acquired with the signing of the Net-Zero Banking Alliance (NZBA), the Bank's entire workforce (bonus-linked training) has been trained in this area in 2023, without neglecting the training aimed at specific groups: training in sustainable investment and financing for retail branch managers.

After all these years, for CaixaBank it is crucial to combine the training plan that covers both the legal/regulatory expectations of its activity with the concepts/trends/frameworks that are to come in order to anticipate, adapt to and take advantage of new opportunities in the area of sustainability. To this end, both needs to be combined and the following training focuses should be put in place:

- General training for entire workforce
- Specialised training for specific target groups

The different needs and the constantly improving environment of the sustainability framework make it necessary to work jointly and in coordination with HR and the different areas of CaixaBank and companies in the CaixaBank Group.

<sup>34</sup> Marketing (product design, marketing and advertising, sales).

Therefore, CaixaBank's objective is to prepare a specific ESG training plan that encompasses the different needs of CaixaBank and the Group.

	2021	2022	2023 <sup>35</sup>
<p><b>01</b> General training</p> <p>Compulsory and core training</p>	<p>Compulsory training linked to Awareness Raising bonus <b>40,233 employees</b> (2h)</p>	<p>MiFID II suitability test adaptation and investment proposal. Training of <b>29,539 employees</b>. (15,689/3h and 13,850/2h) June</p> <p>In-depth training. <b>128 employees</b> (8h) October.</p> <p>Development of Sustainable Finance. Continuous MiFID training: <b>25,774 employees</b> (6h).</p>	<p>Compulsory training linked to climate change, decarbonisation and reporting bonus (2h)</p> <p>In-depth training (8h)</p>
<p><b>02</b> Recommended specialist training</p> <p>Includes recommended training to cover the different needs of segments and/or areas</p>	<p>Sustainable Investment training for Private Banking advisors and managers: <b>1,047 employees</b> (25h)</p> <p>Business banking Environmental risk: <b>938 managers</b> (2h)</p>	<p>Sustainable investment training and certification for Premier Banking managers: <b>4,418 employees</b> (25h) in 4 editions</p>	<p>Management development training (4h)</p> <p>Certification in Sustainable Finance and Investment for retail branch managers and business managers (25h)</p>
<p><b>03</b> Specialist training</p> <p>Ad hoc requests based on specific team needs</p>		<ul style="list-style-type: none"> <li>- CESGA: <b>22 employees</b> (55h)</li> <li>- SGARP: <b>3 employees</b> (50h)</li> <li>- Sustainable finance online short course: <b>5 employees</b> (100h)</li> <li>- Other sustainability training: Head of Risk, Business Mgmt., etc.</li> <li>- External registrations: <b>30 registrations</b> in external programmes</li> </ul>	<p>Examples:</p> <ul style="list-style-type: none"> <li>- Development by Skills training programme</li> <li>- CESGA (55h)</li> </ul>
<p><b>04</b> Self-guided training, sustainability school/Virtaula</p> <p>Voluntary training. Available on Virtaula</p>	<p>Modules:</p> <ul style="list-style-type: none"> <li>- Corporate social responsibility</li> <li>- Corporate policy with the defence sector</li> <li>- Socially responsible investment</li> <li>- Contribute to improving the environment</li> </ul>	<p>Update and new trainings on climate change</p> <ul style="list-style-type: none"> <li>- Sustainable finance</li> <li>- Human rights</li> <li>- Socially responsible investment</li> <li>- Contribution to improving the environment</li> </ul>	<p>New training activities:</p> <ul style="list-style-type: none"> <li>- Agencies and ratings</li> <li>- ESG Risk Management Policy</li> </ul>

In addition, in January 2023, the leaders programme was created, which consists of Group employees designated and recognised as sustainability representatives within their areas of influence. Their mission is to disseminate, lead, influence and represent the Bank's sustainability both internally and externally. Specifically, 36 employees, representatives of the areas and subsidiaries most involved in the implementation of the Sustainability Master Plan. They have access to monthly webinars on specific sustainability issues (trends, regulation, taxonomy, etc.) with internal and external experts, and to a specific repository of information at the CaixaBank Sustainability Academy, as well as an exclusive fortnightly newsletter. Additionally, a specialised training course has been launched, recommended for this group, on sustainability in depth, as well as specific training for the management team and the group of leaders. Leaders have also access to self-training courses available at the Sustainability Academy.



<sup>35</sup> Estimated data for the end of 2023. The data at the end of June 2023 amounted to 33,419 participations and 132,073 hours.



### Active dialogue with regulators, peers, NGOs and society

CaixaBank pays particular attention to establishing an active dialogue with regulators and other entities in order to make progress and establish common objectives in the area of sustainability.

The Bank actively participates in consultative processes on regulatory initiatives in the areas of financial stability and financial sector strengthening; sustainable finance; innovation and digitalisation; consumer protection; transparency; and prevention of money laundering and terrorist financing.

It has also participated or participates in UNEP FI working groups to advance impact measurement; financial inclusion, biodiversity, implementation of the objectives of the Net-Zero Banking Alliance (NZBA), European Union Taxonomy applied to Banking and the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD) and the Task Force on Nature-Related Financial Disclosures (TNFD).

- In 2022, it was the first Spanish bank to sign the COP15 Statement from the Financial Sector on Biodiversity, promoted by UNEP FI, inviting world leaders to sign a global agreement on biodiversity.
- It holds regular meetings with other organisations and participates in other think tanks and initiatives such as the Spanish Green Growth Group, Spainsif, Global Compact, CECA, ESG-WSBI, Forética and Seres to share knowledge on sustainability and advance its implementation.
- It is promoting impact measurement through participation in initiatives such as Banking for Impact, PCAF and SpainNAB and through dissemination and participation in specific workshops.

The Bank is also in constant dialogue with leading NGOs on ESG issues and, in collaboration with the "la Caixa" Foundation, promotes the SDG Observatory to promote the implementation of the SDGs among Spanish companies.



## Global engagement strategy

The CaixaBank Group, which includes CaixaBank Asset Management and VidaCaixa, bases its management on responsible action and economic efficiency, with a focus on the sustainable socio-economic development of people and the territory.

CaixaBank Asset Management and VidaCaixa believe that the transition to a more sustainable economy and the long-term profitability of investments can be achieved through both investment decisions and long-term engagement with the companies in which they invest, through constructive dialogue and active voting.

To this end, both companies have exclusions and restrictions policies and have developed a responsible investment model, based on the incorporation of environmental, social and governance (ESG) aspects into the investment analysis and decision-making process, in addition to the traditional criteria.

Additionally, they participate in corporate governance decisions through active voting at the annual general shareholders' meetings and regular open dialogue with public and private companies and issuers on material issues relating to ESG factors, in order to promote value creation and long-term profitable business in the companies in which they invest.



### 2023 Engagement Plan: sustainability priorities

The priority issues considered in the CaixaBank Asset Management and VidaCaixa Engagement Plan 2023<sup>36</sup> are as follows:

- Climate change<sup>37</sup>
- Human rights, and violations of key international standards
- Good governance and good social practices

The prioritisation criteria and objectives in the area of climate change at CaixaBank Asset Management and VidaCaixa are as follows:

- Criteria for selection and prioritisation of issuers with which to establish dialogue:
  - High intensity of greenhouse gas (GHG) emissions.
  - Non-existence of, insufficient ambition towards and/or non-compliance with decarbonisation targets.
  - Significant exposure to fossil fuels.
- Expectations for issuers and priority targets:
  - Definition and implementation of science-based decarbonisation commitments (short-, medium- and long-term).
  - Governance of the company's environmental strategy in the highest governance bodies.
  - Enhancing transparency on climate risk management (following TCFD recommendations).
  - In case of intensive sectors, having appropriate diversification of activity or an intensity reduction plan in place.
- Deadline and annual dialogue targets<sup>38</sup>.
  - Term: these are long-term targets, and compliance with them is monitored on an annual basis. In case that the targets and/or paths established are not met (max. 5 years of monitoring), the dialogue is closed and a new scaling strategy is defined.
  - Objective: in 2023, the goal is to establish climate dialogues with companies representing a minimum of 10% of the emissions financed.

<sup>36</sup> [CaixaBank Asset Management Engagement Plan 2023](#) and [VidaCaixa Engagement Plan 2023 and results 2022](#).

<sup>37</sup> Statement on Climate Change of [CaixaBank Asset Management](#) and [VidaCaixa](#), Sustainability Risk Integration Policy of [CaixaBank Asset Management](#) and [VidaCaixa](#), [public support for TCFD](#) by CaixaBank Asset Management and VidaCaixa and [VidaCaixa's membership of the Net-Zero Asset Owner Alliance](#).

<sup>38</sup> For VidaCaixa, the perimeter is also considered, in accordance with its Net Zero objectives; it is committed to holding dialogues with companies that represent at least 65% of its financed emissions (insurance portfolio) before 2030.

## VidaCaixa exercise of dialogue in 2022



Key figures of dialogue actions carried out in 2022 – directly with investment product suppliers and companies or in a collaborative manner

### >> DIALOGUE WITH COMPANIES

**11%**

Of the companies in the portfolio underwent dialogue processes

**60**

Active direct dialogues with companies in 2022

**6**

Active collaborative dialogues

### >> DIALOGUE WITH MANAGERS

**12**

Dialogues with external managers

**340**

Due diligence with external managers

## Zoom on dialogues with a focus on climate

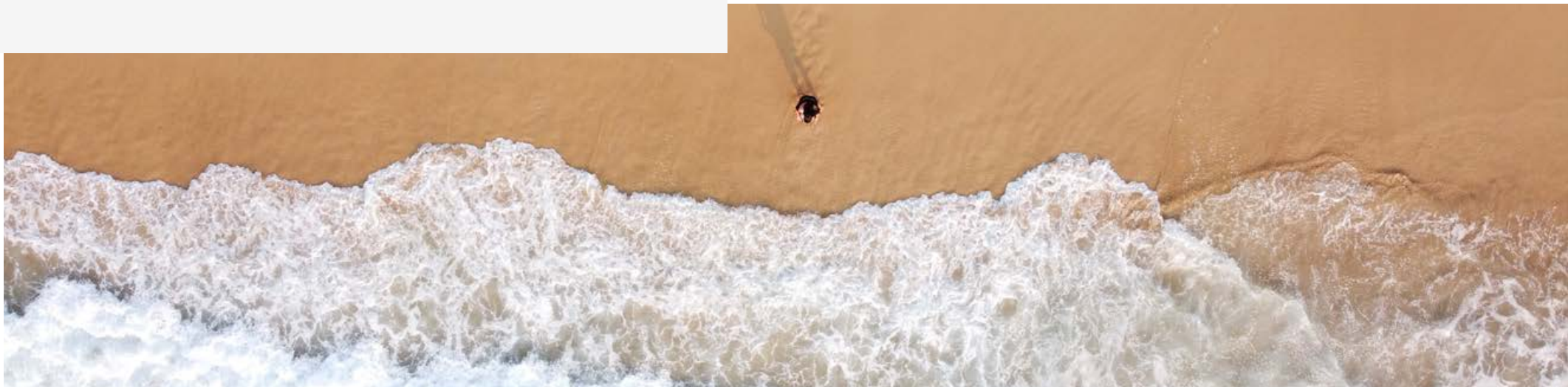
As VidaCaixa has been a member of the Net-Zero Asset Owner Alliance since January 2022, the management of risks linked to climate change has been a central focus of the dialogues held in 2022.

Of the direct dialogues initiated or ongoing in 2022, almost 70% focused on climate transition issues (improving transparency on short-, medium- and long-term decarbonisation targets and on the levers identified to reduce emissions).

VidaCaixa also participates in the collective dialogue initiative "Climate Action 100+", acting as a "co-leader" in a dialogue with one of the companies that contributes most to the emissions financed by VidaCaixa's portfolios.

Climate commitments have also been a central theme in 12 dialogues with external fund managers.

Climate change mitigation is also central to the exercise of voting rights by VidaCaixa, which voted in favour of shareholder proposals calling for greater transparency and/or performance on climate issues. With regard to the resolutions referred to as "Say on Climate" (climate plans presented by the companies themselves and subject to a vote by their shareholders), VidaCaixa assessed these on a case-by-case basis: 4 were backed and 8 were voted against as insufficient or inconsistent with the company's climate objectives.



## Key developments in governance and sustainability reporting in 2023

- In the first half of 2023, CaixaBank carried out its **human rights due diligence and assessment** for the third year, taking into account these emerging regulations and the other requirements of its key stakeholders. CaixaBank was supported by an independent third party.
- In February 2023, the **Guide for Identifying, Governance Procedures and Regulation of Sustainable Financing<sup>39</sup>** was published.
- In the same month, the Management Committee approved the **ESG dispute management circuit**, an internal procedure for analysing and managing potential serious sustainability disputes from customers, issuers and suppliers.
- In April 2023, the first **Sustainability Scorecard was developed**.
- In May 2023, the Board of Directors approved the update of CaixaBank's **Code of Conduct<sup>40</sup>** and **Anti-corruption Policy<sup>41</sup>**.
- On 30 June 2023, CaixaBank, CaixaBank Asset Management and VidaCaixa published the **Statement of Principal Adverse Impacts of Investment Decisions on Sustainability Factors<sup>42</sup>** (PIAS).
- In the second half of 2023 the **nature roadmap has been defined**.



<sup>39</sup> [Guide for Identifying Sustainable Financing](#).

<sup>40</sup> [Code of Conduct](#).

<sup>41</sup> [General Principles of the Corporate Anti-corruption Policy](#).

<sup>42</sup> [Statement of Principal Adverse Impacts of Investment Decisions on Sustainability Factors](#).



## Environmental and climate strategy

Environmental protection is one of CaixaBank's priorities and it has an Environmental and Climate Strategy that aims to contribute to the transition to a carbon neutral economy by financing and investing in sustainable projects, managing environmental and climate risk and reducing the direct impact of its operations.

Considering the way emission reductions complement economic growth, the transition to a carbon neutral economy not only implies risks for companies, but also financial opportunities. To make them a reality, it is necessary to continue offering viable solutions that meet the expectations and needs of our customers and stakeholders. As part of these solutions, for years, CaixaBank has been playing an active role in financing renewable energy, infrastructure and sustainable agriculture projects. Socially responsible investment is also promoted through the asset manager and the pension plan manager.

As a founding member of the Net Zero Banking Alliance (NZBA), promoted by the United Nations, CaixaBank is committed to becoming carbon-neutral by 2050. Currently, **CaixaBank is operationally carbon-neutral and is working to make its financing and investment portfolio neutral in net greenhouse gases by 2050.**

Climate change has such a far-reaching impact that it requires a public-private partnership and a multi-sector approach. CaixaBank regularly participates in working groups and associations dedicated to driving environmental progress, including UNEP FI and the Spanish Green Growth Group.

<sup>43</sup>[Statement on Climate Change.](#)

The Statement on Climate Change<sup>43</sup>, approved by the Board of Directors in January 2022, evidences the Bank's environmental and climate commitment through the following lines of action:

- Supporting viable and compatible projects with a carbon-neutral economy and solutions to climate change.
- Managing climate change risks and moving towards emission neutrality in the credit and investment portfolio.
- Minimising and offsetting the operational carbon footprint.
- Promoting dialogue on sustainable transition and collaborating with other organisations to move forward together.
- Reporting progress in a transparent manner.

### >> ENVIRONMENTAL STRATEGY: LINES OF ACTION



## Nature

More than half of the world's economic output is highly or moderately dependent on nature<sup>44</sup>. In 2019, the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) estimated in its Global Assessment Report that more than one million species were at risk of extinction. Climate change is one of the main direct impact agents of the degradation of nature, along with land and sea use change, pollution, use and exploitation of natural resources and invasive species. Environmental degradation can accelerate climate change and reduce climate resilience.

In recognition of the impact and increasing attention of its stakeholders on these issues, CaixaBank has detected an increase in the materiality of nature-related risks. Work is ongoing to advance the understanding and integration of their risks, impacts and opportunities into investment decisions, as well as collaborating with other stakeholders and sectoral initiatives. Nature is also being progressively incorporated into the dialogue with stakeholders, including portfolio companies, to promote transparency in this area.

**CaixaBank was the first Spanish financial institution to sign up to the Statement from the Financial Sector on Biodiversity.** This statement, promoted by UNEP FI, Principles for Responsible Investment (PRI) and Finance for Biodiversity Foundation on the occasion of the United Nations Conference on Biological Diversity (COP15), called on governments to adopt a global framework to halt and reverse the loss of nature (eventually adopted as the Kunming-Montreal Global Biodiversity Framework).

Regarding opportunities linked to "nature-positive" projects, CaixaBank incorporates purposes linked to water management in its framework for sustainable financing and sustainable bond issues, and has also joined Nactiva, a platform for the protection and regeneration of natural capital.

The Bank also carries out reforestation projects in burnt areas, corporate volunteering actions and makes annual calls for proposals to support projects to improve natural heritage, through the protection of biodiversity and water, environmental innovation and the fight against depopulation.

CaixaBank also intends to align disclosure on nature-related risks and opportunities with the recommendations of the Taskforce on Nature-related Financial Disclosure (TNFD) scheduled for the end of 2023. In this regard, in 2022 and 2023 CaixaBank is participating in one of the pilot projects launched by TNFD and coordinated by UNEP FI, which is working on the draft TNFD framework.

Additionally, the corporate sustainability/ESG risk management policy<sup>45</sup> establishes restrictions on the financing of carbon-intensive sectors on compliance with certain conditions, such as the existence of specific and achievable decarbonisation targets aligned with the objectives of the Paris Agreement. The Group may decide not to finance operations or customers that may pose a material risk to the Entity of not meeting its climate change commitments or achieving the decarbonisation of its portfolio.

The Group will not assume credit risk on new projects that meet any of the following characteristics:

- Oil sands exploration, production, processing or transport projects, including transportation infrastructure for which there is compelling evidence it will transport a significant proportion of oil from oil sands.
- Oil and gas exploration, production and transportation projects in the Arctic region, including transport infrastructure transporting a significant percentage of oil and gas from the Arctic region.
- Projects with hydraulic fracturing (fracking).

- Specific projects for construction, development or expansion of coal-fired power plants.
- Construction, development or expansion of nuclear power plants or uranium enrichment facilities.
- Projects intended for energy transport where there are no procedures, based on best available practices, to mitigate the risk of leakage or spillage<sup>46</sup>.
- Medium-term lending requested by new or existing customers for exploration, extraction, transportation, refining, coker-ies or oil-fired electricity generation.
- Long-term lending requested by new or existing customers for exploration, production, liquefaction, transport, regasification, storage or generation of electricity from natural gas.

The CaixaBank Group will not accept credit risk in new operations and renewals requested by companies with any of the following requirements:

- The Group's turnover depends on the generation of energy from thermal coal by more than 25%.
- There is evidence that exploration, production or transportation of bituminous sands accounts for more than 10% of their turnover.
- There is evidence that oil and gas exploration, production or transportation in the Arctic accounts for more than 10% of their turnover.

On an exceptional basis, activities may be financed in sectors in certain countries where the energy transition may be particularly complex or have a significant adverse social impact.

<sup>44</sup> [WEF \(2020\). Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy.](#)

<sup>45</sup> [Operating principles of the Corporate Policy for managing sustainability/ESG risks.](#)

<sup>46</sup> Such as ISO 13623, the Pipeline Security Guidelines of the US Transportation Security Administration (TSA) or other reference guides.

## Environmental Management Plan 2022-2024

CaixaBank carries out its activity with the aim of being respectful and protecting the environment. Therefore, it implements environmental and energy best practices in accordance with its Sustainability Policy.

CaixaBank's Sustainable Banking Plan 2022-2024 includes an Environmental Management Plan 2022-2024, with eight lines of action **aimed at reducing impacts based on innovation and efficiency, focusing on reducing emissions from its own activity and that of its value chain:**

- |   |   |  |  |
|---|---|--|--|
| <p><b>01</b></p> <p>Governance in environmental management.</p> | <p><b>02</b></p> <p>Carbon footprint mitigation strategy.</p> | <p><b>03</b></p> <p>Environmentalisation of procurement and contracting.</p> | <p><b>04</b></p> <p>Environmentalisation of the catalogue of non-financial products.</p> |
| <p><b>05</b></p> <p>Commitment to the circular economy.</p>     | <p><b>06</b></p> <p>Sustainable Mobility Plan</p>             | <p><b>07</b></p> <p>Promoting efficiency.</p>                                | <p><b>08</b></p> <p>Renewal of voluntary certifications and extension of scope.</p>      |

The Environmental Management Plan 2022-2024 sets out the eight objectives for all the years of the plan, which will measure the degree of success of its implementation.

In the first half of 2023, CaixaBank made significant progress on points 01, 02 and 08 of the Environmental Management Plan:

### 01. Governance of environmental management at the Group level

CaixaBank has promoted the implementation of an Environmental Management Action Plan for each of the Group companies:

Characteristics of the plan:

- **Compulsory requirements:** All Group companies' Environmental Management Action Plans must comply with compulsory requirements such as: The use of recycled paper or the implementation of separate waste collection.
- **Implementation of environmental management indicators.** All Group companies work with environmental management indicators to measure their impact and to be able to assess the effectiveness of the projects implemented. They will also serve to set quantitative targets for reducing environmental impact.



Creation of a **Monitoring Group** for the Group's environmental management.







## 02. Carbon footprint mitigation strategy

Voluntary climate change commitments, such as the Ministry's Carbon Footprint Register (MITECO), have been renewed.

In addition, offsetting activities have been carried out for emissions not avoided in 2022, both from corporate buildings and the entire commercial network for scopes 1, 2 and 3.6 (corporate travel).



In 2022, CaixaBank reached  
**zero emissions in Scope 2**



### Carbon footprint of procurement

Suppliers with a turnover of more than €1.5 Mn will have to calculate and enter their carbon footprint in the technical questionnaire provided for this purpose on the CaixaBank supplier management platform.

## 08. Renewal of voluntary certifications and extension of their scope

Reduction of emissions will be achieved through implementation of environmental efficiency measures, monitoring of indicators and implementation of an environmental and energy management system in accordance with ISO 14001, ISO 50001 and the European EMAS regulation. This will enable performance of activity while protecting the environment.

CaixaBank, S.A. has five ISO 14001-certified buildings, one ISO 50001-certified building and one building certified under the EMAS Regulation, as well as the Environmental Quality Mark in all the branches of the network in Catalonia, meaning that approximately 30% of the workforce is working in certified buildings or branches. In addition, other Group companies, such as Banco BPI, have three ISO 14001 certified buildings. CaixaBank Facilities Management and CaixaBank Tech also have Environmental Management Systems with ISO 14001 certification.

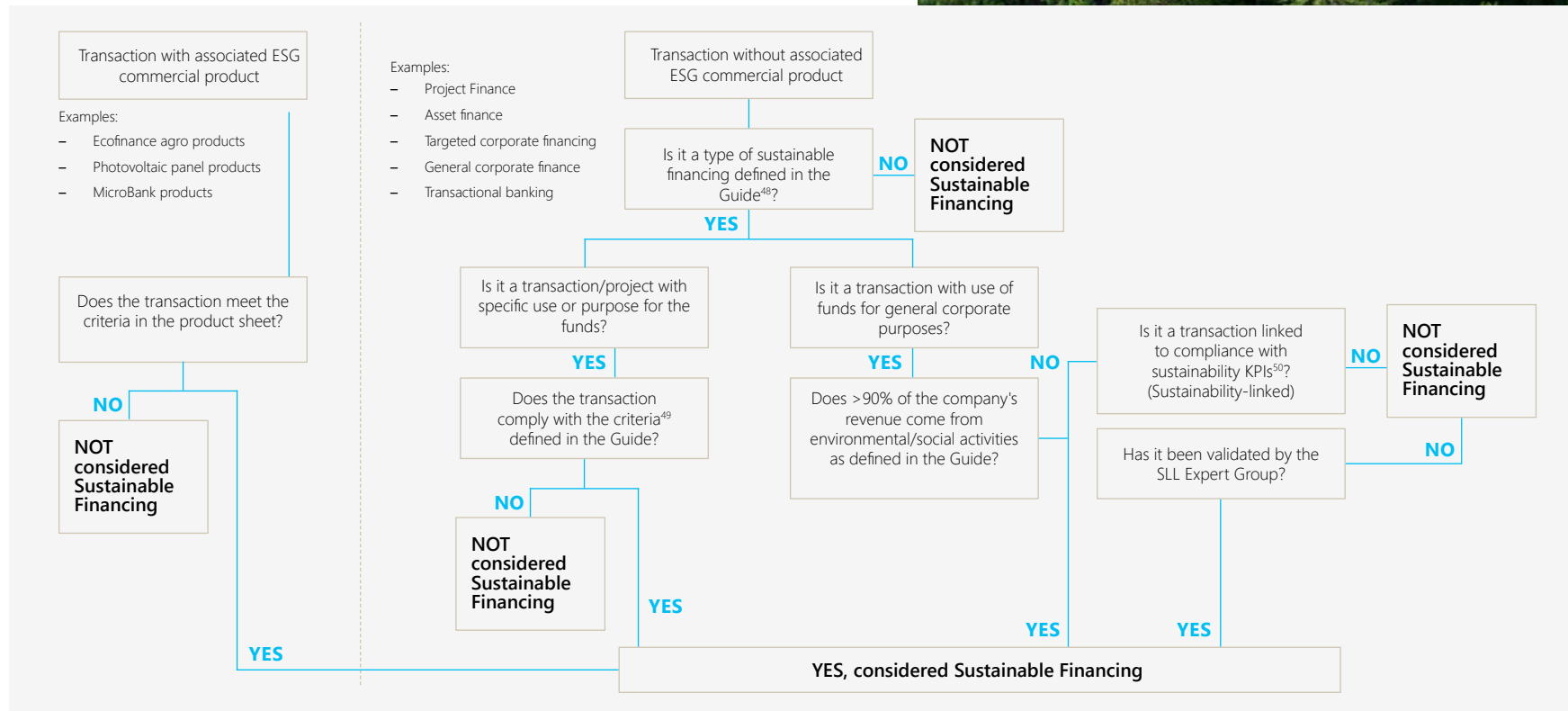
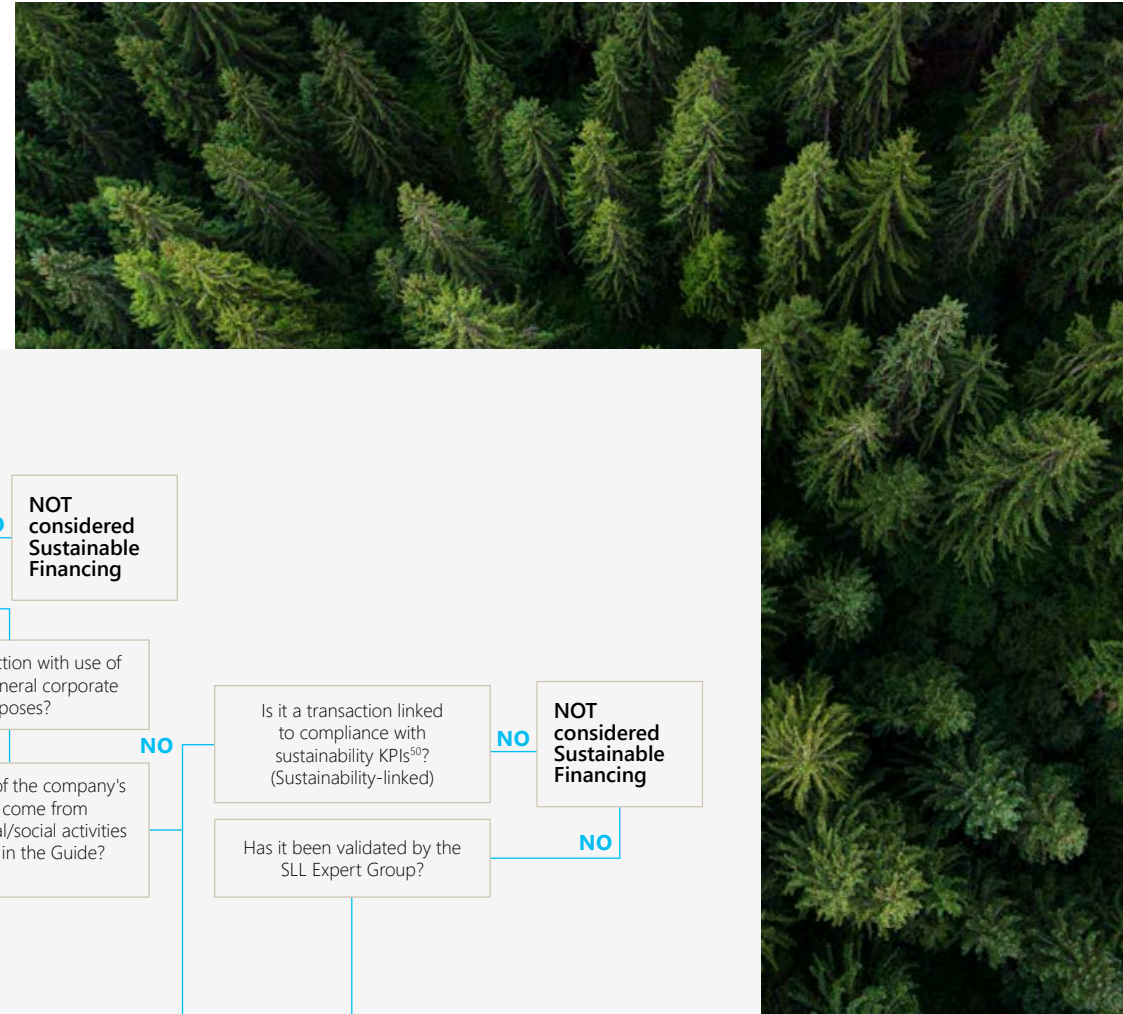


## Financing the transition to a carbon-neutral economy

In 2023, CaixaBank published the **Guide for Identifying Sustainable Financing**<sup>47</sup>, which aims to define the criteria for considering CaixaBank's financing arrangements for individuals and companies as sustainable, as well as their contribution to the SDGs.

Sustainable financing arrangements have their origins in the business units. The process starts by checking whether the purpose of the financing requested by the customer meets the sustainability criteria according to the Guide for Identifying Sustainable Financing.

The following chart illustrates the process of identifying sustainable financing transactions:



<sup>47</sup> [Guide for Identifying Sustainable Financing](#).

<sup>48</sup> Environmental/Social/Sustainability-Linked.

<sup>49</sup> a) Environmental technical criteria and/or social criteria, for the activities/purposes listed in the Guide; b) Categories considered eligible for environmental projects by the Green Loan Principles and categories considered eligible for social projects by the Social Loan Principles (GLP and SLP of LMA, APLMA and LSTA); c) Criteria listed in the CaixaBank SDGs Funding Framework.

<sup>50</sup> Criteria/categories indicated for the LMA's Sustainability-Linked Loans Principles.

### Incentive mechanism for the origination of sustainable transactions (green and social)

CaixaBank has a **Financing Framework linked to the SDGs<sup>51</sup>**, as part of which it issues financial instruments, such as bonds, which finance the bank's green, social and/or sustainable financing activities. To promote the origination of green/social/sustainable transactions by the Bank's business teams, the Bank has an **internal incentive mechanism in place to promote sustainable financing**. The use of this incentive for green assets came into effect in 2022 and its extension to social assets came into effect in 2023.



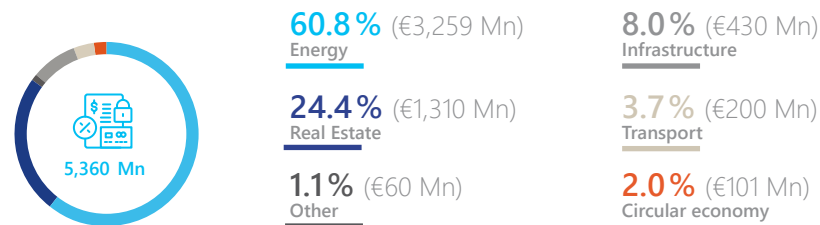
### Sustainable financing

During the first half of 2023, CaixaBank promoted the financing of sustainable activities, granting €14,710 Mn.



In this respect, during the first half of 2023<sup>52</sup> the Bank's financing activity included:

- **Loans referenced to sustainability variables:** granting of 78 transactions for an amount of €7,764 Mn.
- **Green loans<sup>53</sup>:** granting of green loans for an amount of €5,360 Mn, of which:



### Sustainable brokering

In addition, in the first half of 2023 CaixaBank participated in the issuance<sup>54</sup> of 7 green bonds for €683 million, 5 sustainable bonds for a total amount of €533 million and 3 Sustainability Linked Bonds (SLB) for a total amount of €117 million.

<sup>51</sup>CaixaBank Sustainable Development Goals (SDGs) Funding Framework.

<sup>52</sup>Sustainable activity throughout 2022 is detailed in the Metrics and Targets chapter.

<sup>53</sup>Green loans ICMA (International Capital Market Association).

<sup>54</sup>Corresponds to CaixaBank's proportional holding in the issue and placement of sustainable bonds (green, social or mixed) on behalf of customers. It does not include own issuances, such as the social bond issued by CaixaBank.



## Decarbonisation of sectors highly intensive in greenhouse gas emissions

CaixaBank has set intermediate emission reduction targets for 2030 in its financing and investment portfolios, specifically in the sectors with the highest intensity of greenhouse gas emissions (electricity, oil and gas, automotive and iron and steel)<sup>55</sup>.

In addition, the Bank will stop financing thermal coal-related companies<sup>56</sup>, phasing out its exposure to zero by 2030. CaixaBank will also continue to finance the energy transition to a low-carbon economy and support customers with an exit strategy from thermal coal by 2030.



## Risks and opportunities arising from climate change

Climate risks, considered part of environmental risks, are risks associated with climate change that can potentially affect people, natural ecosystems and economic sectors. Conceptually, they are classified into physical and transitional risks.

- **Physical risks** are risks linked to weather events, which can be chronic or acute and can lead to physical damage to assets (infrastructure, real estate), disruptions in production or supply chains and/or changes in the productivity of economic activities (agriculture, energy production).
  - **Chronic:** changes in weather patterns, average temperatures, rainfall, rising sea levels, etc.
  - **Acute:** greater extreme events and increase in the intensity and severity of tornadoes, hurricanes, floods, etc.
- **Transition risks** are risks associated with the process of transitioning to a low-carbon economy.

- **Political-legal:** changes in regulations and standards.
- **Technological:** energy-efficient alternatives, obsolescence.
- **Market risk:** Changes in the preferences of consumers and market participants.

These risks will depend on the probability and intensity of the events and the companies' ability to respond to or anticipate them. In this regard, CaixaBank incorporates best management practices and robust measurement systems.

The risk management chapter presents the materiality analysis, which focuses on the qualitative assessment of the main impacts that ESG factors may have on the traditional risks (credit, liquidity, market, operational, reputational and business/strategic) for the various portfolios.

All these risks, once identified and properly managed, provide opportunities for mitigation and control, as well as for investment with a long-term and transformational vision.

<sup>55</sup> See details in the Metrics and Targets chapter.

<sup>56</sup> Customers whose revenues from thermal coal mining and/or thermal coal-based power generation account for more than 5% of their total revenues.

The following is a summary of the main risks and opportunities for CaixaBank arising from climate change.

RISKS	PHYSICAL RISK	TRANSITION RISK
Credit	<ul style="list-style-type: none"> <li>– <b>Probability of default:</b> physical risk can result in damage to assets (fixed, productive, material, etc.), productivity downturns, non-viability of business models, disruption of supply chains or trade routes, etc. which can increase the probability of customer defaults.</li> <li>– <b>Value of collateral:</b> may also affect the value of assets received as collateral by affecting the recovery rate in the event of default.</li> </ul>	<ul style="list-style-type: none"> <li>– <b>Probability of default:</b> The most carbon-intensive sectors and/or those affected by energy transition policies will be less profitable and/or will have greater investment needs. Technological obsolescence, carbon prices or rates, changing market/consumer preferences may also have an impact. Companies that do not adapt to the new environment will see their medium/long-term viability compromised. Stranded assets will be generated that cannot be exploited/consumed, thus affecting companies' profitability.</li> <li>– <b>Value of collateral:</b> depreciation of collateral as a result of being stranded and/or directly or indirectly affected by the transition, reducing the recovery rate in the event of default.</li> </ul>
Market	<ul style="list-style-type: none"> <li>– <b>Prices:</b> extreme weather events may result in a change in market expectations and generate changes in prices of assets, commodities, etc.</li> <li>– <b>Maturities:</b> physical events may cause changes in debt maturity expectations, altering repayment terms.</li> </ul>	<ul style="list-style-type: none"> <li>– <b>Prices:</b> Transition risks may involve price changes in derivatives and securities, e.g. due to stranded assets.</li> </ul>
Operational	<ul style="list-style-type: none"> <li>– <b>Interruption of services:</b> physical risks may directly impact the Bank's ability to conduct all of its services normally.</li> <li>– <b>Damage to own assets.</b></li> <li>– <b>Other:</b> may exacerbate errors made in monitoring, reporting or data management.</li> </ul>	<ul style="list-style-type: none"> <li>– <b>Legal and compliance risk</b> associated with perceived non-compliance with obligations to adapt, disclose or market sustainable products, which could result in customer complaints, legal proceedings or third party sanctions.</li> </ul>
Liquidity	<ul style="list-style-type: none"> <li>– <b>The increase in adverse weather events</b> may result in a need for customers to withdraw money from their accounts to cope with the potential impact of these events.</li> <li>– This increase may also lead to <b>losses in the value of liquid assets or problems in the reinvestment of debt.</b></li> </ul>	<ul style="list-style-type: none"> <li>– A lack of alignment with the sustainable transition goals on the part of the Bank may lead to possible <b>divestments or capital outflows</b> by the Bank's shareholders.</li> </ul>
Reputational	<ul style="list-style-type: none"> <li>– <b>Liquidity buffers may be affected by a reduction in the value of highly liquid coal-related assets</b> due to an increase in temperatures or a tightening of policies.</li> </ul>	<ul style="list-style-type: none"> <li>– <b>Possible instances of malpractice in the achievement of climate transition goals</b> by the Bank or its counterparties may result in reputational impacts for the Bank.</li> <li>– <b>Failure to meet expectations</b> could also result in reputational risks that lead consumer preferences to shift to other entities.</li> </ul>
Business/Strategic	<ul style="list-style-type: none"> <li>– <b>Impact from extreme or chronic physical events</b> may affect the value of owned or financed physical assets.</li> <li>– <b>Impact on performance due to GDP declines in a particular region following a physical event.</b></li> </ul>	<ul style="list-style-type: none"> <li>– Factors such as <b>changes in policies, legislation and regulation</b> aimed at decarbonising the economy and market sentiment have an impact on the business environment, profitability and resilience of the strategy in the long term.</li> </ul>

OPPORTUNITIES ARISING FROM CLIMATE CHANGE

- **Offers new avenues for financing sustainable projects:** loans linked to sustainability variables, green loans, renewable energies, financing of energy-efficient buildings and renovations that improve the energy efficiency of buildings and homes, eco-financing and sustainable mobility.
- **Broadening the investor base,** with a specific mandate to make a positive contribution to the fight against climate change, investing in green bonds.
- **Channelling savings and investment** of individual customers into investment products, funds and plans that promote a positive contribution to the fight against climate change.
- **Positive reputational impact** derived from proper climate risk management (positive investor and consumer sentiment).
- **Public commitment and transparency in reporting to the market** (adaptation to the development of the regulatory framework, social sensitivity to these risks and best market practices).

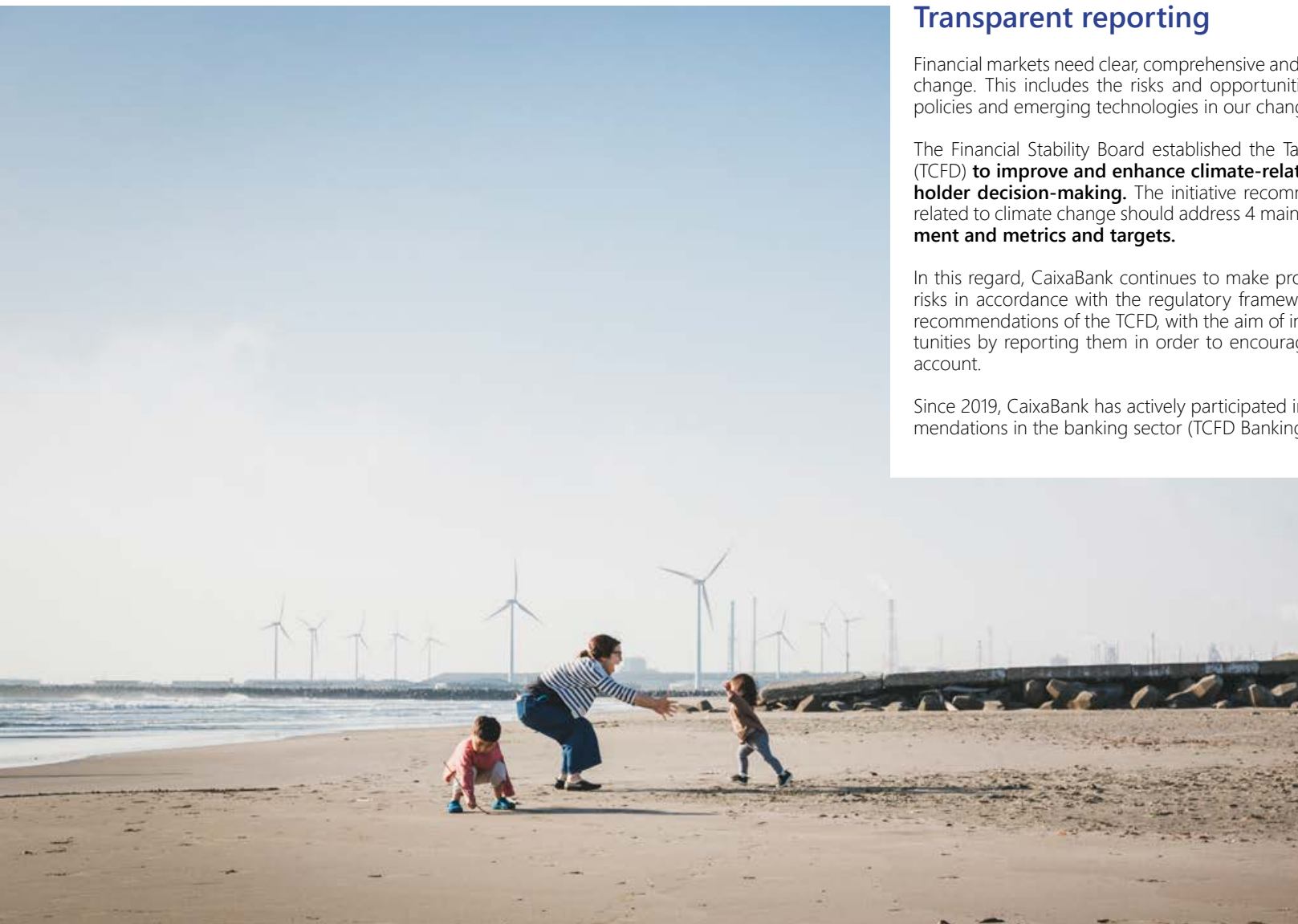
## Transparent reporting

Financial markets need clear, comprehensive and high-quality information on the impacts of climate change. This includes the risks and opportunities posed by rising temperatures, climate-related policies and emerging technologies in our changing world.

The Financial Stability Board established the Task Force on Climate-related Financial Disclosures (TCFD) **to improve and enhance climate-related financial reporting in order to assist stakeholder decision-making.** The initiative recommends that the disclosure of financial information related to climate change should address 4 main categories: **governance, strategy, risk management and metrics and targets.**

In this regard, CaixaBank continues to make progress in the management and analysis of climate risks in accordance with the regulatory framework, committing to comply with the transparency recommendations of the TCFD, with the aim of increasing the relevance of climate risks and opportunities by reporting them in order to encourage financial market participants to take them into account.

Since 2019, CaixaBank has actively participated in UNEP FI projects to implement the TCFD recommendations in the banking sector (TCFD Banking Pilot Phase II and Phase III).





# 06

## Governance

- ▶ Internal control framework
- ▶ Governance bodies
- ▶ Board committees
- ▶ Management bodies
- ▶ Sustainability-linked remuneration system



# Governance

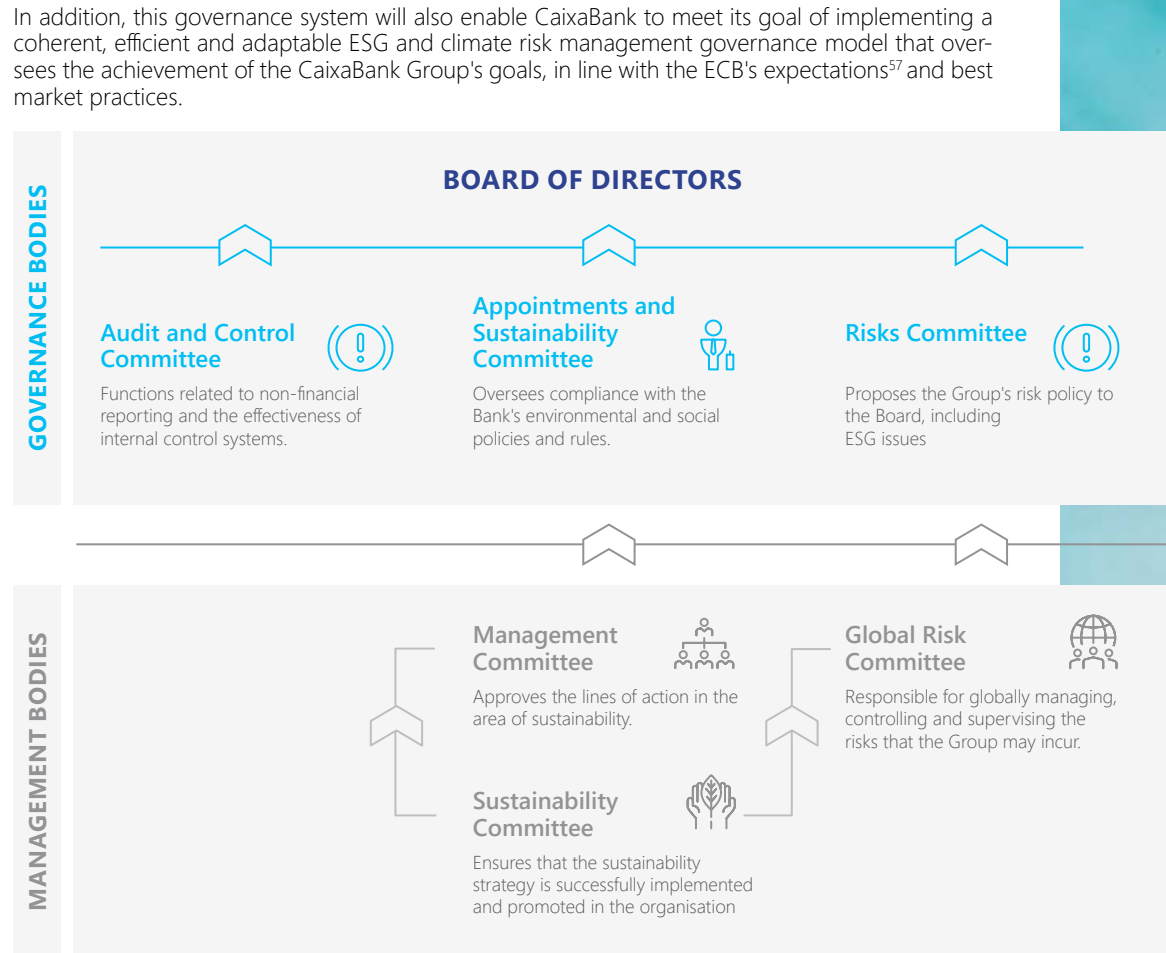
Sustainability governance in general, specifically as it relates to climate change, is one of CaixaBank's priorities. The integration of ESG factors in CaixaBank's activity requires defining and/or reviewing policies, procedures and roles to ensure that these key factors are taken into account in decision-making:

- Definition and updating of ESG policies
- Establishment of criteria, roles and responsibilities
- Integration into the Bank's systems and procedures
- Measurement of performance and accountability

For this reason, the Board of Directors is ultimately responsible for approving the Sustainability Strategy and Principles, as well as supervising their correct implementation.

Solid corporate governance enables companies to maintain an efficient and methodical decision-making process, because it introduces clarity in the allocation of roles and responsibilities and, at the same time, fosters proper risk management and the efficiency of internal control, which promotes transparency and limits potential conflicts of interest.

To this end, a sustainability governance system has been implemented by the governance bodies (Board of Directors, Appointments and Sustainability Committee, Risk Committee and Audit and Control Committee) and management (Management Committee), complemented by other internal committees and areas of the Bank (Global Risk Committee, Sustainability Committee and Sustainability Department).



<sup>57</sup>Guide on climate-related and environmental risks



## Internal control framework

As a benchmark in sustainable banking, CaixaBank has strengthened responsible business management and made progress in integrating social and environmental criteria into its activity, ensuring best practices in internal control and good corporate governance.

CaixaBank's internal control framework, based on the three lines of defence model, provides a reasonable degree of assurance that the Group will achieve its objectives<sup>58</sup>.



### First line of defence:

This comprises the business lines and units, together with the areas that support them, which are the source of the Group's exposure to risk in the course of its business, including the functional areas that update the criteria of the Sustainable Financing Identification Guide<sup>59</sup> and the areas that identify and grant sustainable financing transactions.

The functions of the first line of defence are distributed as follows:

- Sustainability Department: Consolidation of the Entity's new global sustainable financing data, reporting internally to other areas involved. Support for the business areas, channelled through dialogue with the corresponding business areas, for validating criteria and resolving doubts regarding the application of the Guide.
- Business areas: The business areas report the operations that may be considered sustainable financing in accordance with the Guide, through the agreed procedure, with each area reporting its operations to the Sustainability Department for consolidation.
- Risk approval: Application of the Risk Approval procedure and the ESG risk management framework in the case of a financing transaction.

The first line of defence assumes risks taking into account the Group's risk appetite, authorised risk limits and existing policies and procedures, and it is part of its responsibility to manage these risks. It is therefore responsible for developing and implementing control processes and mechanisms to ensure that the main risks arising from their activities are identified, managed, measured, controlled, mitigated and reported. The business lines and support areas integrate control into their daily activities as a basic element reflecting the Group's risk culture.

### Second line of defence:

Made up by the risk management and compliance functions. Among other functions, they are responsible for:

- Ensuring the quality of risk management and the validation of the necessary controls in coordination with the first line of defence, assessing subsequent compliance.
- Developing, in coordination with the first line of defence, risk management policies aligned with the Risk Appetite Framework (RAF), assessing subsequent compliance.
- Reviewing consistency with the Guide for Identifying Sustainable Financing and providing guidance on the design and review of processes relating to the identification and monitoring of sustainable finance and on the controls to be put in place in the Business Areas. Identifying, measuring and monitoring risks (including emerging risks), which contributes to the definition and implementation of risk, process risk and control indicators.
- Regularly monitoring the effectiveness of indicators and controls of the first line of defence, as well as indicators and controls of the second line of defence.
- Monitoring identified weaknesses in the control function, as well as establishing and implementing action plans to remedy them.
- Expressing an opinion on the suitability of the risk control environment.

<sup>58</sup> More information in the [2022 Pillar 3 Disclosures Report](#).

<sup>59</sup> [Guide for Identifying Sustainable Financing](#).



## The Risk Management function

In addition to identifying risks, defining risk limits, measuring, monitoring, managing and reporting the risks within its remit, it i) ensures that all risks to which the Group is or may be exposed are identified, assessed, monitored and appropriately controlled; ii) provides the Governance Bodies with an aggregated view of all risks to which the Group is or may be exposed, including an aggregate version of the operational control environment of the risk processes; iii) monitors risk-generating activities, assessing their compliance with the approved risk tolerance and ensuring forward planning of the corresponding capital and liquidity needs under normal and adverse circumstances; iv) monitors compliance with the risk appetite limits approved by the Board of Directors; and v) validates and controls the correct functionality and governance of the risk models, verifying their adequacy in accordance with regulatory practices.

At CaixaBank, the risk management function is carried out by the Corporate Risk Management Function & Planning as well as the Compliance and Control departments, as established in the Risk Function Charter approved by the Board of Directors in January 2022, which is reviewed every two years.

## Compliance function

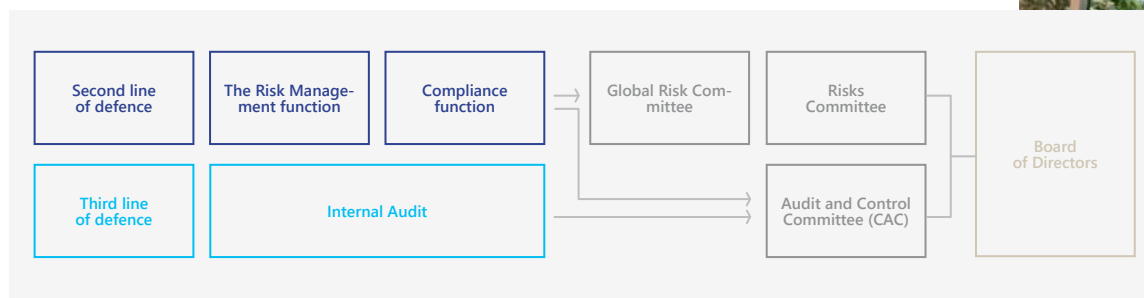
The mission of the compliance function is to identify, assess, monitor and report on the risks of sanctions, financial loss or reputational damage to which the Bank is exposed, as a result of non-compliance or defective compliance with laws, regulations, judicial or administrative requirements, codes of conduct or ethical and good practice standards, relating to its scope of action and with reference to legal and regulatory, conduct risks (falling under Compliance Risk); its mission is also to advise, inform and assist senior management and the governance bodies on regulatory compliance matters, promoting, through training, information and awareness actions, a culture of compliance throughout the organisation.

The compliance management model is designed around two main pillars: the taxonomy of compliance risks and the three lines of defence model.

## Third line of defence:

Internal Audit acts as the third line of defence, independently overseeing the activities of the first and second lines of defence so as to provide reasonable certainty to Senior Management and governing bodies with regard to:

- The effectiveness and efficiency of internal control systems in offsetting the risks associated with the Group's activities;
- Compliance with prevailing legislation, particularly with regard to the requirements of supervisors, and adequate application of the defined global management and risk appetite frameworks.
- Compliance with internal policies and regulations, and alignment with best practices and uses in the sector, for adequate internal governance of the Group.
- The reliability and integrity of information, including the effectiveness of system of Internal Control over Financial and Non-financial Reporting (ICFR and ICFRS).



## Governance bodies

### Board of Directors

The Board of Directors<sup>60</sup> is the highest representative, management and administrative body of the Company, competent to adopt resolutions on all kinds of matters except those reserved for the Annual General Meeting (AGM). The Board of Directors approves and supervises the strategic and management guidelines established in the interest of all Group companies and ensures compliance with regulations and the application of good practices in the performance of their activities and the observance of additional, voluntarily accepted principles of social responsibility. Its duties include approving and overseeing the sustainability and climate change management and strategy.

The Board of Directors considers it essential to drive sustainability in the Group's businesses and activities. For this reason, it has always been closely involved in sustainability and climate change issues.

In the area of sustainability, its duties include the approval and supervision of the sustainability strategy and the monitoring of management:

- Approval of the Sustainability Business Principles, Human Rights Principles and Declaration on Climate Change; with a minimum periodic review every two years.
- Approval of specific policies, principles and frameworks that include sustainability and climate change factors.

The Board led, reviewed and approved in December 2021 the

Sustainability Master Plan ("Sustainable Banking Plan") for 2022-2024.

The most recent major resolutions by the Board of Directors in the area of sustainability are detailed below:

- In January 2022, the Board revised and approved the Declaration on Climate Change<sup>61</sup> in which the Bank committed to take the necessary measures to comply with the Paris Agreement.
- In January, the Board also adopted the Human Rights Principles<sup>62</sup> as a further development of the previous Human Rights Policy. These principles demonstrate the Bank's commitment to human rights, in accordance with the highest international standards.
- In March 2022, the Board of Directors approved the Sustainability Principles<sup>63</sup>, as an update to the previous Corporate Sustainability/CSR Policy. These principles establish the commitment of the entire CaixaBank Group to an efficient, sustainable and responsible action model characterised by a strong social vocation.
- The Board of Directors approved the Corporate Sustainability/ESG Risk Management Policy<sup>64</sup> in March 2022. This Policy combines the previous Environmental Risk Management Policy and Corporate Policy on Relations with the Defence sector, establishing criteria for ESG analysis in the Bank's customer admission and credit approval and investment processes on behalf of the bank.

- Regarding the training provided to the Bank's Board members, in 2022 a training plan of 9 sessions was carried out, dedicated to the analysis of various topics, such as different business areas, sustainability, corporate governance, relevant aspects of regulation, innovation and cybersecurity.

- In June 2022, in the specific area of discretionary portfolio management and investment advice, the Long-term Engagement Policy in relation to discretionary portfolio management and the corporate framework for the integration of ESG risks in discretionary portfolio management and investment advice, as well as the Statement of Principal Adverse Impacts in relation to discretionary portfolio management were approved, reported favourably and submitted to the Board.

- In March 2023, the document 2022 Sustainability, Socio-economic Impact and Contribution to the UN SDGs was published<sup>65</sup>.

- In May 2023, the Board of Directors approved the update of CaixaBank's Code of Conduct and Anti-corruption Policy.

- In June 2023, the Statement of Principal Adverse Impacts of investment decisions on CaixaBank's sustainability factors in relation to discretionary portfolio management was published.

The competence matrix of the Board of Directors, published in the Consolidated Management Report 2022<sup>66</sup>, identifies three independent Directors with environmental and climate change expertise.

<sup>60</sup> [Board of Directors](#)

<sup>61</sup> [Statement on climate change](#)

<sup>62</sup> [Principles of Human Rights](#)

<sup>63</sup> [Sustainability Principles](#)

<sup>64</sup> [Principles for action in the Corporate sustainability/ESG risk management policy](#)

<sup>65</sup> [2022 Sustainability, socio-economic impact and contribution to UN SDGs](#)

<sup>66</sup> [Consolidated Management Report 2022](#) (See page 87)

## Board committees

As part of its self-organising function, the Board has various committees specialised by subject, with supervisory and advisory powers, as well as an Executive Committee. There are no specific regulations for the Board committees, which are governed by law, the By-laws and the Regulations of the Board, which set out the details of the composition, powers and functioning of the various committees.

There are two committees that stand out for their involvement in sustainability and climate change.

### Appointments and Sustainability Committee

The Appointments and Sustainability Committee is made up of non-executive directors, in the number determined by the Board, with a minimum of 3 and a maximum of 5 members, the majority being independent directors. Members of the Appointments and Sustainability Committee<sup>67</sup> are appointed by the Board on a proposal received from the Committee itself. Meanwhile, the committee's Chairman will be appointed from among the independent directors sitting on the Committee.

The Committee's competencies include examining policies on sustainability/corporate social responsibility as well as diversity and sustainability issues. The Committee also monitors climate and environmental risks.

The main functions of the Appointments and Sustainability Committee in the area of sustainability include:

- Supervises the Company's actions in relation to sustainability, as well as compliance with the its environmental and social policies and rules, evaluating and reviewing them periodically so that they fulfil their mission of promoting social interest and take into account, as appropriate, the legitimate interests of the remaining stakeholders, as well as to submit the proposals it deems appropriate in this area to the Board and, where appropriate, to submit the sustainability/corporate responsibility policy for approval. The Committee also monitors that the Company's environmental and social practices are in line with its strategy and policies.
- It is responsible for submitting the Sustainability Principles to the Board for approval.
- Communicating, prior to their submission to the Board of Directors, the reports that the Company makes public in the area of sustainability, including the review of the non-financial information contained in its annual Consolidated Management Report, as well as the publication Sustainability, socio-economic impact and contribution to the UN SDGs and the Sustainable Banking Plan, ensuring the integrity of their content and compliance with applicable legislation and international benchmarks.

### Risks Committee

The Risks Committee<sup>67</sup> is exclusively made up of non-executive directors who possess the appropriate knowledge, skills and experience to fully understand and manage the Bank's risk strategy and risk propensity, in the number determined by the Board of Directors, subject to a minimum of 3 and a maximum of 6, with a majority of members to be independent directors.

The main duties of the Risk Committee include proposing to the Board the Group's risk policy, including ESG risks and, more specifically, climate risks.



<sup>67</sup> Committees of the Board of Directors | CaixaBank



## Management bodies

The management bodies are responsible for the day-to-day management, implementation and development of the decisions taken by the governance bodies, as well as the approval of internal rules, circuits and procedures for the implementation of specific policies and frameworks.

### Management Committee

The Management Committee<sup>68</sup> is the highest management body responsible for approving the main lines of action in matters of sustainability. In view of the growing importance of all aspects of sustainability, a new Sustainability Department was created in 2021, the head of which is a member of the Management Committee.

### Sustainability Committee

The Sustainability Committee is the body reporting to the Management Committee responsible for approving CaixaBank's sustainability strategy and practices and monitoring them, as well as proposing and submitting for approval by the corresponding governance bodies the general policies for sustainability management. Its mission is to help CaixaBank to be recognised for its excellent sustainability management, reinforcing its positioning through its sustainable banking model. The Sustainability Committee reports directly to the Management Committee, which in turn reports, where appropriate, to the Appointments and Sustainability Committee, and the latter to the Board of Directors. In addition, for sustainability risk policies, the Sustainability Committee reports to the Global Risk Committee, which forwards these policies to the Risk Committee and the latter to the Board of Directors. Prior to submission to the Board, the Sustainability Committee has to receive a favourable report from the Management Committee and the Appointments and Sustainability Committee.

Where appropriate, it shall refer matters to the Audit and Control Committee, in accordance with the functions provided for in the By-laws and the Regulations of the Board.

The Sustainability Committee meets on a monthly basis, is chaired by the Sustainability Director, a member of the Management Committee, and is formed by managers from different areas of the Group: Sustainability, Chief Executive Management, Corporate and Institutional Banking (CIB) and International Banking, Compliance and Control, General Risks Division, Communication and Institutional Relations, Finance, Accounting, Management Control and Capital, General Secretary's Office, Media, Head of Human Resources, Internal Audit, CaixaBank Asset Management, VidaCaixa, BPI, MicroBank and CaixaBank Payments & Consumer.

<sup>68</sup> [Management Committee](#)

The Sustainability Committee's primary responsibilities are as follows:

- Overseeing the Bank's Sustainability Master Plan and assessing its degree of compliance, as well as reviewing and proposing the sustainability strategy and associated objectives.
- Monitoring projects and initiatives for the deployment of the Sustainability Master Plan.
- Promoting the integration of sustainability criteria in business management and in all other areas of the Bank.
- Understanding and analysing regulatory requirements, trends and best practices in the sustainability sector.
- Reviewing and approving the information to be disclosed to the market regarding sustainability, submitting it, where appropriate, to the governance bodies prior to publication or disclosure.
- Reporting to the Management Committee on the resolutions of the Sustainability Committee, progress on the implementation of the Sustainability Master Plan, policy proposals for sustainability management, as well as statements and standards.
- Reporting to the Global Risk Committee issues related to sustainability risk management policies, reporting and monitoring of assigned RAF metrics, and periodic reporting related to sustainability risks.
- Reviewing and approving the annual action plan with sustainability analysts. Assessment report for submission to the Management Committee regarding dispute management, in accordance with CaixaBank's procedure for serious ESG disputes approved by the Sustainability Committee itself.
- Promoting training and engagement in sustainability within and outside the organisation.
- Taking decisions on risk-related matters in accordance with the powers defined in the Corporate Sustainability/ESG Risk Management Policy.
- Promoting and ensuring that the implementation of commitments arising from adherence to voluntary sustainability principles is adequate.

## Global Risk Committee

It is responsible for the overall management, control and monitoring of risks that the Group may incur (including sustainability risk, environmental risk and climate risk). It analyses the global positioning of the Group's ESG risks.

This Committee establishes policies to optimise management, monitoring and control of ESG risks within the framework of its strategic objectives.

It brings the risk strategy in line with the Risk Appetite Framework (RAF) established by the Board of Directors, coordinates measures for mitigating non-compliance and reacts to early warnings, in addition to keeping the CaixaBank Board informed.

## Sustainability Department

The duties of this department include coordinating the definition, updating and monitoring of the Group's sustainability strategy, as well as updating the CaixaBank Sustainability Action Principles, which are applicable to all employees, executives and members of governance bodies to ensure that the Bank is transparent, independent and well governed in order to safeguard the interests of people and the territory.

The Sustainability Risk Department is responsible for defining the principles of action in relation to ESG risk management, as well as advising on their application criteria, validating said criteria and transposing them into the corresponding analysis tools. To strengthen climate risk management, the Climate Risk Department was created in January 2022 under the Sustainability Department.

## Sustainability-linked remuneration system

Since January 2022, the variable remuneration of Executive Directors, similarly to the model applicable to the other members of the Group's Identified Staff<sup>69</sup>, has consisted of a risk-adjusted variable remuneration scheme based on the measurement of performance, which is awarded annually on the basis of annual metrics, with a long-term adjustment through the establishment of multi-year metrics.

Annual factors using quantitative (financial) and qualitative (non-financial) corporate criteria are taken into account when assessing performance and evaluating individual results. These must be specified and clearly documented.

Since 2021, sustainability risk factors understood as Environmental, Social and Governance have been incorporated into the General Remuneration Policy. In order to align variable remuneration with sustainability and good corporate governance goals, the weighting of metrics linked to ESG factors (such as sustainability, quality and conduct and compliance) in both annual and long-term variable remuneration schemes increased in 2022. This multi-year variable remuneration scheme in place starting in 2022 (for the executive Directors the Board of Directors, the Identified Staff and the Bank's main executives) includes sustainability criteria among its metrics, with a weight of 25%. For both annual variable remuneration and multi-year variable remuneration, the selected sustainability metric is the mobilisation of sustainable finance, understood as new production. This metric is itself one of the top-level KPIs of the Sustainability Master Plan and the Bank's Strategic Plan, set at €64,000 million cumulatively over the 2022-2024 period.

This objective aims to encourage sustainable investment by private and corporate customers, contributing to the energy transition towards more environmentally friendly production and consumption models and a fairer and more inclusive society, while maintaining excellence in corporate governance. In this way, the bank aims to progressively migrate the balance sheet towards exposures with lower climate, environmental and social risk.



<sup>69</sup> Identified Staff is made up of directors, senior managers or employees whose professional activities have a significant impact on the risk profile of an entity.

# 07

## Risk management

- ▶ ESG materiality assessment
- ▶ Climate risk management





# Risk management

Environmental, social and governance (ESG) risks involve financial and reputational impacts from factors not traditionally considered to be financial. The most significant of these in the short, medium and long term are, potentially, those related to climate change (physical risks) and the fight to avoid it (transition risks).



There are ESG risk factors, especially climate risks, that transfer to traditional risks, such as credit, operational, market, liquidity and business/strategic risk. For this reason, society and businesses regard them as factors in traditional risks rather than as stand-alone or independent risks. Most financial institutions as well as regulators and supervisors have gradually adopted this approach in recent years.

Acute or chronic climatic/meteorological events, changes in regulation, technological development, changes in market preferences, etc. are transposed both micro- and macro-economically through asset values, damages, purchasing power, productivity, prices, etc. to credit, market, liquidity, operational, reputational, business environment and strategic risks.

ESG risks, and climate risks in particular, have specific characteristics that make them difficult to measure and quantify:

- 01 Increased uncertainty as to the timing of possible events or actions.
- 02 Time horizons generally longer in their materialisation than those considered in financial risk assessment and strategic planning.
- 03 Lack of key indicators to support the analysis.
- 04 Methodological limitations due to the fact that historical data are no longer representative of the current climate for the analysis of possible future events.
- 05 Non-linearity of their effects.

There is a growing expectation from regulators and supervisors for entities to integrate ESG and, in particular, climate and environmental factors into their risk management processes.

**Sustainability risk (ESG)** is considered as a cross-cutting factor affecting various risks in the Catalogue (credit, reputational and other operational risks), and mentions of climate change and other environmental risks are also included in the definitions of legal and regulatory risk. Thus, since 2020, climate risk has been incorporated as a level 2 credit risk, and since 2018, environmental risk has been maintained as a level 2 reputational risk. Additionally, since 2021, climate risk has been included as a level 2 operational risk and as a level 2 legal and regulatory risk since 2022. Liquidity and market risks are not explicitly mentioned, given the low level of materiality applicable to them, but it has been assessed that the stress tests carried out are of sufficient magnitude to include climate-related impacts in these areas.

CaixaBank aims to ensure that procedures and tools for the identification, assessment and monitoring of climate risks are applied and integrated into its standard risk, compliance and operational processes.

The Board of Directors approved the **Corporate sustainability/ESG risk management policy**<sup>70</sup> in March 2022. This Policy combines the previous Environmental Risk Management Policy and Corporate Policy on Relations with the Defence sector. CaixaBank is currently reviewing this policy to update it according to best market practices.

<sup>70</sup>Operating principles of the Corporate Policy for managing sustainability/ESG risks

## ESG materiality assessment

Appropriate management of ESG risks - including climate risk - and the calibration of risk in strategic processes depends on the assessment of materiality.

The materiality assessment focuses on qualitative assessment of the main impacts ESG factors might have on the traditional risks, such as credit, liquidity, market, operational, reputational and business/strategic risks, of the portfolios. Additionally, the qualitative analyses have been complemented by quantitative analyses that have confirmed the qualitative findings. However, given the current progress in quantification methodologies and existing data, it is expected that these processes will continue to improve in order to provide increasingly accurate results.

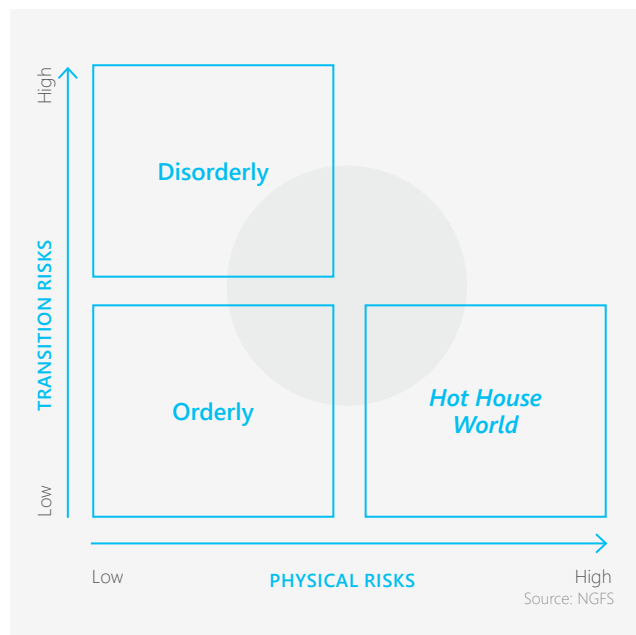
In terms of **dual materiality**, the assessment focuses on outside-in financial materiality. However, an assessment of inside-out<sup>71</sup> materiality has also been launched through the analysis of financed emissions in the Bank's portfolio.

It should be noted that the materiality assessment of ESG risks has been taken into account in the identification and prioritisation phase of the Group's Materiality Analysis.

### Identification and assessment of climate risk

Due to its special characteristics, climate risk is assessed using **climate change scenarios over various time horizons**.

The Network for Greening the Financial System (NGFS) has defined climate scenarios that provide a common starting point for analysing the risks of climate change for the financial system and the economy.



In line with supervisory expectations, CaixaBank has considered the following NGFS climate scenarios in its materiality assessment:

#### Orderly transition:

This scenario implies early implementation of climate policies with increasing depth and scope to reach the 1.5°C target<sup>72</sup>. Physical and transitional risks are both relatively moderate.

#### Disorderly transition:

The disorderly transition scenario involves a significant increase in transition risks due to delays in climate policies or divergences between countries or sectors. This involves measures being adopted from 2030 or at a relatively late stage with respect to the schedules in current climate and environmental regulations. While this increases the transition risk, the physical risk remains relatively low, as the 1.5°C target is achieved.

#### Hot House World (high level of global warming):

This involves the application of very limited climate policies in just a few countries, areas or sectors, so that the global efforts are insufficient to avoid global warming, with resulting incremental and significant physical climate effects. The transition risk is limited in this scenario, but the physical risk is very high, with irreversible impacts.

Out of these three scenarios, CaixaBank has chosen the **orderly transition** as the base case scenario for the materiality assessment, as it is consistent with the Bank's commitments and is currently still the most likely within the European Union. In terms of physical effects, this scenario is equivalent to the SSP1-2.6 scenario<sup>73</sup> proposed by the Intergovernmental Panel on Climate Change (IPCC). However, the need to analyse the compatibility of the current assessment with the SSP2-4.5 scenario<sup>74</sup> is also being considered. To this end, new scientific developments are being closely monitored, pointing to rapid changes in climate that may rule out the 1.5°C scenario, as indicated in several reports<sup>75</sup>.

In the orderly transition scenario, the main climate risk impacts are concentrated in the credit portfolios of legal entities in the long term, as shown in the heatmap in Table 1. The following risks are considered in this analysis:

<sup>71</sup>The inside-out approach focuses on the impact of financial activity on the environment, particularly through the carbon footprint financed. The Metrics and Targets section provides information on the footprint financed and decarbonisation targets.

<sup>72</sup>Objective of limiting the temperature increase to 1.5°C above preindustrial levels by 2100.

<sup>73</sup>IPCC Low Emissions Scenario as defined in [IPCC\\_AR6\\_WG1\\_SPM\\_Spanish.pdf](#)

<sup>74</sup>IPCC Intermediate Emissions Scenario as defined in [IPCC\\_AR6\\_WG1\\_SPM\\_Spanish.pdf](#)

<sup>75</sup>[Long-term low-emission development strategies – UNFCCC 11/2022](#)

 **Credit risk:**

This is the prudential risk that may be most impacted by climate factors - particularly transition factors - in the short, medium and long term:

- **Transition risk:** the macro sectors with the greatest potential to be impacted in the medium and long term are agriculture, energy/services, oil and gas, transport, materials, and mining and metallurgy. Within the sectors with the highest risk, CaixaBank has identified electricity, carbon and oil and gas as the sectors with the highest priority in terms of transition risk. Among the sectors with a medium impact, real estate stands out for its relative exposure. In the short term, the impact of transition risk is considered minor.

This top-down sector view is complemented by a bottom-up approach, based on:

- The segments of activity in each macro sector (value chain).
- The term structure of finance.
- The characteristics and positioning of the main customers, the impact of which may vary considerably, depending on how they incorporate these risks into their strategic vision. More individualised analysis that takes these aspects into account is already being applied in risk approval processes. Likewise, for the mortgage portfolio, the energy efficiency certificate is included in the formalisation process.
- **Physical risk** According to IPCC forecasts, Spain will be one of the regions in Europe potentially most impacted by physical hazards from climate change. However, based on our analysis, the impact on our portfolio is expected to be moderate.
- The impact on the mortgage portfolio is not considered material in the short and medium term, based on the

geographical location of the assets. However, this assessment is complemented by more detailed analysis of the areas with the potential to be most affected, and of the legal entity portfolio (location of infrastructure and sector-specific characteristics such as energy/services, agriculture, oil and gas, and mining).

 **Liquidity risk**

The impact on short-term liquidity risk is not considered material because it is covered by normal short-term liquidity risk management arrangements. There may be some additional impact on the Bank's liabilities in the medium/long term (if companies or households are impacted by climate risks that affect their generation of cash flows and result in lower deposits with financial institutions). This is not currently considered material.

 **Market risk:**

CaixaBank's market risk profile is low. The main objective of the trading portfolio is to manage the risk of customer transactions in the market, mainly derivatives with underlying market assets. The portfolio of bonds and equities is very small and has a very high turnover. Given the immaterial amounts, we consider the impact of ESG risks on market risk to be low. The risk is also mitigated by the inclusion of the fixed income and equity portfolio in the Sustainability Risk Policy.

 **Operational risk:**

The residual risk of damage to the bank's physical assets or other impacts affecting continuity of service is considered low. Climate transition risk arising from the legal and conduct/compliance risk associated with investments and credit exposure to carbon-intensive businesses, as well as from the definition and marketing of sustainable products, may be higher in the medium term. This is due to increased regulatory expectations and market sensitivity in a context where the quality of information and methodologies is still emerging, and may also lead to current decisions being

perceived significantly differently in the future. All this implies a very contained impact in the short term (low materiality), somewhat higher in the medium term (medium-low materiality of transition risks, and low materiality of physical risks) and higher in the long term. This is due to the growing impact of possible extreme weather events (medium-low materiality of physical risks) and a context of increased regulatory requirements as well as expectations from external stakeholders and increased marketing of products and services and issuance of sustainability-related bonds, with possible associated claims/lawsuits that may start to arise, although the potential loss for the bank would occur with a time lag of several years.

 **Reputational risk:**

Reputational risk mainly relates to stakeholder perceptions of CaixaBank's failure to make a significant contribution to the decarbonisation of the economy, or financing sectors or companies with major ESG controversies. Reputational risk is unique in that isolated events - such as a story in the media - can have a disproportionate impact. Therefore, in the short term, there is an inherent risk due to the sensitivity and relevance of these aspects, but the residual risk is considered not to be material due to the control environment in place. In the medium and long term, the risk increases due to the demands of transition processes, which imply a higher likelihood of poor stakeholder perception.

 **Strategic/business profitability risk:**

CaixaBank's business environment and profitability may mainly be affected by transition risk (changes in policies, legislation and regulation relating to decarbonisation of the economy, changes in market sentiment, loss of market share to the detriment of environmentally sustainable financial products, etc.). CaixaBank is actively managing this risk through its strategic positioning under its Sustainability Master Plan and by searching out business opportunities related to the transition. This management mitigates the risk and is therefore considered to be of medium-low materiality.

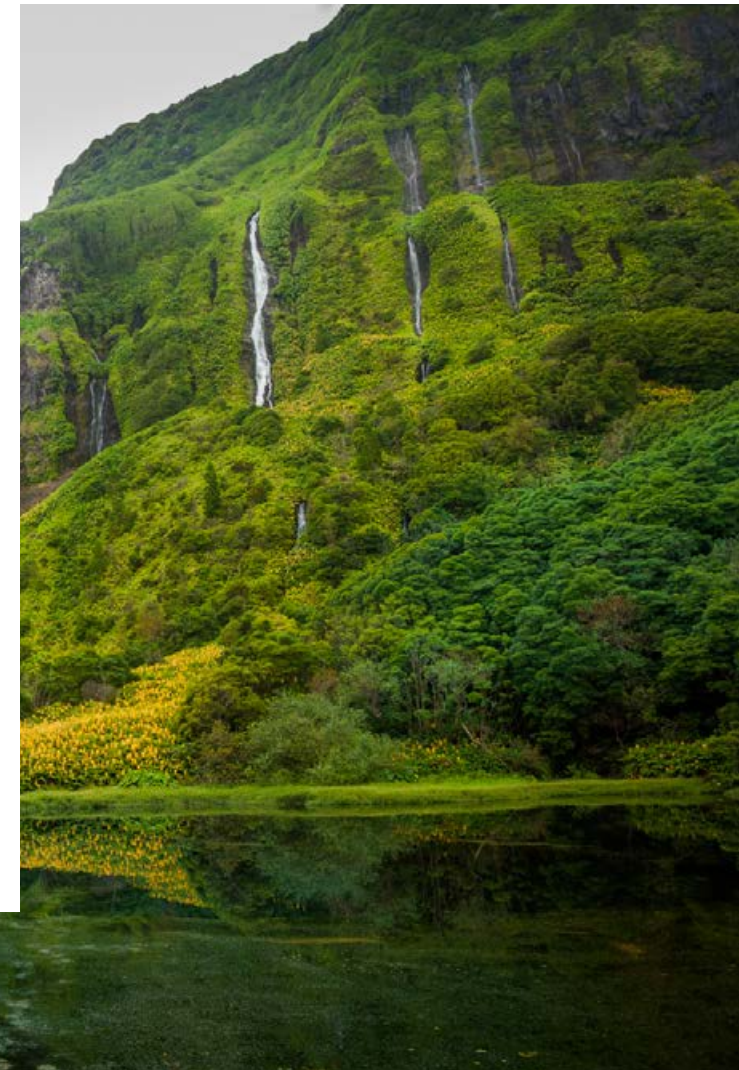


>> TABLE 1. CLIMATE RISK ANALYSIS MATRIX - ORDERLY TRANSITION SCENARIO.

ORDERLY TRANSITION SCENARIO		TRANSITION RISK			PHYSICAL RISKS		
		ST	MT	LT	ST	MT	LT
CREDIT RISK	CIB	●	●	●	●	●	●
	Companies	●	●	●	●	●	●
	Mortgage segment	●	●	●	●	●	●
	Consumer	●	●	●	●	●	●
OTHER RISKS	Market	●	●	●	●	●	●
	Operational	●	●	●	●	●	●
	Reputational	●	●	●	●	●	●
	Liquidity	●	●	●	●	●	●
	Business/strategic	●	●	●	●	●	●

● Low risk    ● Medium-low risk    ● Medium risk    ● Medium-high risk    ● High risk

ST short term (up to 4 years)    MT medium term (4 to 10 years)    LT long term (over 10 years)





The results of the risk analysis in the disorderly transition and Hot House World scenarios are shown below.

>> **TABLE 2. CLIMATE RISK ANALYSIS MATRIX - DISORDERLY TRANSITION SCENARIO.**

DISORDERLY TRANSITION SCENARIO		TRANSITION RISK			PHYSICAL RISKS		
		ST	MT	LT	ST	MT	LT
<b>CREDIT RISK</b>	CIB	●	●	●	●	●	●
	Companies	●	●	●	●	●	●
	Mortgages	●	●	●	●	●	●
	Consumer	●	●	●	●	●	●
<b>OTHER RISKS</b>	Market	●	●	●	●	●	●
	Operational	●	●	●	●	●	●
	Reputational	●	●	●	●	●	●
	Liquidity	●	●	●	●	●	●
	Business/strategic	●	●	●	●	●	●

● Low risk    
 ● Medium-low risk    
 ● Medium risk    
 ● Medium-high risk    
 ● High risk

ST short term (up to 4 years)    
 MT medium term (4 to 10 years)    
 LT long term (over 10 years)

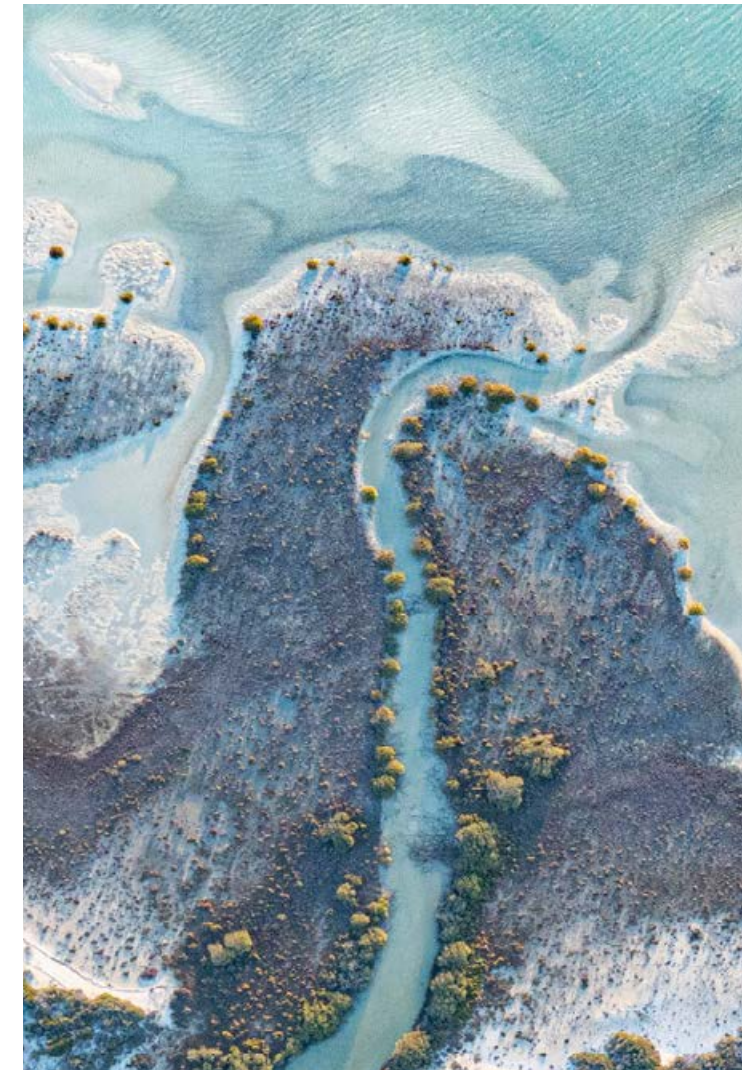


>> TABLE 3. CLIMATE RISK ANALYSIS MATRIX – HOT HOUSE WORLD TRANSITION SCENARIO.

HOT HOUSE WORLD TRANSITION SCENARIO		TRANSITION RISK			PHYSICAL RISKS		
		ST	MT	LT	ST	MT	LT
CREDIT RISK	CIB	●	●	●	●	●	●
	Companies	●	●	●	●	●	●
	Mortgages	●	●	●	●	●	●
	Consumer	●	●	●	●	●	●
OTHER RISKS	Market	●	●	●	●	●	●
	Operational	●	●	●	●	●	●
	Reputational	●	●	●	●	●	●
	Liquidity	●	●	●	●	●	●
	Business/strategic	●	●	●	●	●	●

● Low risk    ● Medium-low risk    ● Medium risk    ● Medium-high risk    ● High risk

ST short term (up to 4 years)    MT medium term (4 to 10 years)    LT long term (over 10 years)



OPPORTUNITIES ARISING FROM CLIMATE CHANGE

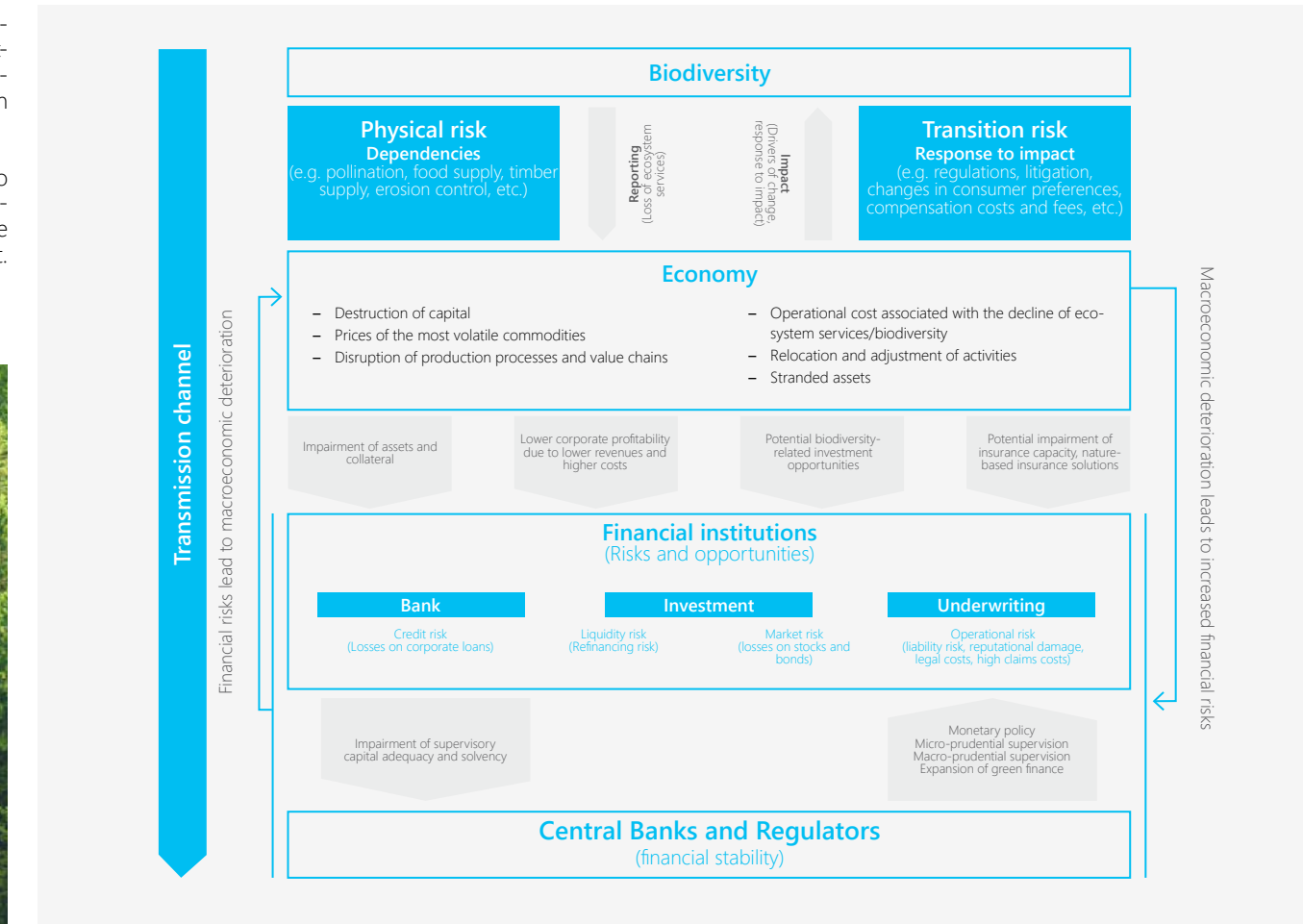
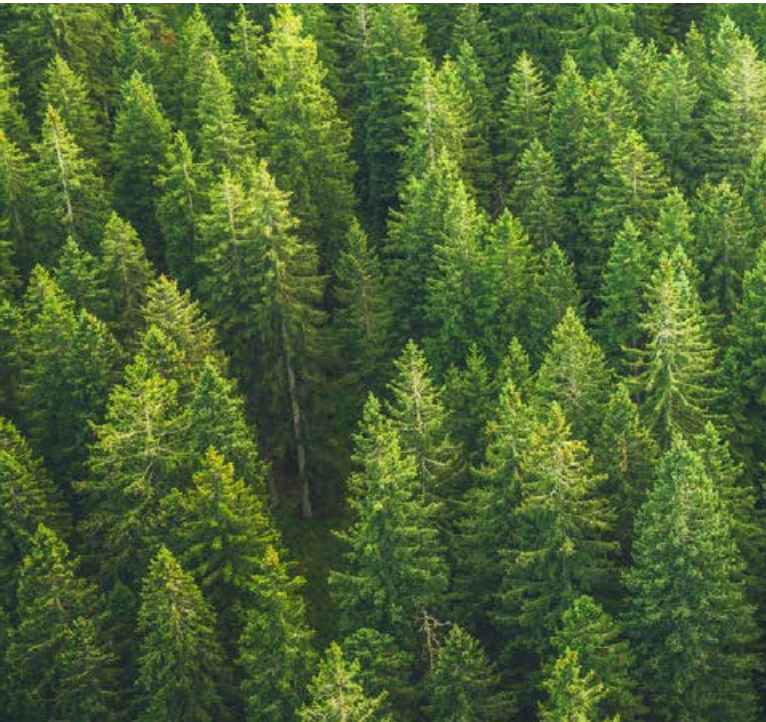
- **Offers new avenues for financing sustainable projects:** loans linked to sustainability variables, green loans, renewable energies, financing of energy-efficient buildings and renovations that improve the energy efficiency of buildings and homes, eco-financing and sustainable mobility.
- **Broadening the investor base,** with a specific mandate to make a positive contribution to the fight against climate change, investing in green bonds.
- **Channelling savings and investment** of individual customers into investment products, funds and plans that promote a positive contribution to the fight against climate change.
- **Positive reputational impact** derived from proper climate risk management (positive investor and consumer sentiment).
- **Public commitment and transparency in reporting to the market** (adaptation of the regulatory framework, social sensitivity to these risks and best market practices).



## Identification and assessment of other nature-related risks

The analysis of non-climate change environmental risks has focused on impacts on nature (loss of biodiversity, water, deforestation, pollutants, etc.). This analysis is considered of particular relevance due to its close link with climate change and the transition to a decarbonised economy.

For this analysis, a methodology has been used that is similar to that of climate risk analysis, in which a distinction is made between **physical and transition risks**, related respectively to the direct impact of damage to nature and the struggle to avoid it. Both types of risks have an impact on the main prudential risks.



Source: NGFS<sup>76</sup>

<sup>76</sup> NGFS Occasional Paper: "Central banking and supervision in the biosphere: An agenda for action on biodiversity loss, financial risk and system stability. Final Report on the NGFS-INSPiRE Study Group on Biodiversity and Financial Stability".

Under these criteria, the main impacts of these other environmental risks are concentrated in the medium and long term in the legal entity portfolio, and in reputational risks.

Nature can impact credit risk through 5 drivers: Changes in land use, use and exploitation of natural resources, climate change, pollution and invasive species.

#### Credit risk:

Impact is particularly relevant in corporate and business credit portfolios, affecting sectors dependent on natural capital (agriculture), primary sectors (food, construction, energy, transport) and those with the greatest negative impact on biodiversity (extractive and energy).

#### Market risk

Market risk is not material due to the small size of CaixaBank's bond and equity portfolio.

#### Liquidity risk

Liquidity risk is not material in the short term. In the medium/long term it may have some additional impact on liabilities, but today it is also considered not a material risk.



#### Operational risk

The risk of damage affecting continuity of service is considered low.

#### Reputational risk

Reputational risk is considered material at all time horizons. It is linked to stakeholder perception that CaixaBank does not contribute to the mitigation of risks related to nature or to the financing of customers with relevant disputes, with the unique fact that isolated events may have a certain impact.

#### Business/strategic risk

CaixaBank's business environment and profitability may be affected mainly by transition risk. Risk is actively managed through strategic positioning (Sustainability Master Plan) and by searching out business opportunities related to the transition.



>> TABLE 4. ANALYSIS MATRIX FOR OTHER ENVIRONMENTAL RISKS: NATURE

	TRANSITION RISK			PHYSICAL RISK		
	ST	MT	LT	ST	MT	LT
<b>CREDIT RISK</b>						
CIB	●	●	●	●	●	●
Companies	●	●	●	●	●	●
Mortgage segment	●	●	●	●	●	●
Consumer	●	●	●	●	●	●
<b>OTHER RISKS</b>						
Market	●	●	●	●	●	●
Operational	●	●	●	●	●	●
Reputational	●	●	●	●	●	●
Liquidity	●	●	●	●	●	●
Business/strategic	●	●	●	●	●	●

● Low risk   
 ● Medium-low risk   
 ● Medium risk   
 ● Medium-high risk   
 ● High risk

ST short term (up to 4 years)   
 MT medium term (4 to 10 years)   
 LT long term (over 10 years)

Following the assessment of these risks and given their lesser materiality, the phased roll-out of ESG risk management at CaixaBank has prioritised climate risks, as detailed in the following section (see Climate risk management). In future phases, the nature-related risks will be analysed in further detail; they are, however, already being actively managed through the following levers:

- Incorporation into risk approval processes through application of the Corporate Sustainability/ESG Risk Management Policy.

**The environmental risks covered by CaixaBank's Corporate Sustainability/ESG Risk Management Policy include natural heritage and biodiversity.** CaixaBank recognises that the economic activities of its customers may have substantial impact on areas of high biodiversity value, sensitive ecosystems, areas susceptible to water stress, or national and internationally protected areas. The Bank therefore includes this consideration in its sustainability risk management, with the aim of minimising the impact of its portfolio on the natural environment. More details on the Policy are included in the following section.

- Application of the Equator Principles to specific operations, with potential environmental and social risks, including those related to human rights, climate change and biodiversity. Management and outreach regarding climate risks and opportunities: **CaixaBank also intends to align disclosure on nature-related risks and opportunities with the recommendations of the Taskforce on Nature-related Financial Disclosure (TNFD)** scheduled for the end of 2023. In this regard, in 2022 and 2023 CaixaBank is participating in one of the pilot projects launched by TNFD and coordinated by UNEP FI, which is working on the draft TNFD framework.





## Climate risk management

The phased deployment of ESG risk management at CaixaBank has prioritised climate risks, based on the assessment of the materiality of ESG risks and their relationship with traditional risks.

CaixaBank is implementing climate risk management and analysis in accordance with best market practices, the regulatory framework, the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and the European Commission's Non-Financial Reporting Directive (NFRD).

The supervisory expectations for risk management and communication contained in the November 2020 European Central Bank (ECB) Guidance on Climate-Related and Environmental Risks are also particularly relevant, with action plans and implementation schedules to ensure alignment of processes with supervisory expectations.

Thus, in general terms, the actions outlined below are aimed at integrating ESG risks into the organisation's overall risk management.

### Corporate sustainability/ESG risk management policy

The Board of Directors approved the **Corporate Sustainability/ESG Risk Management Policy**<sup>77</sup> in March 2022. This Policy combines the previous Environmental Risk Management Policy and Corporate Policy on Relations with the Defence sector, establishing criteria for ESG analysis in the Entity's customer admission and lending approval processes.

The Corporate ESG/Sustainability Risk Management Policy<sup>78</sup> regulates the management of ESG risks, including climate risks, in admission and monitoring processes. The Policy includes the following **lines of action**:

#### 01

Define and manage an internal ESG risk management plan in line with Group strategy.

#### 02

Define and manage implementation of a framework of admission, monitoring and mitigation policies to maintain a risk profile in line with this strategy.

#### 03

Develop the analysis tools for ESG risks needed for decision-making in customer and risk approval processes, for both corporate and project formats.

#### 04

Monitor actions and operations with a potential significant impact on ESG risks.

#### 05

Incentivise practices to mitigate ESG risks in portfolios within the scope of application of this Policy, and other types of actions (such as issuance of green and social bonds).

#### 06

Promote the implementation of systems to identify, score and measure exposure to ESG risks, in accordance with developments in the regulatory framework, social sensitivity to these risks and best practices in the market.

#### 07

Assign roles linked to ESG risk management in the current organisational structure, with the necessary segregation of functions to maintain independence between the areas responsible for the processes of defining strategy, analysis and approval of operations, and the monitoring and control of these risks.

#### 08

Establish a system of powers for the admission of ESG risks that enables incorporation in an agile but robust manner into ordinary decision-making processes.



<sup>77</sup> [Operating principles of the Corporate Policy for managing sustainability/ESG risks](#)

<sup>78</sup> The Policy is corporate, so that the Group companies concerned have adhered to or approved their own policies, as is the case of Banco BPI, VidaCaixa and CaixaBank Asset Management.

The Policy establishes general and sector exclusions linked to activities that may have a significant impact on human rights, the environment and the climate. CaixaBank will not assume credit risk in activities involving these exclusions. General exclusions apply to all customers, while sectoral exclusions apply to certain activities in the defence, energy, mining, infrastructure and agriculture, fishery, livestock and forestry sectors.

The following **restrictions on finance** are significant in the **energy sector**<sup>79</sup>:

**Oil**

Companies with >50% of revenue from exploration, extraction, transportation, refining, cokeries and power generation from oil, unless they are promoting the energy transition through a robust transition strategy or their operations are geared towards financing renewable energies.

Medium-term lending requested by new or existing customers for exploration, extraction, transportation, refining, cokeries or oil-fired electricity generation.

**Gas**

Companies with >50% of revenue from exploration, extraction/production, liquefaction, transportation, regasification, storage and electricity generation from natural gas, unless they are promoting the energy transition through a robust transition strategy or their operations are geared towards financing renewable energies.

Long-term lending requested by new or existing customers for exploration, production, liquefaction, transport, regasification, storage or generation of electricity from natural gas.



<sup>79</sup> Additionally to the intrinsic constraints on funding for these sectors in order to meet the decarbonisation targets set out in the NZBA framework (see section Metrics and targets).

<sup>80</sup> CaixaBank will stop financing thermal companies involved in thermal coal activities (clients whose revenues from thermal coal mining and/or coal-fired power generation exceed 5% of the total), reducing its exposure to zero by 2030. CaixaBank will continue financing the transition to a carbon-neutral economy and supporting clients committed with a coal phase out by 2030.

For the coal sector, restrictions included in the Policy do not correspond to the Bank's current restrictions following the publication of the 2030 coal phase-out<sup>80</sup>. CaixaBank is currently reviewing this policy to update it based on best market practices and the new exclusions published.

CaixaBank will not accept credit risk in new projects related to: oil and gas exploration or production in the Arctic region; tar sands; fracking; construction, development or expansion of coal-fired power plants; coal mining involving mountaintop removal; or construction, development or expansion of nuclear power plants.

The scope of this Policy includes: (i) the admission of new loans and guarantees; (ii) purchasing of fixed-income and equity securities; and (iii) investment in companies through the investee portfolio.

This analysis process also includes issues relating to categorisation and compliance in relation to the Equator Principles, to which CaixaBank became a signatory in 2007.

Additionally, the Bank is implementing the Corporate Sustainability/ESG Risk Management Policy, which was approved by the Board of Directors in March 2022. Since its approval, CaixaBank has been analysing its portfolio of customers with the highest inherent ESG risk in order to comply with its ESG risk management commitments and, in particular, the exclusions set out in the policy relating to the defence sector, high environmental risk and human rights (including employee health and safety). This means that a holistic due diligence analysis of customers with an ESG vision is being carried out.

Thus, during the first half of 2023, CaixaBank has begun a process of prioritising the customers in its portfolio, starting with customers linked to the defence sector and customers with tax domicile in high-risk countries from the perspective of sustainability.

Additionally, when an asset transaction is requested and provided that the requirements established for the implementation phase applicable at any given time are met, an environmental and social risk analysis is performed, which incorporates not only aspects strictly defined in the policy, but also others related to the company's control environment in the ESG area, the existence or not of environmental and social controversies, its decarbonisation strategy, as well as compliance with the Equator Principles, where applicable. As a result of this analysis, an Environmental Risk sanction is issued, which may be decisive for the approval of the risk.

Lastly, in 2022, classroom training was provided in all the Risk Approval Centres and the international branches with the aim of updating both the criteria based on the new policy and the levels of decision-making authority to sanction autonomously, with those cases that exceed this level of authority being passed on to the team of specialised analysts in the ESG Risk Management area within the General Risks Division.

## ESG controversies management circuit

In 2023, CaixaBank approved a new circuit for intra-CaixaBank Group coordination in relation to serious ESG controversies linked to companies with which the Group has or seeks to have a position and which may potentially involve a violation of the Corporate Sustainability Risk Management Policy or other responsible policies.

To this end, a delegated Working Group of the Sustainability Committee has been set up to analyse and give an opinion on the seriousness of the potential violation. Alerts on potential disputes may come from external or internal sources.

This Working Group analyses any alert corresponding to issuers with which CaixaBank has an active position of its own (ALM, Treasury & Funding or investee); has a contractual relationship; is a customer or is in the process of being studied and/or is in the active positions of customers with advised portfolios. Following this analysis, the Working Group decides or submits for decision to the Sustainability Committee (or Management Committee) the seriousness of the controversy and proposes response strategies for each of the Units of the Group with a position in the company related to the dispute.



## Equator Principles

The Equator Principles were established to identify, assess and manage potential environmental and social risks, including those related to human rights, climate change and biodiversity.

### Scope

- Project financing and financial advice services for projects with minimum investment of US\$10 million.
- Corporate loans linked to investment projects where the aggregate amount is at least US\$50 million, CaixaBank's individual commitment is at least US\$50 million and the term of the loan is 2 years or more.
- Bonds linked to projects with a value of US\$10 million or more.
- Bridging loans with a term of less than 2 years to be refinanced through project finance or a corporate loan linked to a project that meets the above criteria.
- Refinancing and acquisition of projects that meet certain requirements (the original project was financed under the Equator Principles, there have been no material changes to the scope of the project, and the project has not been completed at the time of arrangement of the finance).

CaixaBank voluntarily applies this procedure to syndicated operations with a term of 3 years or more in which its individual commitment is between €7 million and €35 million. This procedure applies to other operations to finance investment projects with a minimum term of 3 years for a minimum of €5 million when the borrower is a medium-large, large or very large legal person.

### Scope of application

- Projects entailing potentially significant and irreversible risks or impacts for which no viable action plan can be envisaged, or that conflict with corporate values, are rejected.
- In other instances, an independent expert is appointed to evaluate each borrower's social and environmental management plan and system. Projects are classified into categories A, B and C depending on the potential risks and impacts detected during the due diligence process, which involves teams from the sales and risk areas, and independent external experts.

In 2022, CaixaBank financed **7 projects with total investment of €22,965 million, with its share being €1,286 million**. The assessment for the classification of the projects is performed with an independent expert.

The operations financed are shown in the following table:

	2022		2021	
	Units	€Mn	Units	€Mn
<b>Category A</b> <sup>36</sup>	1	536	0	0
<b>Category B</b> <sup>37</sup>	2	439	10	843
<b>Category C</b> <sup>38</sup>	4	311	0	0
<b>Total</b>	<b>7</b>	<b>1,286</b>	<b>10</b>	<b>843</b>

<sup>36</sup>Projects with potentially material environmental/social impacts.

<sup>37</sup>Projects with limited and easily mitigated potential ESG impact.

<sup>38</sup>Projects with minimal or no adverse social or environmental impacts, including certain financial intermediary projects with minimal or no risk.



## New measurement framework and scenario analysis

### Qualitative scenario analysis and climate stress exercises

CaixaBank also performs scenario analysis for climate risks at the qualitative level in the form of heatmaps.

The **qualitative analysis** for transition risk focused initially on identifying the segments potentially most affected by such risk in the sectors with material risks in the portfolio. In particular, the analysis to date has been carried out for the **most emission-intensive sectors: energy (oil and gas and power sector), transport, construction, cement, iron and steel, aluminium and agriculture**. This has involved identifying the greatest impacts by studying the main risk variables and establishing heatmaps over various time horizons (2025, 2030, 2040 and 2050) for transition scenarios compatible with our decarbonisation com-

mitments (1.5°C scenarios in geographies committed to net-zero emissions in 2050). The heatmaps for these sectors incorporate an analysis broken down by activity at the CNAE level within the value chain of each sector.

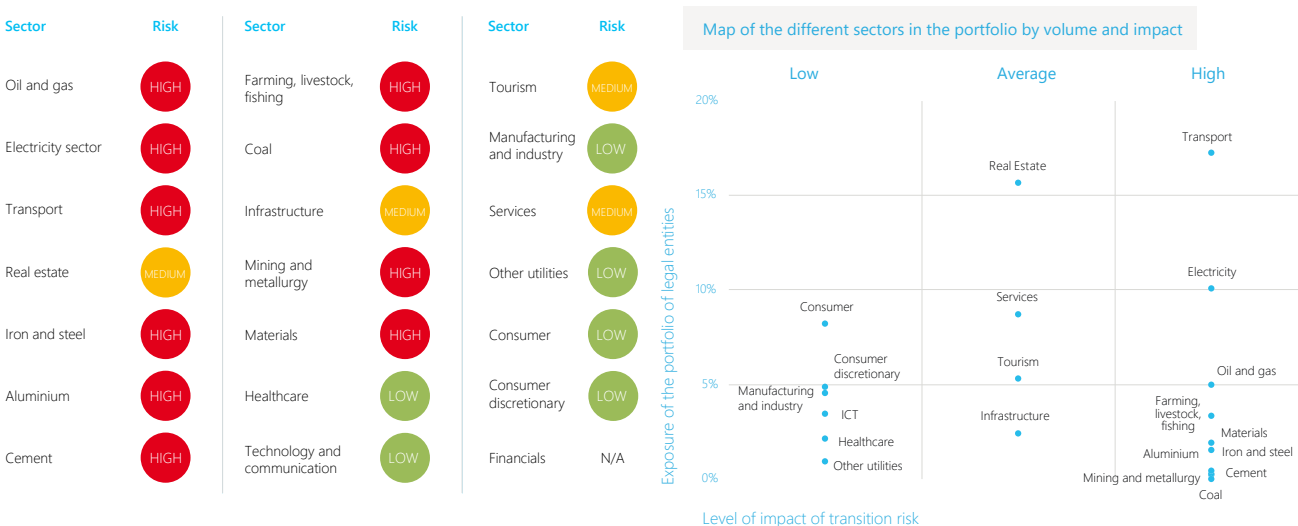
Regarding the assessment of the **physical risks derived from climate change**, and given that Spain is one of the regions in Europe potentially most impacted by the physical risks of climate change, a **qualitative analysis** has been carried out on both the **mortgage guarantee portfolio** and the legal entity portfolio **according to the economic activity** of the customers. The impact is considered to be of low materiality on the mortgage portfolio, as the mortgage collateral is mainly located in low-risk areas (urban environment). With regard to climate events' impact on companies' financial statements, the probability of which depends on the location of production sites and the nature of the activity, the sectors most affected are agriculture (droughts), construction (heat waves) and transport (coastal flooding). Among

the sectors with the greatest exposure at CaixaBank, construction is the one most affected by physical risks. The quantitative analysis performed on these portfolios confirmed the conclusions of the qualitative analysis.

In terms of **credit risk**, CaixaBank took part in the ECB **climate stress test** conducted in the first half of 2022. This exercise is a major step forward in the management of climate risk and as a basis for its quantification. This climate stress exercise is aligned with the ECB's guide on climate-related and environmental risks and is an important tool for the management of climate risk.

Simultaneously, extreme operational risk scenarios have been defined, related to both physical risks, assessing the potential damage of certain meteorological events to tangible assets, and transitional risks, through potential sanctions for non-compliance with sustainability disclosure regulations, both resulting in a limited impact.

>> FIGURE 1: TRANSITION RISKS BY SECTOR<sup>81</sup>



<sup>81</sup> The sectoral view may differ from other published sectoral views given the particular methodological choices for each analysis.

## Development of a quantitative measurement and monitoring framework

The **quantitative analysis** exercises carried out as part of the UNEP FI pilot (TCFD Banking Pilot) and using the predictions of the REMIND model of the Potsdam Institute for Climate Impact Research (PIK), IAM model (Integrated Assessment Models), have been taken as the basis for the recurrent deployment of climate risk analysis in the Bank.

In this regard, CaixaBank has developed a framework for measuring both physical and transitional climate risks and has begun to integrate them into its monitoring of the credit portfolio in 2022. This framework is the basis for future developments, such as the quantification of economic capital requirements related to these risks. The measurement framework covers a wide range of physical hazards, including forest fires, river and coastal floods, droughts and heat waves. It takes into account the impact of the occurrence of such events on the value of mortgage collateral and on the economic activity of customers. It also addresses the transition risk in the credit quality of companies, considering carbon emissions, prices, decarbonisation pathways and investments needed for the transition, as well as the impact of higher production costs on turnover and margins. Finally, the framework includes a tool to quantify the impact of the transition on mortgage guarantees, assuming that less energy efficient properties will be less attractive in the future.

Climate change related risks are inherently uncertain. They will depend, among other factors, on the policies that are adopted globally. They are also characterised by a long-term time horizon. Moreover, they cannot be modelled solely on the basis of historical experience and will therefore be based on forward-looking tools. It is in this context that the measurement framework has had to be constructed in order to be able to analyse different scenarios and long time horizons.

## Source of data used in the measurement

CaixaBank is currently using different data sources to measure climate and environmental risks:

### Customer data:

- Internal at counterpart level: customer information is collected as part of the approval process, through a questionnaire mainly covering the carbon footprint, ESG information relating to sectoral and general exclusions, climate transition plans, impact assessments and associated mitigation plans.
- Internal, mainly at the level of physical assets: 1) project finance, asset finance and corporate projects where there is environmental due diligence to assess the environmental impact of the project and 2) the new mortgage business where energy performance certificates (EPC) are obtained.
- Public: reports published by customers and available information related to potential environmental claims are analysed.

### Data from external suppliers:

- ESG rating agencies.
- Provided by public agencies/research institutes such as UNEP FI (United Nations Environment Programme Finance Initiative), IPCC (Intergovernmental Panel on Climate Change), IEA (International Energy Agency), PIK (Potsdam Institute for Climate Impact Research) and INE (National Statistical Institute).

CaixaBank has identified data availability as one of the main areas of work to strengthen sustainability risk analysis. A comprehensive sustainability data model project is being developed as

part of the Sustainability Master Plan. It is a cross-cutting project and focuses on sustainability data needs at the corporate level. Functional requirements are currently under development with the aim of achieving an environment of strategic reporting and data management bolstered by the system. In addition to system improvements within the scope of the data model, other initiatives have been undertaken to obtain data in bulk from external databases/suppliers, e.g. obtaining the energy performance certificate (EPC) for the real estate portfolio stock, including the use of proxies for cases where EPCs do not exist or are not available.

## Climate risk metrics

Management of the loan portfolio seeks to align indirect impact on climate change with our risk appetite and commitment to sustainability objectives. For this purpose, **since 2018, the Bank has been measuring credit exposure to economic activities that are considered CO<sub>2</sub>-intensive.**

The main metric is based on the definition suggested by the TCFD. This facilitates comparability and includes exposure to assets linked to the energy and utilities sectors, excluding water and renewables ("Carbon Related Assets", as defined in the implementation of the TCFD recommendations). Since 2018, this exposure has represented around 2% of our total portfolio of financial instruments. In 2022, exposure to CO<sub>2</sub>-intensive sectors remained at around 2% of the total 2021 portfolio.

In addition, metrics related to climate risk, published in the Pillar 3 Disclosures, are monitored, and a metric has been incorporated in the RAF that aims to monitor the concentration of the portfolio in carbon-intensive sectors<sup>82</sup>.

<sup>82</sup> For more details, see the section on Metrics and Targets.

# 08

## Metrics and targets

- ▶ Mobilisation of sustainable finance
- ▶ Inclusive finance



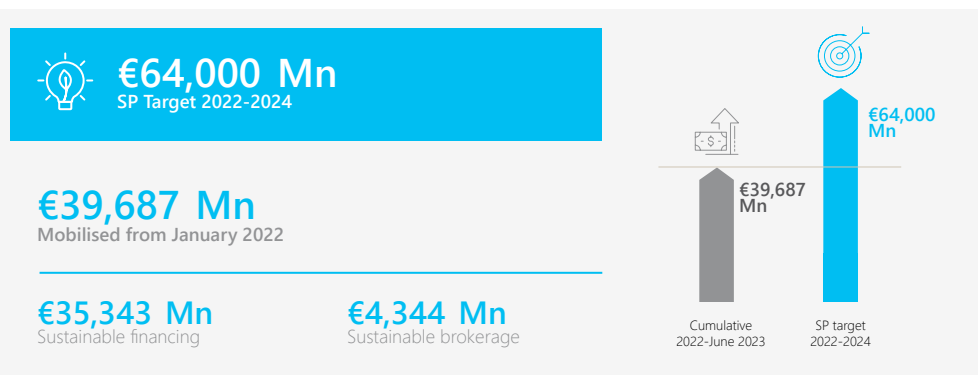


# Metrics and targets

## Mobilisation of sustainable finance

Integration of ESG (environmental, social and governance) criteria into CaixaBank's activity, together with traditional financial and risk criteria, enables the Bank to offer customers long-term financing, investment and savings products that contribute to **preventing and mitigating climate change, and to driving the transition to a carbon-neutral economy and social development**, in line with CaixaBank's sustainable banking model.

The third strategic line of the Strategic Plan 2022-2024 has the aim of consolidating CaixaBank as a benchmark in sustainability in Europe, and one of the initiatives to achieve this is to promote and offer sustainable solutions in financing and investments. CaixaBank has set itself the objective of mobilising €64,000 million<sup>83</sup> in sustainable production over the 2022-2024 period for its business in Spain.



## Sustainable financing

CaixaBank has teams specialising in the corporate, institutional and international banking segments for infrastructure, energy and sustainable financing projects, as well as in the real estate, agriculture, business banking and private banking businesses.

### 2022

During 2022, **CaixaBank promoted the financing of sustainable activities**, granting €20,633 Mn.



### First half of 2023

In 2023, CaixaBank published the Guide for Identifying Sustainable Financing<sup>85</sup>, which aims to define the criteria for considering CaixaBank's financing arrangements for individuals and companies as sustainable, as well as their contribution to the SDGs.

During the first half of 2023, CaixaBank promoted the financing of sustainable activities, granting €14,710 Mn.

<sup>83</sup> The amount of sustainable finance mobilised includes: i) Sustainable mortgage financing ("A" or "B" energy efficiency certificate), financing for the energy rehabilitation of housing, financing of hybrid/electric vehicles, financing of solar panels, agricultural eco-financing and microcredits granted by MicroBank; sustainable financing for companies, property developers and CIB&IB. The amount employed for the purpose of mobilising sustainable financing is the risk limit formalised as part of sustainable financing transactions for customers including long-term, working capital and signature risk. Also considered are renewal transactions and the tacit or explicit renewal of sustainable financing; ii) CaixaBank's proportional share in the issue and placement of sustainable bonds (green, social or mixed) by customers; iii) Net increase in Assets under management at CaixaBank Asset Management as regards products classified under Articles 8 and 9 of the SFDR regulations (includes new funds/merger of funds registered as per Articles 8 and 9, plus net contributions – contributions less withdrawals – including the market effect on the valuation of units); Gross increase in assets under management at VidaCaixa in relation to products classified under Articles 8 and 9 of the SFDR (includes gross contributions – without considering withdrawals or market effect – to Pension Funds (FFPP), Voluntary Social Welfare Schemes (EPSV) and Unit Linked classified as per Articles 8 and 9 under SFDR.

<sup>84</sup> Development activity contributed €1,098 Mn.

<sup>85</sup> [Guide for Identifying Sustainable Financing](#).

## Green financing

Green financing is funding that has a **positive environmental impact** and is underpinned by eligible projects or assets, including, but not limited to: renewable energies, energy efficiency, sustainable transport, waste treatment and sustainable building.

Eligible forms of green finance include loans that comply with the Green Loan Principles (GLP) issued by the Loan Market Association (LMA), so-called "Green Loans".

### 2022

In this type of financing, noteworthy new operations in 2022 include financing for Iberdrola with Cesce's Green Guarantee (the first operation with this guarantee), Aqualia's syndicated loan (the largest green financing in Spain in 2022) and the financing lines for working capital and foreign trade of Solarpack, which CaixaBank advised on its green financing framework.

### First half of 2023

Of note in this period were transactional banking operations such as factoring, reverse factoring, trade financing lines and guarantees for companies such as Greenery, as well as the factoring and guarantee line for Ecoembes.

Also particularly noteworthy was the granting of the Bank's largest green loan operation of the year in the real estate sector, with loans to Greystar and Vía Célere amounting to €200 million, for the acquisition and management of residential developments.

In addition, CaixaBank also stepped up financing for individuals in sustainable products, for a value of more than €200 million, with a focus on sustainable mobility and homes, both through the CaixaBank channel and through agreements with retailers and point-of-sale establishments.



### Financing by category

<b>38.0%</b> (€3,065 Mn) Renewable energies	<b>3.9%</b> (€311 Mn) Infrastructure
<b>43.7%</b> (€3,532 Mn) Real Estate	<b>3.8%</b> (€310 Mn) Transport
<b>9.8%</b> (€791 Mn) Other	<b>0.8%</b> (€65 Mn) Agriculture



### Financing by category

<b>60.8%</b> (€3,259 Mn) Energy	<b>8.0%</b> (€430 Mn) Infrastructure
<b>24.4%</b> (€1,310 Mn) Real Estate	<b>3.7%</b> (€200 Mn) Transport
<b>1.1%</b> (€60 Mn) Other	<b>2.0%</b> (€101 Mn) Circular economy



## Renewable energies

As part of its commitment to the fight against climate change, CaixaBank supports the financing of renewable energy projects to move towards decarbonisation of the economy.

2022

### > Project finance

As part of its commitment to the fight against climate change, **CaixaBank supports environmentally friendly initiatives that contribute to preventing and mitigating climate change and that foster the transition to a low-carbon economy**, through the financing of renewable energy in particular. Project finance for the financing of renewable energy projects plays an important part in this.



6

New projects awarded  
29 in 2021



€948 Mn

Granted in 2022  
€1,706 Mn in 2021



Which translates into  
5,291 MW

of installed renewable energy capacity  
6,350 MW in 2021



80.7%

of this financing has been earmarked  
for wind energy projects

### > Corporate loans

In addition to renewable energy project finance transactions, the Entity has also granted targeted corporate financing for **investment in renewable energies**.



€2,047 Mn

Granted  
in 2022

### > Financing of solar panels

In 2022, the Bank also extended €70 million in loans to individuals for the installation of solar panels.



€70 Mn

Granted  
in 2022





## Real estate business

The Bank takes into account in this category those **environmentally sustainable operations for which it has documented evidence in the form of an energy efficiency certificate with an A or B rating**. CaixaBank collects said information and documents related to energy certification when transactions are being arranged.

2022

### > Green mortgages

In 2022, €880 million in mortgage loans were granted to individuals on homes with an A or B energy efficiency rating.

### > Financing of energy efficient buildings

Operations are considered environmentally sustainable if there is documentary evidence of an energy efficiency certificate with an A or B rating. CaixaBank collects information and documents related to energy certification when transactions are being arranged.



€880 Mn

Granted  
in 2022



€1,098 Mn

Promotions arranged expected  
to be rated A or B  
in 2022



€1,098 Mn

Financing for  
commercial real estate  
in 2022



€456 Mn

Financing for  
non-commercial real estate  
in 2022

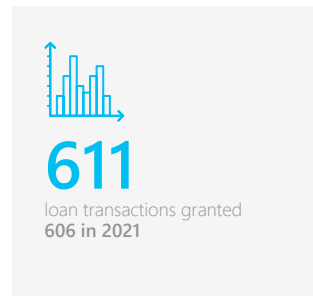
## Eco-financing

CaixaBank also has **specific financing facilities** to help borrowers purchase the most environmentally-friendly vehicles and household appliances, and for home refurbishments to make them more energy efficient. It also fosters investments that improve the efficiency of resources or lower environmental impact.

The Bank offers a **specific eco-financing (ecoFinanciación) facility for agricultural projects** related to energy efficiency, efficient use of water, organic farming, renewable energies, waste management and development of rural communities.



## 2022



➔ See AgroBank's value creation model.



## Loans referenced to sustainability variables

These are loans linked to ESG indicators where the conditions will vary depending on the achievement of sustainability objectives. In most operations, an external advisor assesses target-setting, following the recommendation of the Sustainability-Linked Loan Principles.

## 2022

In 2022, CaixaBank led major and debut transactions such as those of Balearia, Tendam and Hispasat, and the Bank continued to innovate in financing products, with solutions such as Endesa's sustainable supply chain reverse factoring, renamed as the first circular reverse factoring.



## First half of 2023

In the first half of 2023, CaixaBank led major transactions in transactional banking, such as the Valls Group's working capital positions of more than €200 million, which incorporate three ESG indicators: sustainable soya, CO<sub>2</sub> emissions and employee training. Also of note are the Endesa Group's factoring and guarantee limits of more than €3,700 million.

CaixaBank also participated in the largest syndicated transaction in the first half of the year linked to sustainability criteria, a €1,500 million credit line for Enagás.



## Social financing

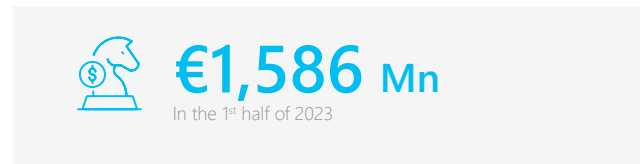
This mainly corresponds to social financing granted to the public sector and to microcredits and other impact financing granted by MicroBank.

2022



## First half of 2023

Of note in the first half of 2023 was the boost in social financing for the public sector and non-profit organisations, particularly the reverse factoring operations with the Generalitat Valenciana, which have an impact on healthcare, public education and social inclusion, as well as the factoring for Accem, which has an impact on refugees at risk of social exclusion. In addition, in relation to long-term financing, a relevant transaction has been agreed with the Community of Madrid for a total of €400 million, which will have a positive impact on matters related to health and public education.



### Incentive mechanism for the origination of sustainable transactions (green and social)

CaixaBank has a Financing Framework linked to the SDGs<sup>86</sup>, as part of which it issues financial instruments, such as bonds, which finance the bank's green, social and/or sustainable financing activities. To promote the origination of green/social/sustainable transactions by the Bank's business teams, the Bank has an internal incentive mechanism in place to promote sustainable financing. The use of this incentive for green assets came into effect in 2022 and its extension to social assets will come into effect in 2023.

### Awards and recognition

CaixaBank's commitment to **mobilising funds for sustainable financing** to drive the transition to a carbon neutral and socially equitable economy has resulted in it receiving the following awards:

## 2022

### REFINITIV

REFINITIV RECOGNISES CAIXABANK IN ITS "LEAGUE TABLE" AS:

- 16th** bank in the world – Global Top Tier Green & ESG Loans
- 3** EMEA bank - EMEA Top Tier Green & ESG Loans

### Bloomberg

BLOOMBERG RECOGNISES CAIXABANK IN ITS LEAGUE TABLE AS:

- 3** bank in the world - Top Tier Green Use of Proceeds
- 1** EMEA bank - EMEA Top Tier Green & ESG Loans

## First half of 2023

### REFINITIV

- ↑3** bank in the world – Global Top Tier Green & ESG Loans
- ↑1** EMEA bank - EMEA Top Tier Green & ESG Loans

<sup>86</sup> [CaixaBank Sustainable Development Goals \(SDGs\) Funding Framework](#).



## Sustainable brokering

2022

 **€2,950 Mn**

**€1,134 Mn<sup>87</sup>**  
Participation in the placement  
of sustainable bonds  
(excluding own issues)

**€1,816 Mn**  
Increase in sustainable assets  
under management

First half of 2023

 **€1,394 Mn**

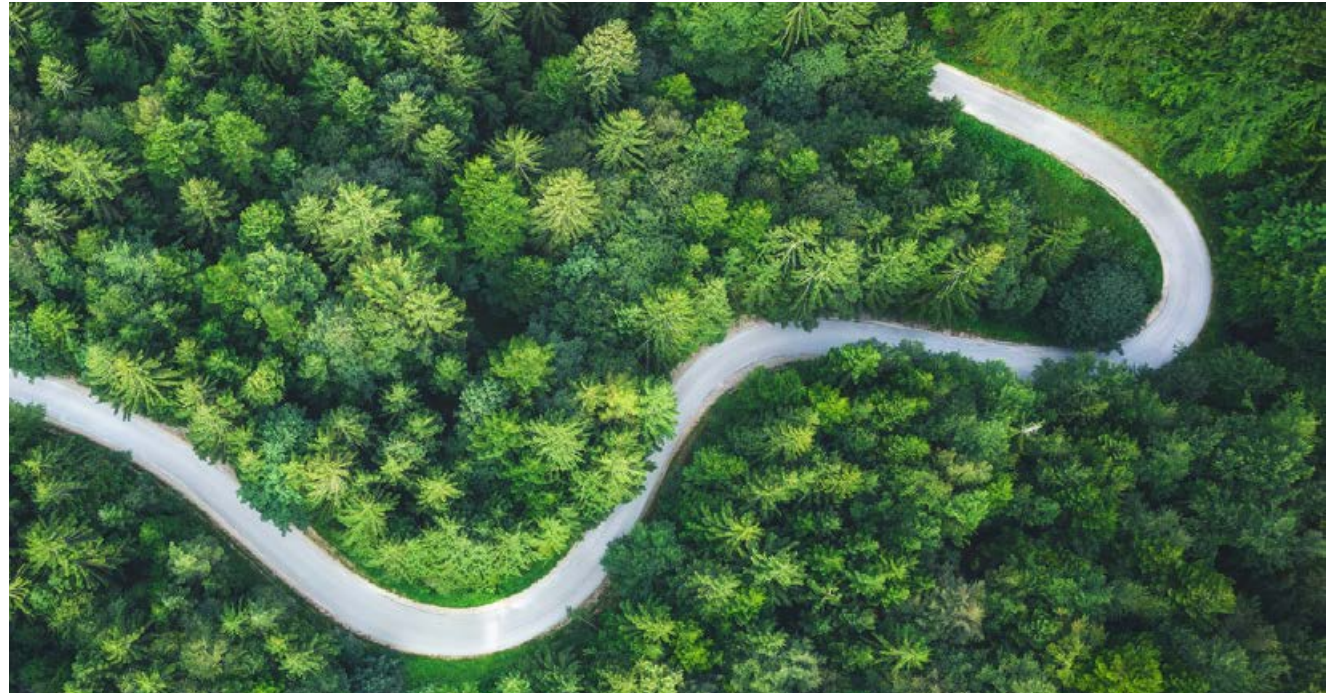
**€1,333 Mn<sup>87</sup>**  
Participation in the placement  
of sustainable bonds  
(excluding own issues)

**€61 Mn**  
Increase in sustainable assets  
under management

### Participation in the placement of sustainable bonds

CaixaBank has subscribed to the Green Bond Principles established by the International Capital Markets Association (ICMA) since 2015. Since then, the Bank has participated in the placement of green bonds allocated to projects that will have a positive impact on the climate.

In 2022, the Bank actively participated in the placement of six green bond issues for investment in environmentally sustainable assets with a total volume of €4,700 million. It was also involved in the placement of 4 sustainable bond issues for €3,000 million and in the placement of sustainability-linked bonds (3 bonds for €2,750 million).



2022

 **From a total of 14 for €1,134 Mn<sup>87</sup>**

**7 for €476 Mn**  
Green bonds  
(value of participation)

**4 for €475 Mn**  
Sustainable bonds  
(value of participation)

**3 for €183 Mn**  
Sustainability-linked bonds (SLB)  
(value of participation)

<sup>87</sup> Corresponds to CaixaBank's proportional holding in the issue and placement of sustainable bonds (green, social or mixed) on behalf of customers. Does not include the placement of own issues.

## GREEN BONDS

 **€1,500 Mn**  
→ Green Snr Unsec  
3.125% 6years €750 Mn  
3.375% 10years €750 Mn  
ISIN XS2558916693  
ISIN XS2558966953  
Nov 2022

 **€1,700 Mn**  
→ Green Snr Unsec  
4.625% 6 years €800 Mn  
5.000% 10 years €900 Mn  
ISIN FR001400DQ84  
ISIN FR001400DQ92  
Oct 2022

 **€500 Mn**  
→ Green Snr Unsec  
1.375% 10years €500 Mn  
ISIN XS2436160183  
Jan 2022

The total amount of the issue is shown, not just CaixaBank's stake.

 **€500 Mn**  
→ Green Snr Unsec  
3.500% 7 years €500 Mn  
ISIN ES0200002071  
Oct 2022

 **€500 Mn**  
→ Green Snr Unsec  
2.822% 7years €500 Mn  
ISIN ES00001010J0  
Oct 2022

## SUSTAINABLE BONDS

 **€500 Mn**  
→ Sustainable Snr Unsec  
2.400% 10years €500 Mn  
ISIN ES0000090896  
May 2022

 **€1,000 Mn**  
→ Sustainable Snr Unsec  
1.723% 10years €1,000 Mn  
ISIN ES00001010I2  
Mar 2022

The total amount of the issue is shown, not just CaixaBank's stake.

 **€1,000 Mn**  
→ Sustainable Snr Unsec  
2.592% 9years €1,000 Mn  
ISIN XS2484587048  
May 2022

 **€500 Mn**  
→ Sustainable Snr Unsec  
1.875% 11years €500 Mn  
ISIN ES0000106734  
Apr 2022

## SUSTAINABLE LINKED - SLB

 **€2,750 Mn**  
→ SLB  
0.250% 4years €1,250 Mn  
0.875% 9years €750 Mn  
1.250% 13 years €750 Mn  
Jan 2022

The total amount of the issue is shown, not just CaixaBank's stake.

First half of 2023

From a total of 15 for €1,333 Mn

**7 for €683 Mn**  
Green bonds  
(value of participation)

**5 for €533 Mn**  
Sustainable bonds  
(value of participation)

**3 for €117 Mn**  
Sustainability-linked bonds (SLB)  
(value of participation)



Corresponds to CaixaBank's proportional holding in the issue and placement of sustainable bonds (green, social or mixed) on behalf of customers. Does not include the placement of own issues.

**GREEN BONDS**

**€1,000 Mn**  
Green Hybrid  
5.943% 60.25NC5.2  
PTEDP4OM0025  
Joint Bookrunner  
Jan 2023

**€500 Mn**  
Green Hybrid  
4.625% PNC5.5  
XS2552369469  
Joint Bookrunner  
Jan 2023

**€750 Mn**  
Green Covered Bond  
3.125% 6-yr  
AT000B049945  
Joint Bookrunner  
Feb 2023

**€91.4 Mn**  
Green Bond  
4.900% 2.6-yr  
XS2596338348  
Sole Bookrunner  
Mar 2023

**€500 Mn**  
Green Bond  
3.900% 10-yr  
ES0200002089  
Joint Bookrunner  
Apr 2023

**€600 Mn**  
Green Bond  
3.362% Long 5.4-yr  
ES00001010L6  
Joint Bookrunner  
Jun 2023

**€600 Mn**  
Green Bond  
4.625% 12-yr  
XS2589820294  
Joint Bookrunner  
Feb 2023

**SUSTAINABLE BONDS**

**€1,000 Mn**  
Sustainable Bond  
3.596% 10-yr  
ES00001010K8  
Joint Bookrunner  
Feb 2023

**€500 Mn**  
Sustainable Bond  
3.711% Long 6-yr  
ES0001352626  
Joint Bookrunner  
Feb 2023

**€600 Mn**  
Sustainable Bond  
3.95% 10-yr  
ES0000090904  
Joint Bookrunner  
Feb 2023

**€700 Mn**  
Sustainability Bond  
3.5% 2033 10.2-yr  
ES0000106742  
Joint Bookrunner  
Feb 2023

**€500 Mn**  
Sustainable Bond  
3.500% Short 10-yr  
ES0001351602  
Joint Bookrunner  
Jun 2023

**SUSTAINABILITY-LINKED – SLB**

**€600 Mn**  
Inaugural SLB  
4.125% 2029 6.5-yr  
XS2582860909  
Joint Bookrunner  
Jan 2023

**€1,500 Mn**  
SLB  
4.00% 8-yr, €750 Mn  
4.50% 20-yr, €750 Mn  
Joint Bookrunner  
Feb 2023

The total amount of the issue is shown, not just CaixaBank's stake.

The total amount of the issue is shown, not just CaixaBank's stake.

The total amount of the issue is shown, not just CaixaBank's stake.



## Increase in sustainable assets under management

During **2022**, assets under management classified as Article 8 and 9 increased by €1,816 million.

**€1,816**  
Mn

Increase in assets under management classified as Article 8 and 9 under SFDR

**€450**  
Mn

Net increase in assets under management at CaixaBank Asset Management (mutual fund)

**€1,366**  
Mn

Gross increase in assets under management at VidaCaixa (pension funds)

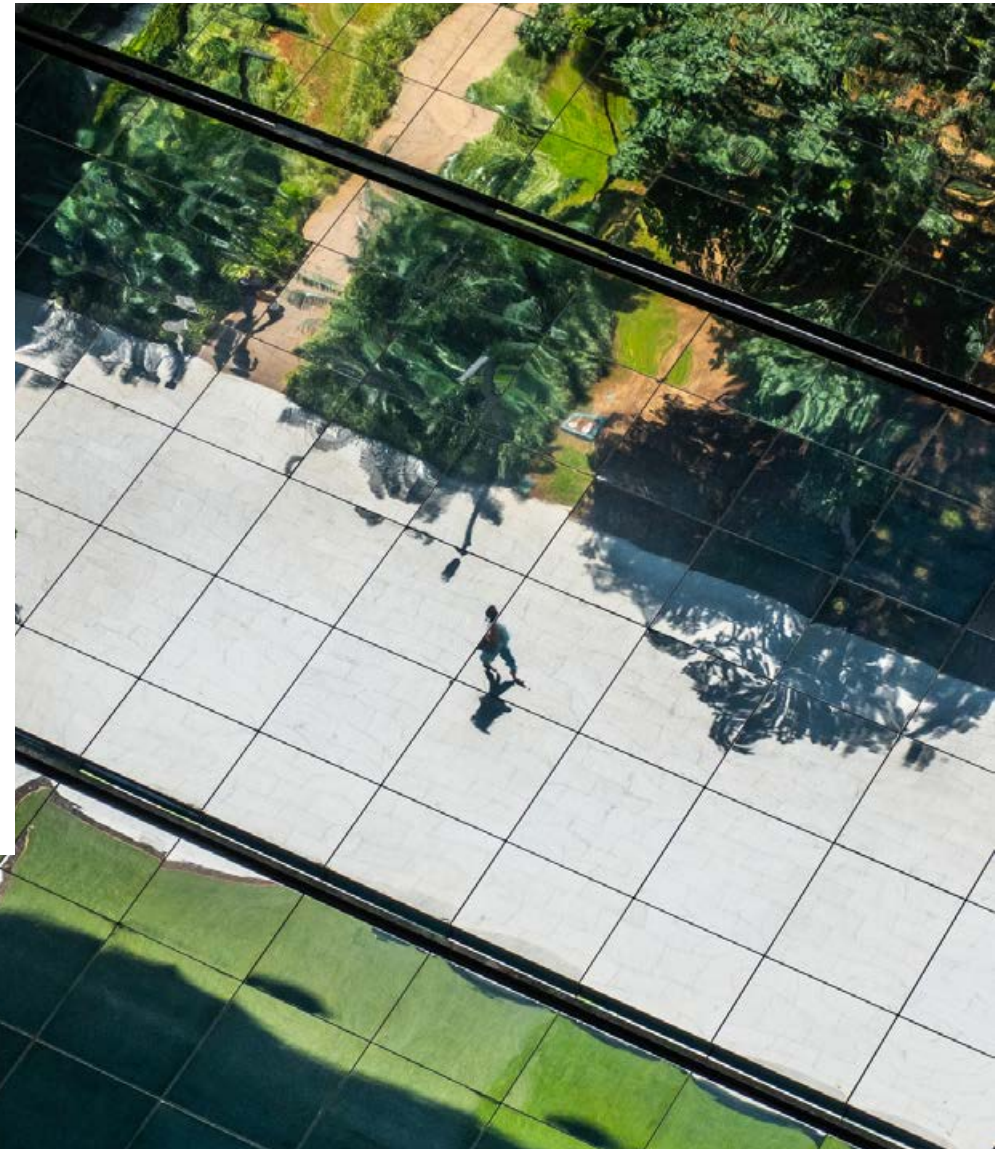
In the **first half of 2023**, assets under management classified as Article 8 and 9 increased by €61 million.



**€61** Mn

increase in assets under management classified as Article 8 and 9 under SFDR for VidaCaixa and CaixaBank Asset Management.

Both in 2022 and in the first half of 2023, the increase in assets under management classified as Article 8 and 9 under CaixaBank's Asset Management SFDR incorporates the market effect, which was negative this year as a result of market trends.



## Mobilising sustainable finance – Business in Portugal

The CaixaBank Group is also committed to mobilising sustainable finance in its Portuguese<sup>88</sup> business, through Banco BPI.

Banco BPI is committed to a **sustainable banking model** with the aim of contributing to the financial well-being of its customers and the sustainable progress of society as a whole, promoting the integration of ESG aspects into its strategy, management model and practices, bringing added value to the bank and its stakeholders.

The BIS Sustainability Master Plan<sup>89</sup> embodies the bank's strong commitment to sustainable development, reflecting stakeholder priorities and concerns, as well as trends in the landscape where the bank operates. Banco BPI thus set a sustainable finance mobilisation target of €4,000 million cumulatively over the 2022-2024 period. At the end of the first half of 2023, it had already reached €2,484 million.



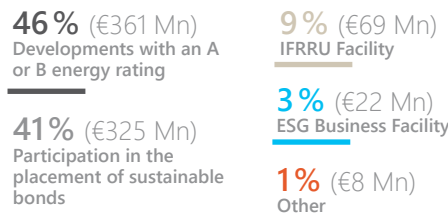
### Sustainable financing

Aware of the importance of adopting measures to ensure environmental sustainability in its products, Banco BPI offers a range of credit facilities to promote energy efficiency and supports several renewable energy and social investment projects.

2022



### Financing by category

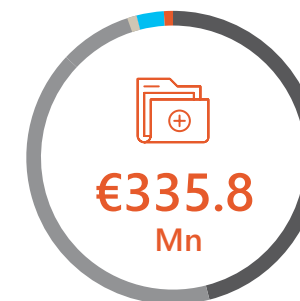


<sup>88</sup> Mobilising sustainable finance – Portuguese business: Includes Credit for Companies (Companies + CIB + Institutions) as well as for individuals. As regards sustainable brokerage, Articles 8 and 9 Funds and Insurance are included under SFDR for both liquid fundraising and transformation (as well as third-party funds). It also includes stake in the placement of sustainable bonds.

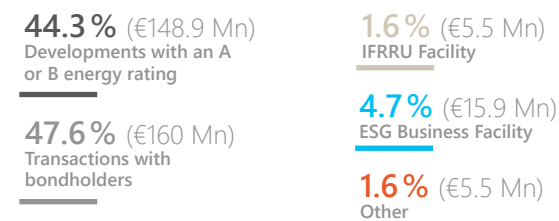
<sup>89</sup> [Sustainability Strategy and Governance | Banco BPI](#)

<sup>90</sup> Includes stake in the placement of sustainable bonds (€325 Mn).

First half of 2023



### Financing by category



### Sustainable brokering

2022

During 2022, assets under management classified as Article 8 and 9 increased by €1,400 million.



First half of 2023





## Inclusive finance

CaixaBank, as part of its dedication to proximity and service quality, has designed **financial products and services to cover the financial needs of society's most vulnerable groups**.

In this line, it offers value propositions of financial services for vulnerable groups.

- **Social account:** solution for people at risk of social exclusion who are in receipt of social benefits (individuals receiving Minimum Living Income, Community Guaranteed Income, etc.) or suffer from severe poverty.
- **Inserción account:** Solution for individuals without access to banking because they come from at-risk jurisdictions and do not have proof of income (refugees) or people who need a bank account for direct debiting of social benefits or access to a first job.



~ 357,000

Customers with vulnerable Pago Básica accounts, Social and Inserción accounts as at 30 June 2023

- **Pago Básica account:** Any person who is a resident in the EU can have a basic payment account that ensures access to basic personal financial transactions. If the customer is also at risk of financial exclusion or vulnerability, such an account may be exempt from fees.



Account + debit card +  
basic financial services

~23,000

Customers with Pago Básica

CaixaBank is also reinforcing its commitment to care for the elderly, with the most extensive measures in the financial sector in Spain. This commitment to senior management is materialised through the implementation of a dozen initiatives, including the creation of a team of 2,000 senior managers (target 2024), the extension of opening hours in branches and the reinforcement of all communication channels with these users.

For this group, CaixaBank already offers a broad portfolio of products that combine protection and savings solutions.

CaixaBank is also continuing to innovate for the visually impaired, with its commitment to inclusivity, accessibility and autonomy with the Braille card pack and new POS terminals for adapted payments.

The Braille Card Pack solution, available from the end of 2022 and developed in collaboration with the ONCE Foundation, allows them to use cards and ATMs independently. The adapted POS solution, which began to be implemented progressively in 2023, also allows card payments to be made in shops and establishments with complete autonomy and security.



## Issuance of sustainable bonds

CaixaBank is one of the leading entities in the issuance of sustainable debt. In July 2019, CaixaBank's Board of Directors approved the **Framework for Bond Issuances linked to the Sustainable Development Goals (SDG)**, which is aligned with the Sustainable, Green and Social Bond Principles. CaixaBank updated this framework in 2022, with publication of the **Financing Framework linked to the SDGs**<sup>91</sup>.

As at 30 June 2023, CaixaBank ranks as the issuer with the highest volume issued in sustainable bonds<sup>92</sup> among European banks, in any currency, for the period 2019-2023, according to the ranking from Dealogic.

### Green bonds

In 2022, CaixaBank issued two green bonds amounting to €2,000 million. These are in addition to the four other green bonds issued since 2020, amounting to €3,582 million.

CaixaBank publishes an annual green bond impact report<sup>93</sup>, verified by an independent third party, with limited scope of assurance.

### Social bonds

In 2022, CaixaBank issued its fourth social bond, amounting to €1,000 million. In addition, in the first half of 2023, the Bank issued another social bond for the same amount. This brings the Bank to its fifth social bond issued and, adding the six green bonds, makes it the eleventh bond issued under the Sustainable Development Goals Bond Issuance Framework, published in 2019.

As in the case of green bonds, CaixaBank publishes an annual social bond impact report<sup>94</sup>, verified by an independent third party, with limited scope of assurance.

<sup>91</sup> [CaixaBank Sustainable Development Goals \(SDGs\) Funding Framework](#).

<sup>92</sup> Includes green, social and sustainable bonds.

<sup>93</sup> [Green Bond Impact Report](#).

## Responsible investment

CaixaBank, in line with its responsible banking model, is committed to responsible investment, which is understood as investment that not only offers financial returns for investors, but also promotes management that is consistent with the creation of value for society as a whole, by incorporating ESG (environmental, social and good governance) criteria.

In recent years, following the UN Global Compact Principles and the UN Principles for Responsible Investment (PRI), **environmental, social and governance criteria have been taken into account in the investment screening process**, in addition to the traditional financial and risk criteria.

The new regulatory framework on sustainability disclosures, based on Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability disclosures in the financial services sector (SFDR), among other regulations, is a driver for improved communication on the application of sustainability criteria to investment decision-making.

The integration of sustainability factors in product management, in compliance with the corporate framework for the integration of sustainability risks defined for the CaixaBank Group, as well as with numerous international agreements and standards in this area, make CaixaBank a benchmark institution in responsible investment.

The implementation of the regulatory requirements derived from the European Commission's Sustainable Finance Plan has concentrated the efforts of VidaCaixa, CaixaBank Asset Management and CaixaBank, fostering significant advances in the Group's role as an agent of change.

- **Article 8:** Financial products and services that promote environmental and/or social characteristics.
- **Article 9:** Financial products and services that pursue sustainable investment objectives.

<sup>94</sup> [Social Bond Impact Report](#).

<sup>95</sup> [Corporate framework for the integration of ESG risks into the provision of investment services and asset management](#).

<sup>96</sup> [Engagement policy for discretionary portfolio management](#).

- **Article 6:** Products and services that take into consideration environmental, social and governance risks in investment decision-making that are not taken into account in Articles 8 or 9 and also those that do not integrate sustainability risks.

The CaixaBank Group has a holistic framework<sup>95</sup> for sustainable investment that applies to the provision of investment advisory and discretionary portfolio management services. This sustainable investment framework is based on the following core pillars:

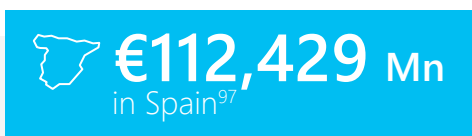
- Integration of ESG factors, in addition to traditional financial criteria, into investment decision-making and analysis relating to investment advisory and discretionary portfolio management services.
- Compliance with the Engagement Policy<sup>96</sup>, which includes engagement measures such as dialogue with the issuers in which it invests.

Both VidaCaixa and CaixaBank Asset Management have successfully passed the first follow-up audit as part of the Sustainable Finance Certification subject to AENOR's ESG criteria. This certification attests to the work and efforts of the Group's two management companies to integrate these criteria into their investment decision-making processes, and how these processes have provided CaixaBank with the necessary levers for improvement to control and monitor its ESG management.

VidaCaixa has the highest rating (5 stars) in the Investment Policy and Active Ownership category of the Principles for Responsible Investment (PRI). CaixaBank's employee pension plan has also achieved the maximum 5-star rating from PRI. Additionally, CaixaBank Asset Management has achieved 5 stars in direct investment equity securities following the inclusion of ESG factors in investment processes. BPI Gestão de Ativos, has also received the highest rating of 5 stars from the Investment and Stewardship Policy.



MANAGED CUSTOMER FUNDS

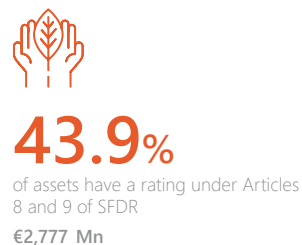
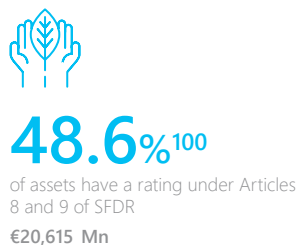


€107,478 Mn  
in December 2022

€7,319 Mn  
in December 2022

DISTRIBUTION OF PRODUCT ASSETS UNDER SFDR<sup>99</sup> (PENSION PLANS)

2022

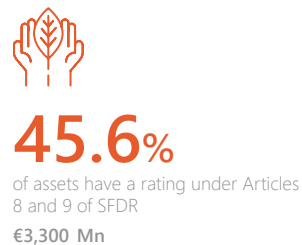
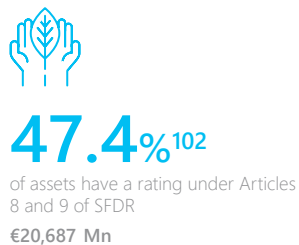


Assets and products under Article 6  
**51.4%** (€21,843 Mn)    **56.1%** (€3,549 Mn)

Assets and products under Article 8  
**45%** (€19,108 Mn)    **43.9%** (€2,777 Mn)

Assets and products under Article 9  
**3.5%** (€1,507 Mn)    **0%** (€0 Mn)

First half of 2023



Assets and products under Article 6  
**52.6%** (€22,974 Mn)    **54.4%** (€3,932 Mn)

Assets and products under Article 8  
**44.3%** (€19,356 Mn)    **45.6%** (€3,300 Mn)

Assets and products under Article 9  
**3%** (€1,331 Mn)    **0%** (€0 Mn)

<sup>97</sup> Includes the life and pension plan business pertaining to VidaCaixa, S.A. and Sa Nostra Vida, S.A.

<sup>99</sup> Does not include information from Sa Nostra Vida.

<sup>98</sup> Includes the life business and pension plans of BPI Vida e Pensões, wholly owned by VidaCaixa, S.A.

<sup>100</sup> Percentage and amount calculated on plans affected by the SFDR, including EPSVs and Unit Linked.



## ASSETS UNDER MANAGEMENT

**€87,205 Mn**  
in Spain<sup>101</sup>

**€81,530 Mn**  
in December 2022

**€6,891 Mn**  
in Portugal<sup>102</sup>

**€6,942 Mn**  
in December 2022

**841 Mn**  
in Luxembourg<sup>103</sup>

**€837 Mn**  
in December 2022



**100%**  
assets under man-  
agement taking ESG  
aspects into considera-  
tion as at 30 June 2023  
(according to PRI criteria)

## EQUITY DISTRIBUTION OF PRODUCTS ACTIVELY MARKETED UNDER SFDR

2022



**35.9%**

of assets have a rating under Articles  
8 and 9 of SFDR  
€26,990 Mn



**58.5%**

of assets have a rating under Articles  
8 and 9 of SFDR  
€2,070 Mn

Assets and products under Article 6  
**64.1%** (48,146) **41.5%** (€1,467 Mn)

Assets and products under Article 8  
**32.6%** (€24,495 Mn) **56.4%** (€1,994 Mn)

Assets and products under Article 9  
**3.3%** (€2,495 Mn) **2.1%** (€76 Mn)

First half of 2023



**32.9%**

of assets have a rating under Articles  
8 and 9 of SFDR  
€26,990 Mn



**57.6%**

of assets have a rating under Articles  
8 and 9 of SFDR  
€2,070 Mn

Assets and products under Article 6  
**67.1%** (€53,742 Mn) **42.4%** (€1,513 Mn)

Assets and products under Article 8  
**30.4%** (€24,347 Mn) **54.8%** (€1,957 Mn)

Assets and products under Article 9  
**2.5%** (€2,029 Mn) **2.8%** (€100 Mn)

<sup>101</sup> Includes the fund business, discretionary management portfolio and SICAVs pertaining to CaixaBank Asset Management SGIIC.

<sup>102</sup> Includes the mutual and real estate fund business and discretionary management portfolios of BPI Gestão de Ativos SGFIM, wholly owned by CaixaBank Asset Management.

<sup>103</sup> Includes the fund business and the SICAVs of CaixaBank Asset Management Luxembourg, S.A.



Additionally, in 2022 VidaCaixa was chosen as "Best Pension Fund Manager", on account of its diversification strategy, active management and inclusion of environmental, social and good governance criteria.

In 2022 VidaCaixa was also the first insurer to join the Net-Zero Asset Owner Alliance, and in January 2023 it published the decarbonisation 2030 targets for the insurer's corporate portfolio.

In 2023 CaixaBank, CaixaBank Asset Management and VidaCaixa published the Statement of Principal Adverse Impacts of Investment Decisions on Sustainability Factors (PIAS).

In addition, both VidaCaixa and CaixaBank Asset Management have published their 2023 Issuer Engagement Plans<sup>104</sup> and have successfully passed the follow-up audit for the AENOR Sustainable Finance Certification.

## Launch of new products

In 2022, new products were launched with the highest sustainability classification according to European standards (Article 9) as part of the range GAMA SI Soluciones de Impacto. Highlights include:

- The MicroBank SI Impacto Renta Variable fund.
- The CaixaBank SI Impacto 5/30RV, PP pension fund.



The SI Range is a solution with a positive and measurable impact on people and the environment, contributing to achieving the 17 United Nations Sustainable Development Goals<sup>105</sup>.

### Exclusions

- Controversial weapons.
- Major social responsibility initiatives, such as the UN Global Compact.
- Significant activity in:
  - Conventional weapons.
  - Thermal coal mining and thermal coal-fired power generation.
  - Oil sands.
  - Oil and gas exploration and production in the Arctic region.
  - Oil exploration, extraction, transport, refining, cokerries and power generation that do not promote the energy transition.

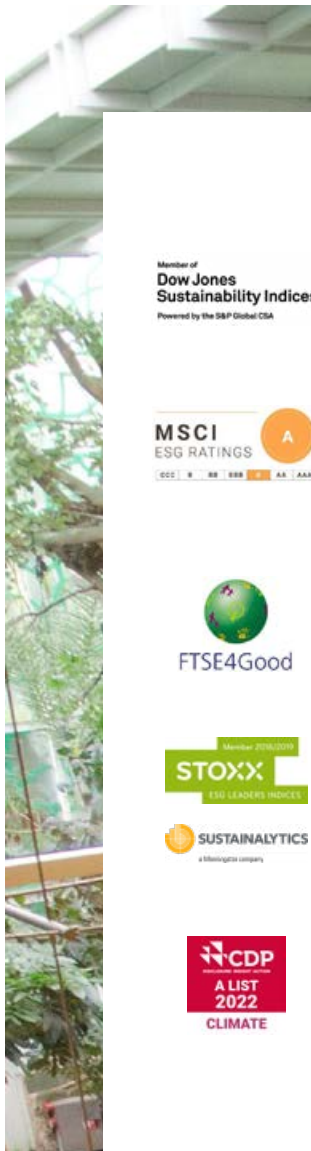


<sup>104</sup> [VidaCaixa Engagement Plan 2023 and Results 2022](#), and [CaixaBank Asset Management Engagement Plan 2023](#).

<sup>105</sup> <https://www.caixabank.es/bancaprivada/fondos-de-inversion/gama-si-soluciones.html> (available in Spanish).

## Indexes, ratings and other recognitions

Widely recognised by the main sustainability indexes and rating agencies.



CaixaBank		Worst	<< Range >>	Best	Highlights
<p>Member of <b>Dow Jones Sustainability Indices</b> Powered by the S&amp;P Global CSA</p>	80	0	80	100	<ul style="list-style-type: none"> <li>&gt; DJSI World, DJSI Europe.</li> <li>&gt; Included continuously since 2012. Last updated December 2022.</li> <li>&gt; CaixaBank has obtained maximum or above average ratings in categories such as financial inclusion, risk management, human rights, cybersecurity and social and environmental reporting.</li> <li>&gt; Analyst S&amp;P Global.</li> </ul>
<p><b>MSCI ESG RATINGS</b> CCC B BB BBB AA AAA</p>	A (Medium)	CCC	A	AAA	<ul style="list-style-type: none"> <li>&gt; CaixaBank has been part of the MSCI ESG Leader Index since 2015.</li> <li>&gt; First included in 2015. Last updated December 2022.</li> <li>&gt; Leader in consumer finance protection and above-average ratings in environmental impact financing, access to financing and corporate governance.</li> <li>&gt; Analyst MSCI ESG.</li> </ul>
<p><b>FTSE4Good</b></p>	4.2	0	4	5	<ul style="list-style-type: none"> <li>&gt; FTSE4Good Index Series.</li> <li>&gt; First included in 2011. Last updated in June 2022.</li> <li>&gt; Overall rating above the sector average (4.2 vs 3.1 sector average); also above average in all categories: Environment: 3 vs 2.8 sector average; Social: 4.7 vs 2.7 sector average; Governance: 4.8 vs 3.6 sector average.</li> <li>&gt; Analyst FTSE Russell.</li> </ul>
<p>Member 2016/2019 <b>STOXX ESG LEADERS INDEXES</b></p> <p><b>SUSTAINALYTICS</b> a Morningstar company</p>	Low risk (17.5)	Severe 40+	Low 10-20	Negligible 0-10	<ul style="list-style-type: none"> <li>&gt; STOXX Global ESG.</li> <li>&gt; First included in 2013. Last updated in September 2022.</li> <li>&gt; LOW-RISK ESG risk exposure below the sector average and that of comparable institutions in Spain. Strong risk management.</li> <li>&gt; Analyst <i>Sustainalytics</i>.</li> </ul>
<p><b>CDP A LIST 2022 CLIMATE</b></p>	A (Leadership)	D- Reporting	A	A Leadership	<ul style="list-style-type: none"> <li>&gt; First included in 2012. Last updated December 2022.</li> <li>&gt; Included on the <i>A List</i>.</li> <li>&gt; 9th consecutive year in the "Leadership" category for corporate transparency and action on climate risk.</li> <li>&gt; Analyst CDP.</li> </ul>

CaixaBank

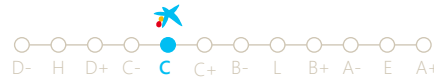
Worst << Range >> Best

Highlights



**C**  
Category: Prime  
Transparency: Very high  
Decile rank: #1

Corporate ESG rating



Level of transparency



- > Corporate ESG, ISS ESG Europe Governance QualityScore Index, Solactive ISS ESG Index Series.
- > First included in 2013. Last updated November 2022.
- > CaixaBank is in the top 10% of the sector (Public & Regional Banks, which includes 266. companies), PRIME category, with a decile of: 1.
- > Analyst ISS ESG.



**1**

ESG score

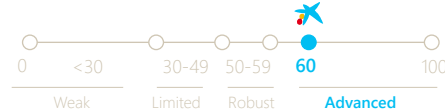


- > Updated monthly. Last updated February 2023.
- > Highest score of 1 in all three areas of the ISS ESG QualityScore: Environmental, Social and Governance.
- > Analyst ISS.

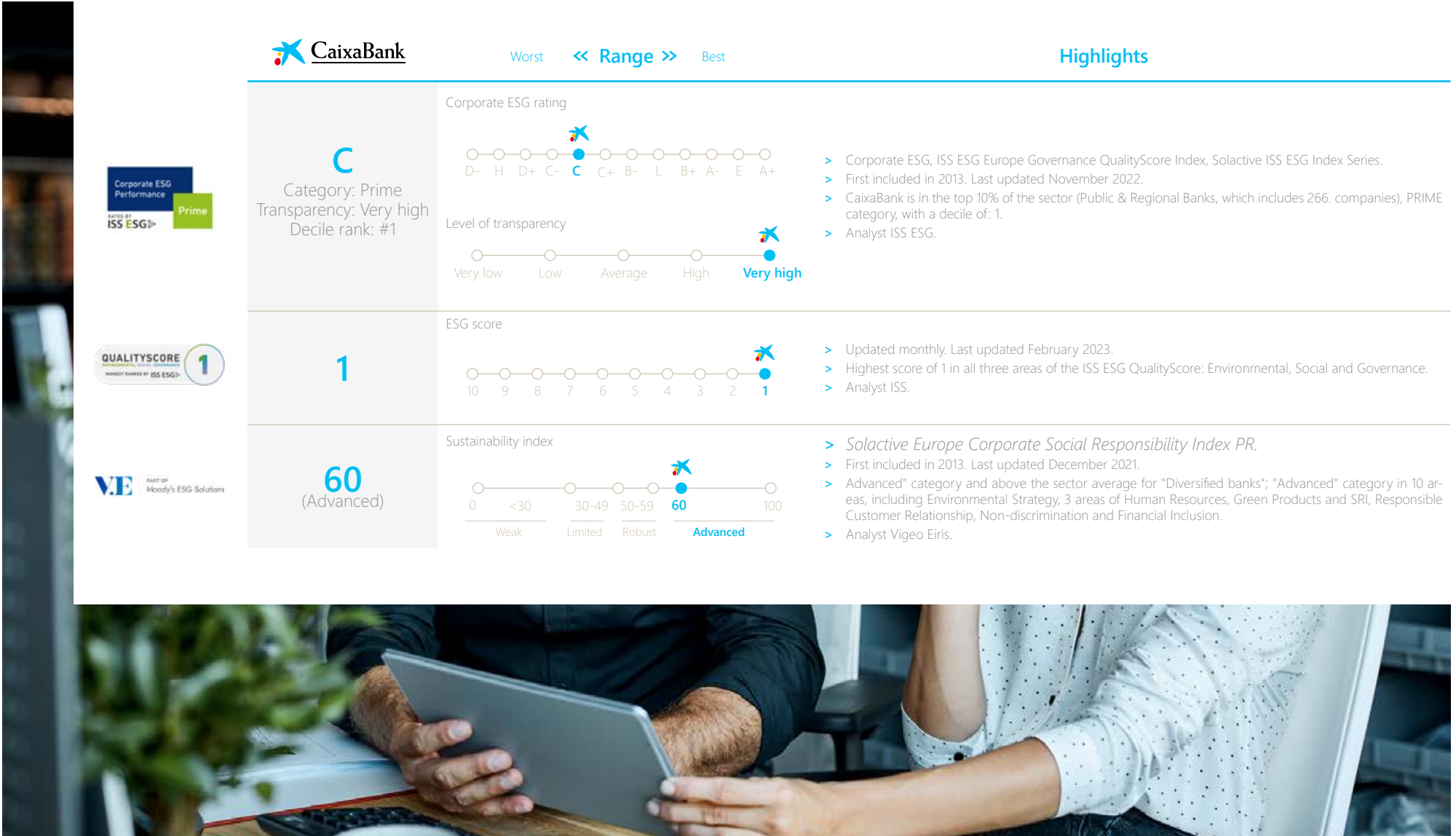


**60**  
(Advanced)

Sustainability index



- > *Solactive Europe Corporate Social Responsibility Index PR.*
- > First included in 2013. Last updated December 2021.
- > Advanced" category and above the sector average for "Diversified banks"; "Advanced" category in 10 areas, including Environmental Strategy, 3 areas of Human Resources, Green Products and SRI, Responsible Customer Relationship, Non-discrimination and Financial Inclusion.
- > Analyst Vigeo Eiris.





The average of the assessments received from ESG rating agencies that make up CaixaBank's composite indicator<sup>106</sup> remains at A, as set out in the 2024 target.

Included in the S&P Global Sustainability Yearbook 2023 for the eleventh consecutive year and included in the **Top 10% of the S&P Global ESG Score 2022** for its outstanding sustainability performance.



Included on the 2022 CDP Supplier Engagement Leaderboard in recognition of the Bank's efforts to reduce climate risk in its supply chain.



The World Benchmarking Alliance has ranked CaixaBank as **the leading Spanish bank in terms of its contribution to a fair and sustainable economy.**



The international World Benchmarking Alliance, created in 2018 to help companies achieve the Sustainable Development Goals (SDGs), assesses the top 400 financial institutions worldwide.



In 2023, CaixaBank was assessed for the first time with a **solicited ESG rating** by Sustainable Fitch, achieving a rating of 2<sup>107</sup>, making it the **first Spanish bank to publish an assessment of this type in the market.**



**7th place**

Among European entities



**9th place**

Worldwide position

## Other recognitions

CaixaBank, recognised with **Sustainability Action 22** for the launch of its ESG advisory service:

- CaixaBank has received the Sustainability Action 22 award, in the Companies category, granted by Compromiso RSE as part of Sustainability Day 22. Specifically, the award recognises the launch of the Bank's ESG advisory service for corporate and institutional customers.

**Global Finance** recognises CaixaBank for its global leadership in sustainable finance and its support for society:

- In its Sustainable Finance Awards 2023, the American magazine Global Finance has awarded CaixaBank two prizes: the worldwide 2023 awards for "Outstanding Leadership in ESG-Related Loans" and "Outstanding Financial Leadership in Sustaining Communities".

<sup>106</sup> Composite ESG index created by CaixaBank, using a methodology developed by KPMG, which provides aggregate information from the main ESG analysis firms. The indicator objectively weights the results obtained by the Bank in the scores of the main international ESG analysts (S&P Global, Sustainalytics, MSCI and ISS ESG).

<sup>107</sup> Scale of 1 to 5 (1 is the best score and 5 is the worst). See <https://www.caixabank.com/en/sustainability/sustainable-banking/esg-analysts-ratings.html> and <https://www.sustainablefitch.com/banks/sustainable-fitch-assigns-caixabank-esg-entity-rating-of-2-23-10-2023>

## EU taxonomy for sustainable activities

In 2020, the European Parliament and the Council of the European Union approved Regulation (EU) 2020/852 of the European Parliament and of the Council, known as the **Taxonomy Regulation**, which sets out transparency requirements in relation to environmentally sustainable economic activities. At present, Delegated Regulation 2021/2139 supplementing the EU sustainability regulation is limited to the objectives of mitigating greenhouse gas emissions and adapting in the face of vulnerability to the effects of climate change.

The rest of the environmental objectives under Taxonomy are pending publication in the Official Journal of the EU. As regulation is developed, the Group commits to making it public, along with the best practices observed at any given time.

In 2022, CaixaBank continued to make progress in the roll-out of the Taxonomy Regulation. In line with the technical criteria, operational and documentary criteria have been established for classifying transactions in the most significant sectors in CaixaBank's portfolio and for these criteria to be implemented in the processes and information systems. The figures for 31 December 2022 were prepared based on best efforts to apply the applicable regulations. They will develop in future as more information becomes available from counterparties and new regulatory developments are introduced. The ratios presented have been prepared with figures for the largest CaixaBank Group entities, which account for 95% of its total assets. They are presented separately to enable easier interpretation of the data:

	CAIXABANK		BANCO BPI		CAIXABANK PAYMENTS & CONSUMER		VIDACAIXA <sup>108</sup>	
	Business volume	CapEx	Business volume	CapEx	Business volume	CapEx	Business volume <sup>109</sup>	CapEx
% exposure to eligible economic activities under the taxonomy over total assets covered	48.3%	43.0%	48.9%	49.5%	19.4%	19.4%	14.3%	13.3%
% exposure to non-eligible economic activities under the taxonomy over total assets covered	18.6%	24.0%	24.7%	24.1%	73.1%	74.4%	73.2%	51.6%
% exposure to companies not required to publish non-financial information under the NFRD over total assets covered by the GAR	32.1%		24.9%		6.3%		23.3%	
% interbank call loans portfolio exposure over total assets covered by the GAR	0.1%		0.3%		0.0%		0.0%	
% exposure to derivatives over total assets covered by the GAR	0.2%		0.1%		0.0%		5.0%	
% exposure to central governments, central banks and supranational issuers as a percentage of total assets subject to the taxonomy regulation	22.9%		22.3%		0.0%		80.0%	
% exposure of trading portfolio over total assets subject to the taxonomy regulation	2.9%		0.3%		0.0%		0.0%	
<b>Assets covered by the GAR in millions of euros</b>	<b>353,335</b>		<b>29,734</b>		<b>9,767</b>		<b>12,878</b>	

<sup>108</sup> Life insurance activities are not among the activities identified as eligible under the European environmental taxonomy.

<sup>109</sup> Investments through third-party managers in Unit Linked investments are not included. The content of the KPIs to be disclosed by credit institutions, as established by the European Commission Delegated Regulation 2021/2078, does not allow the sum of 'eligible' and 'non-eligible' items to equal 100%, as there are items that are only counted in the numerator, while others are counted in both the numerator and the denominator.

Apart from the developments underway for the full application of the European Taxonomy, since 2020, CaixaBank has been applying criteria internally for considering loans as **environmentally sustainable**, and in February 2023 these were included in the Guide for Identifying Sustainable Financing<sup>10</sup>, together with the criteria for determining social activities and financing linked to Sustainability KPIs.

- Assets eligible for a Green Bond, according to CaixaBank's Framework for SDG-linked Bond Issuances It includes the following types of funding in order to improve the environment and/or contribute to a reduction of greenhouse gas emissions:
  - Renewable energy and energy efficiency.
  - Properties certified as energy efficient.
  - Access to clean mass transport systems.
  - Efficient water usage and quality.
  - Activities that contribute to waste prevention, minimisation, collection, management, recycling, reuse or processing for recovery (circular economy).
  - Protection of healthy ecosystems and climate change mitigation in the agricultural sector (forests and timber).
- Assets certified by a third party as complying with commonly accepted market standards such as LMA or ICMA.
- ESG index-linked transactions.
- Eco-financing lines for consumer products (household appliances, renovations and energy-efficient vehicles).

## Net-Zero Banking Alliance



In April of 2021, as a founding member, CaixaBank joined the Net-Zero Banking Alliance (NZBA), an alliance promoted by UNEP FI, whereby the Bank commits to achieve net zero emissions and to set interim decarbonisation targets.

Currently, NZBA is the benchmark standard for setting decarbonisation targets in the banking sector, representing 40% of banking assets globally, and commits the Bank to setting science-based targets. However, aware that SBTi (Science Based Targets Initiative) is the reference standard for the non-financial sectors, the Bank has initiatives underway to assess how to reconcile the two standards without duplicating objectives and efforts. Within the NZBA working group, led by UNEP FI and of which CaixaBank is a member, work is underway to resolve these issues and determine next steps.

**Signing the NZBA is an increase in climate ambition with respect to our previous commitments**, such as the Collective Commitment to Climate Action, as it requires realignment with the objective of limiting temperature increases to 1.5°C above preindustrial levels.

The Bank published its first 2030 decarbonisation targets in October 2022. Prior to the publication of the targets, the following milestones were reached:

- Membership of the Partnership for Carbon Accounting Financials (PCAF). PCAF is a global alliance of financial institutions that aims to establish an international standard for measuring and disclosing financed greenhouse gas (GHG) emissions.
  - Estimation of financed emissions (Scope 3, category 15 of the GHG Protocol). Progress has been made in the estimation of financed emissions based on the PCAF methodology for mortgage portfolio assets, debt securities, equity instruments and corporate loans and advances.
  - ESG materiality assessment, focusing on the transitional climate risks of the sectors potentially most affected based on detailed heatmaps. Together with the calculation of emissions and their breakdown by sector, this analysis provided decisive input for selecting the sector portfolios to be prioritised.
- A phased approach is being taken to target setting, starting with the most intensive sectors indicated in the UNEP FI Guidelines for Target Setting and prioritising the most relevant sectors in CaixaBank's portfolio.

<sup>10</sup> [Guide for Identifying Sustainable Financing.](#)



## Climate Risk Metrics

### Risk Appetite Framework

The Risk Appetite Framework (the "Framework" or "RAF") is a comprehensive and forward-looking tool, structural in nature, used by the Board of Directors to determine the types and thresholds of risk (risk appetite) it is willing to assume in achieving the Group's strategic objectives. These objectives are formalised through the qualitative statements in relation to risk appetite, expressed by the Board of Directors, and the metrics and thresholds that allow the monitoring of the activity's performance for the different risks in the Corporate Catalogue.

Since 2022, a metric has been incorporated into the RAF that aims to monitor the portfolio's concentration in carbon-intensive sectors of the corporate segment, without prejudice to the other key indicators that are monitored internally to complement the RAF.

### Other Climate Risk metrics

Under Pillar 3, in addition to monitoring financed emissions, decarbonisation and sustainable mobilisation metrics, the Bank monitors climate risk-related metrics on a biannual basis:

- Exposures subject to transition risk by intensive sector
- Energy efficiency of the mortgage portfolio
- Exposure to top 20 carbon-intensive companies
- Exposure subject to physical risk
- Other climate change mitigation actions not covered in the EU taxonomy

Information on these metrics can be found in the CaixaBank Group's Pillar 3 Disclosures<sup>111</sup>, which sets out the information and transparency requirements for the market.

## Financed emissions and decarbonisation targets

CaixaBank is measuring the emissions linked to its financing and investment (Scope 3 of carbon footprint category 15) in order to determine the overall impact of its financing activity in terms of its carbon footprint.

This information enables CaixaBank to establish decarbonisation pathways to achieve net zero emissions by 2050, in line with the commitment of the Net Zero Banking Alliance (NZBA).

As a reference, CaixaBank has used the guidelines defined by PCAF (Partnership for Carbon Accounting Financials) in its accounting and reporting standard "The Global GHG Accounting & Reporting Standard for the Financial Industry" to quantify the emissions financed by its loan portfolio as at 31 December 2021.

The calculation for the loan portfolio as at 31 December 2021 covers the following types of assets (covering 78% of the total): Mortgages, commercial real estate (CRE<sup>112</sup>), corporate loans, project finance and vehicle finance loans.

In addition, the financed emissions linked to the investment portfolio (including corporate bonds and equities) have been calculated.

### Calculation methodology

The calculation has been performed using a bottom-up approach, following the methodology developed by PCAF and described in "The Global GHG Accounting and Reporting Standard for the Financial Industry":

- emissions associated with the mortgage portfolio have been calculated based on information from the energy performance certificate (actual or estimated) of the financed properties;
- emissions associated with the rest of the financing and investment portfolio have been calculated from carbon footprint information (Scope 1, 2 and 3) reported by the companies/projects financed, or from sector proxies.

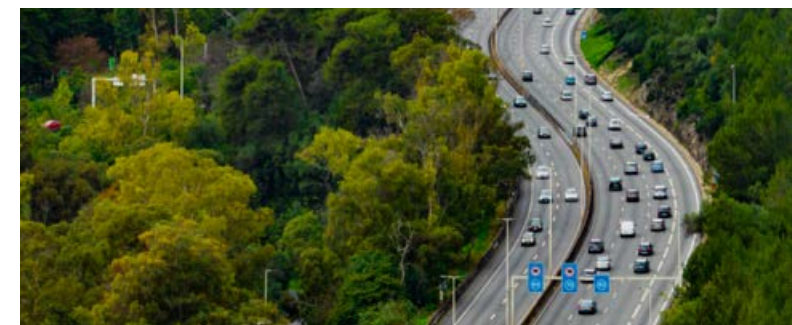
In all cases, the allocation of emissions financed by CaixaBank has been made on the basis of the attribution factor defined by PCAF for each type of asset and the best available data in each case.



**70%**  
Calculated exposure

**22%**  
Exposure without calculation methodology developed by PCAF at calculation date

**8%**  
Not-calculated exposure (insufficient data)



<sup>111</sup> Pillar 3 Disclosures 2022 and Pillar 3 Disclosures June 2023 (see tables 7.50 to 7.55)

<sup>112</sup> Commercial Real Estate.

## Financed emissions 2021

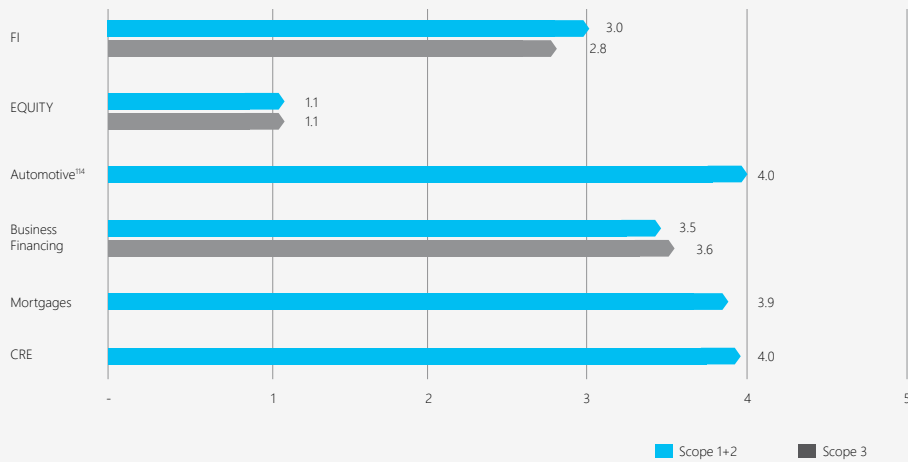
View by asset type	Exposure		Absolute emissions		Economic intensity
	Total exposure (€Mn)	% of calculated amount	S1+2 (ktCO <sub>2</sub> e)	S3 (ktCO <sub>2</sub> e)	Emission intensity S1+2 (tCO <sub>2</sub> e/€Mn)
CRE	6,868	84.7%	332	-	57
Mortgages	120,906	99.9%	2,805	-	23
Business financing	126,611	79.0%	10,947	29,728	109
Automotive	5,208	95.2%	1,374	-	277
EQUITY	1,267	81.9%	7	26	7
FI	856	43.7%	88	130	233
<b>Total</b>	<b>261,716</b>		<b>15,553</b>	<b>29,884</b>	

View by sector	Exposure		Absolute emissions		Economic intensity
	Total exposure (€Mn)	% calculated exposure	Emissions S1+2 (ktCO <sub>2</sub> e)	Emissions S3 (ktCO <sub>2</sub> e)	Emission intensity S1+2 (tCO <sub>2</sub> e/€Mn)
Oil & gas	6,219	79.8%	1,202	8,789	242
Power generation	13,860	93.9%	1,920	5,093	147
Transport	14,890	83.3%	1,891	4,385	152
Real estate business	18,341	73.2%	685	1,424	51
Cement	293	77.8%	562	49	2,464
Iron and Steel	2,217	91.7%	459	790	225
Agriculture (including livestock)	3,705	69.8%	1,070	522	413
Aluminium	419	85.9%	72	192	201
Coal	0,243	17.0%	0.09	0.01	2,091
Other non-intensive sectors	66,666	76.6%	3,086	8,484	60
<b>Total</b>	<b>126,611</b>		<b>10,947</b>	<b>29,728</b>	

- The calculation has been made from an operational control approach following the methodology developed by PCAF and described in the standard "The Global GHG Accounting and Reporting Standard for the Financial Industry (Part A)". Second Edition.  
 - The information on emissions and financial data for the companies in CaixaBank's portfolio corresponds to the end of 2021.  
 - Exclusions: No financed emissions have been calculated for assets with insufficient data, and exposure to credit institutions and sovereign risk (including €19,160 million of Sareb bonds) are not part of the perimeter.  
 - Business financing (non-financial corporations): Includes loans for general corporate purposes (including SMEs) and project finance.  
 - The calculation of company value for the Corporate Finance and Fixed Income categories is the sum of equity and debt (book value) for both listed and unlisted companies.

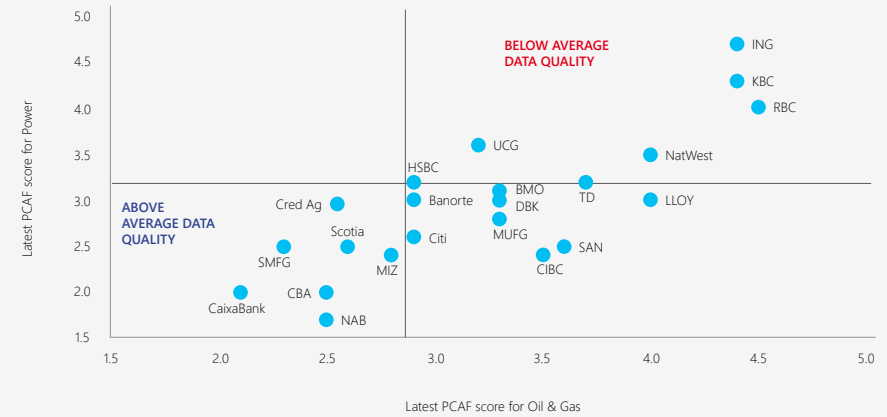
- Scope 3 was calculated for all the sectors in CaixaBank's portfolio. Given the high risk of double counting of emissions for the calculation of Scope 3, the emissions intensity per million euros is only reported for Scope 1+2.  
 - The information has been verified by the external auditor (PwC)\*.  
 \* Limited assurance carried out in accordance with the International Standard on Assurance Engagements 3410 (ISAE 3410). See Appendix.

PCAF has established a classification for the quality of the data used in calculating emissions financed<sup>113</sup>, assigning a score of 1 to the highest quality data and a score of 5 to the lowest quality data. The data quality score by asset type is as follows:



The calculations made by CaixaBank for financed emissions in the oil and gas and electricity sectors were assessed by APRI<sup>115</sup> (Autonomous Paris Readiness Index) on the basis of the quality of the data used, where CaixaBank was the best bank in terms of data quality, out of a total of 22 banks that took part in the study.

According to Autonomous Research analysis based on data published by the companies, CaixaBank is positioned as the bank with the best data quality in the estimated financed emissions:



Source: Autonomous: "Global Banks. Climate Risk: Further Modest Progress" (31 August 2023).



<sup>113</sup> For more details, see [The global GHG accounting & reporting standard for the financial industry](#).

<sup>114</sup> Corresponds only to Scope 1.

<sup>115</sup> Index created by Autonomous Research to show the progress of the world's major banks in their climate risk policies. The index assesses aspects such as physical and transitional risk management, the implementation of climate risk policies and the promotion of green finance.

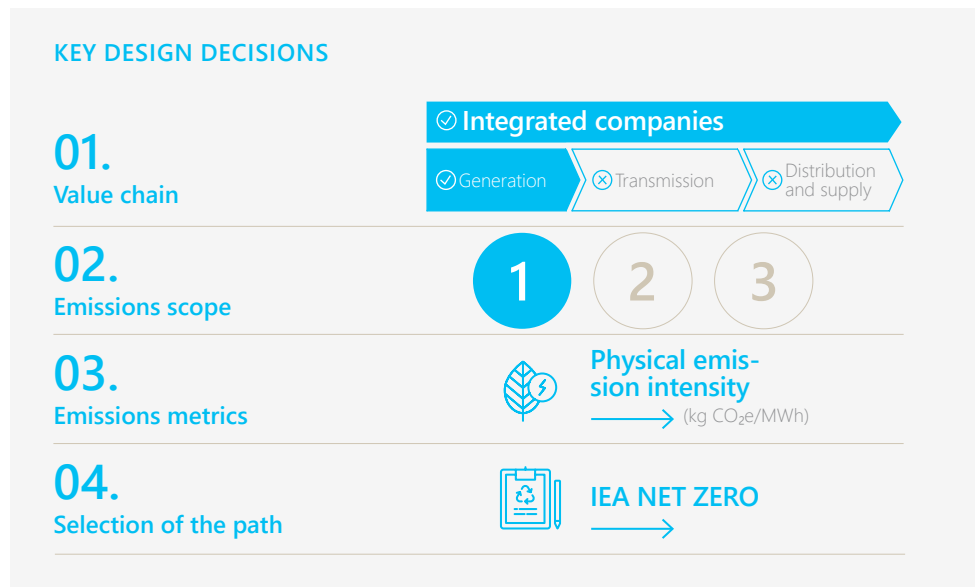


## Decarbonisation targets

Since the publication of its first decarbonisation targets for the electricity generation and oil and gas sectors in October 2022, CaixaBank has been working to achieve them. The targets set by the Bank are based on existing best practices and data available at the time of setting. However, climate science, methodologies and data availability are still evolving. **Cross-cutting methodological and data improvements have been made that affect all sectors** and are part of the normal dynamics of the trend in metrics: analysis of economic groups, risk perimeter, improvement of data quality, as well as the inclusion of BPI and the investment portfolio in the metrics. These changes have a non-significant impact on the metrics, although they greatly improve the robustness of the data considering the use of this data.

### Electricity Sector

The main design features of the alignment metric for the electricity sector are summarised in the following table:



As indicated in last year's report, **CaixaBank is committed to reducing the physical intensity of its portfolio in the electricity sector by 30%**, in line with the path determined by the IEA's Net Zero Emissions by 2050 scenario. Following the recommendations of the UNEP FI Guidelines for Target Setting, the emissions reduction target has been set using as a metric the physical intensity of the portfolio (kgCO<sub>2</sub>e/MWh), based on the total granted, and which allows support for the transition of the sector according to CaixaBank's Strategic Plan.

With respect to the target published in October 2022, and as for the other metrics, CaixaBank has incorporated all the Group's material portfolios (investment portfolio and the BPI portfolio) into the electricity sector target, determining a consolidated target, although the starting point has not been altered.

### Oil and Gas Sector

For the Oil & Gas sector, a **redesign of the metric has been decided to base it on the exposure to risk vs risk granted**. This decision has been taken to avoid over-attribution of financed emissions resulting from basing it on granted risk. This approach is also consistent with the PCAF methodology for calculating financed emissions and facilitates comparison with the metrics used by main national and European peers, which are mostly applying this approach. All other characteristics of the metric, including the level of ambition, remain unchanged.

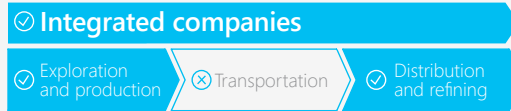
The redesign of the metric has resulted in the need to re-estimate both the base year and the 2030 end point, while keeping the percentage reduction target unchanged. The percentage reduction target remains at -23% by 2030, in line with the path determined by the IEA's Net Zero Emissions by 2050 scenario.



The main design features are as follows:

### KEY DESIGN DECISIONS

#### 01. Value chain



#### 02. Emissions scope



#### 03. Emissions metrics



**Absolute emissions**  
→ (based on exposure to risk)

#### 04. Selection of the path

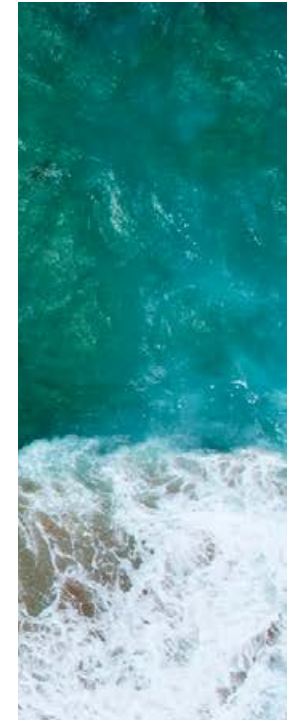


**IEA NET ZERO**

**The decarbonisation target based on absolute emissions metrics is in line with industry expectations.** Decarbonisation of the oil and gas sector is expected to be driven by both improvements in energy efficiency and by direct replacement of these fuels as inputs for other processes (demand effect).

As for the other metrics, CaixaBank has incorporated all the Group's material portfolios (investment portfolio and BPI portfolio) into the Oil and Gas target, setting a consolidated target. The impact of including the BPI portfolio in the metric is 0.5 MtCO<sub>2e</sub>.

With the redesign (exposure to risk vs granted) and the inclusion of the material portfolios, metrics decrease from 26.9 MtCO<sub>2e</sub> at baseline to 9.1 MtCO<sub>2e</sub> and from 20.7 MtCO<sub>2e</sub> to 7.0 MtCO<sub>2e</sub> at endpoint, considering the maintenance of the 23% reduction ambition level.



## Coal sector

In July 2023, CaixaBank announced its commitment to phase-out of coal by 2030: **CaixaBank will stop financing companies involved in thermal coal activities**<sup>16</sup>, reducing its exposure to zero by 2030 ("phase-out"). In line with the ambition to be a reference in sustainability in Europe, CaixaBank will continue making progress in setting decarbonisation targets in accordance with its commitment as a founding member of the Net Zero Banking Alliance. The phase-out is as well aligned with the recommendation of the United Nations Intergovernmental Panel on Climate Change (IPCC) to limit the increase in global temperature to a maximum of 1.5°C. CaixaBank will continue financing the transition to a carbon-neutral economy and supporting clients committed with a coal phase-out by 2030.

## Automotive sector

One of the sectors prioritised by the NZBA as CO<sub>2</sub> intensive is the transport sector. Given the heterogeneity of activities that make up the sector and following best practice in target setting, it has been decided to divide this sector into 3 sub-sectors: Automotive, aviation and maritime.

The automotive sector accounts for a significant percentage of CaixaBank's loan portfolio and a concentration of financed emissions (approx. 15% of total financed emissions for the transport sector as a whole<sup>17</sup>). There are also methodologies and scenarios for calculating decarbonisation targets. The target has been set at the consolidated level, including the exposure of CaixaBank's and BPI's lending and investment portfolios.

For the calculation of the target, the International Energy Agency's Net Zero Scenario (IEA NZE 2050)<sup>18</sup> has been used as a reference. This scenario ensures that total CO<sub>2</sub> emissions by the sector in 2050 are in line with the emissions-reduction path required to keep the increase in global temperatures below 1.5°C<sup>19</sup>. To achieve the 1.5°C objective, the IEA NZE 2050 assumes increasing development of policies and technological changes to achieve net zero in 2050, limiting the possibility of offsetting, eliminating or capturing CO<sub>2</sub> emissions. This scenario is based on the science, is peer-reviewed, and is widely accepted and used as a benchmark.

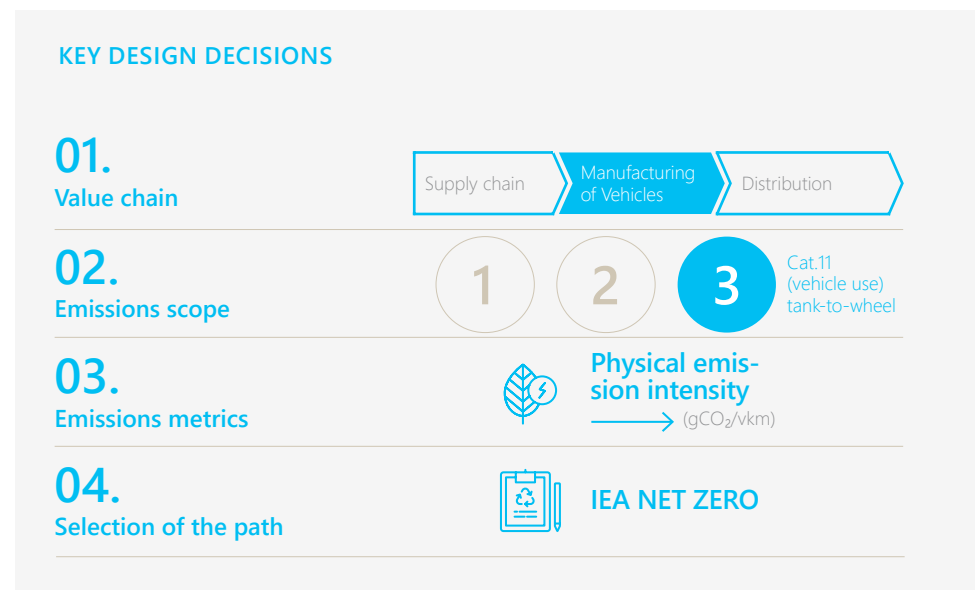
<sup>16</sup> Clients whose revenues from thermal coal mining and/or coal-fired power generation exceed 5% of the total.

<sup>17</sup> See Table of financed emissions by sector in 2021.

<sup>18</sup> Scenario available in the report "[Net Zero by 2050 - A Roadmap for the Global Energy Sector](#)" of the International Energy Agency (IEA).

<sup>19</sup> Objective of limiting the temperature increase to 1.5°C above preindustrial levels by 2100.

The following design decisions were made in order to define the objectives for the sector:



Following best market practice for setting decarbonisation targets in this sector, the focus is on the Manufacturing segment, incorporating the so-called Original Equipment Manufacturers (OEMs). Scope 3 category 11 tank-to-wheel emissions, which are those produced by the vehicle when in use, are also considered. Tank-to-wheel emissions are by far the most relevant emissions for this link in the value chain.

The metric selected for this sector is an intensity metric describing the emissions efficiency per km travelled over its lifetime by a vehicle manufactured by the OEM (gCO<sub>2</sub>/vkm). This metric supports the sector's transition in line with CaixaBank's Strategic Plan.

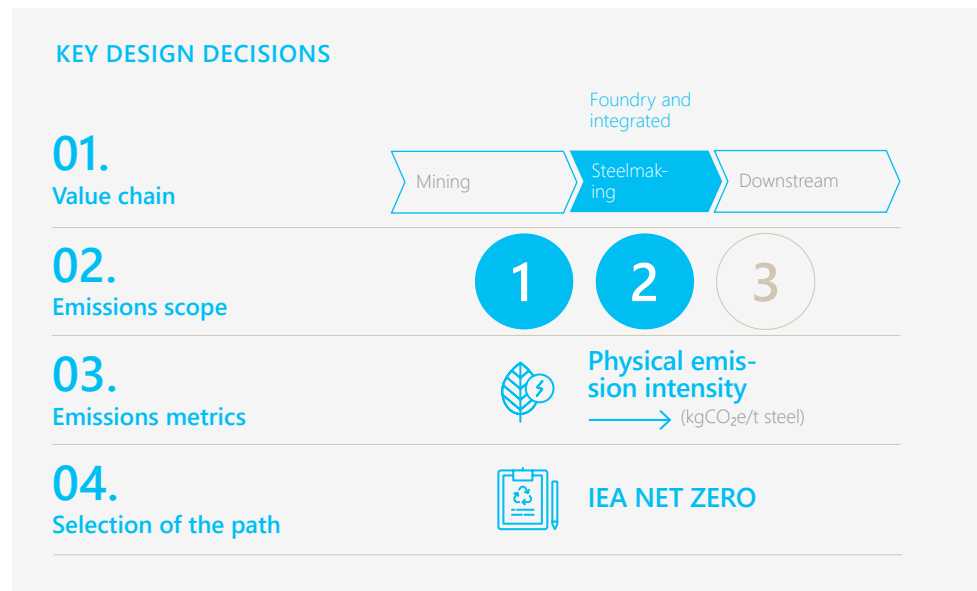


## Iron & Steel Sector

The Iron and Steel sector represents a relatively limited part of CaixaBank's loan portfolio. However, given that this is one of the most emission-intensive sectors globally and that there are adapted methodologies and scenarios aligned with the NZBA, it has been chosen to set a target already at this stage.

The target has been set at the consolidated level, including the exposure of CaixaBank's and BPI's lending and investment portfolios.

The main target-setting decisions taken are summarised in the table below:



The perimeter determined for this sector consists of the Iron and Steel Manufacturing segment, including foundries and integrated groups (foundry + transformation). Smelting is the manufacturing stage that accounts for most of the emissions.

The methodology, consistent with market best practices and the Sustainable Steel Principles, considers a Scope 1 and 2 emissions intensity metric per tonne of steel produced. In this sector, the production process is particularly intensive, so that emissions from the use of the final product and its upstream supply chain are less relevant in comparison.

Given the relatively low exposure to this sector and its high concentration in a few counterparties, the current technological limitations of a hard-to-abate sector and the uncertainty of changing methodologies and scenarios, a target in the form of a range has been chosen. CaixaBank acknowledges the difficulty implicit in the decarbonisation of this sector, which leads to a certain level of prudence in terms of the margin for managing the decarbonisation of the portfolio. However, CaixaBank is also aware of the existence of certain levers for decarbonising its portfolio, which depend substantially on the ambition of its main customers. Through engagement processes and portfolio rebalancing, CaixaBank will pursue an intermediate target compatible with the 1.5°C objective. Thus, the range set shows CaixaBank's ambition, given that it incorporates, in its low range, the level of arrival determined by the IEA's NZE.



## SUMMARY OF SECTORAL DECARBONISATION TARGETS SET FOR 2030:

Sector	Emissions scope	Metric	Scenario	Base year	Base year metric	Reduction target (2030)	Metric target (2030)	Exposure
Electricity	1	Physical intensity	IEA Net Zero 2050 <sup>120</sup>	2020	136 kgCO <sub>2</sub> e/MWh	-30%	95 kgCO <sub>2</sub> e/ MWh	Exposure (granted limit)
Oil and Gas	1, 2, 3	Total financed emissions	IEA Net Zero 2050 <sup>120</sup>	2020	9.08 MtCO <sub>2</sub> e	-23%	6.99 MtCO <sub>2</sub> e	Drawn exposure
Auto	3 <sup>121</sup>	Physical intensity	IEA Net Zero 2050 <sup>120</sup>	2022	154 gCO <sub>2</sub> /vkm	-33%	103 gCO <sub>2</sub> /vkm	Exposure (granted limit)
Iron and Steel	1+2	Physical intensity	IEA Net Zero 2050 <sup>120</sup>	2022	1,230 kgCO <sub>2</sub> e/t steel	-[10-20]%	1,107 – 984 kgCO <sub>2</sub> e/t steel	Exposure (granted limit)
Coal	N/A	Total exposure	N/A	2022	€2,845 Mn (€213 Mn taking into account mitigating factors <sup>122</sup> )	-100%	€0 Mn	Drawn exposure

<sup>120</sup> Net Zero by 2050. A Roadmap for the Global Energy Sector from May 2021.

<sup>121</sup> Scope 3 emissions, category 11 are covered: tank-to-wheel.

<sup>122</sup> Mitigating factors are considered to be phase-out commitments <= 2030 or renewable financing only.

In accordance with its commitment under the NZBA, by April 2024 CaixaBank plans to establish additional alignment targets for other greenhouse gas intensive sectors<sup>123</sup>, in both its lending and investment portfolios, and for subsidiaries with material exposures in the sectors prioritised.

### Transition plans and evolution of the metrics

The commitment acquired by signing up to the Net-Zero Banking Alliance is ambitious, and this is reflected in CaixaBank's all sector objectives.

Since the establishment of the first NZBA targets, CaixaBank has been actively managing its sectoral portfolios to ensure that the transition to the target is properly executed and that the committed targets are met. In this section, the reduction levers and other lines of action for the good development of the sector are outlined, as well as the trend in metrics for the electricity and oil and gas sectors.

However, given its nature, in order to achieve all the decarbonisation targets set, CaixaBank will have to leverage changes derived from government policies and environmental and climate regulations, in addition to changes in consumer behaviour, scientific developments and new technologies, as it is part of, and contributes to, the collective effort needed for the transition to a net-zero economy.

It is important to note that CaixaBank's vocation to accompany its customers in their transition process as a mechanism for achieving the decarbonisation of the economy means that the path of decarbonisation of the portfolio point by point may not be linear. Despite this, CaixaBank seeks to achieve a downward trend in its decarbonisation curves in its management, so that the target set for 2030 is met on time and on budget.

### Governance of decarbonisation targets

The decarbonisation targets have been approved by the governing bodies. A progress report is presented to the Sustainability Committee on a quarterly basis. Additionally, both the Management Committee and the corresponding governing bodies (Appointments and Sustainability Committee, Risk Committee) are informed annually on the trend in metrics.

At the operational level, risk proposals that fall within the perimeter of the targets set for NZBA purposes are reviewed weekly by the Environmental Risk Approval area, the Risk Management Function, and the Business and Climate Risk areas to jointly assess their compatibility with the established alignment targets.

<sup>123</sup> Intensive sectors under the NZBA: agriculture, aluminium, cement, coal, real estate, iron and steel, oil and gas, power generation, and transport.

## Electricity sector transition plan

For CaixaBank, the ultimate objective of its portfolio decarbonisation strategy in the electricity sector is to support its customers in their transition to a less emissions-intensive power generation mix, provided that they are committed to sustainability. This is the only way to achieve a decarbonised electricity sector. CaixaBank will thus help and incentivise the reduction of the emissions intensity of its customers' generation mix, which will consequently lead to a reduction in its own intensity metrics.

The main levers for the decarbonisation of the sector are related to the financing of renewable energies and engagement with strategic customers to offer them solutions that enable them to meet – or even accelerate – their decarbonisation plans. Additionally, the possibility of rebalancing the portfolio towards less emissions-intensive customers and, ultimately, the de-risking of certain counterparties not committed to the transition to a low-carbon economy is envisaged. The **main lines of management to achieve CaixaBank's decarbonisation target** in the electricity sector are as follows:



### MEASUREMENT AND MONITORING

- Calculation of estimates of the emissions intensity metric for the power sector with the most recent portfolio holdings
- Identification of main drivers of change



### SETTING INTENSITY LIMITS

- Forecasting evolution of the metric at year-end
- Determination emission intensity thresholds for new transactions and customers



### APPROVAL POLICY AND CONTROL

- Implementation of red lines in risk approval through sustainability risk policy
- Review and sanctioning of new operations in the sector



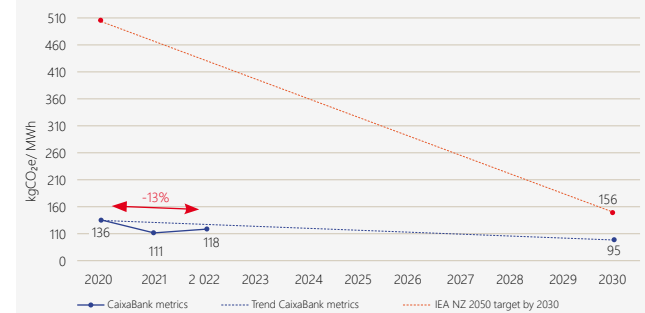
### ENGAGEMENT SERVICES

- Engagement with key customers: Assessing and ranking their level of alignment with sustainability indicators, setting strategies to improve it and offering supporting products and services.



The evolution of the metrics with respect to the starting point is favourable, although not linear. When assessing the trend in the metric, it is important to consider that the target set by CaixaBank is ambitious, as it is already well below the global target for the sector set by the IEA NZE 2050 scenario. The scope for action is also constrained by the complex geopolitical environment for the energy sector.

## PROGRESS IN THE ELECTRICITY SECTOR






## Oil and gas transition plan

The decarbonisation capacity of the oil and gas sector is different from that of the power sector, which is also reflected in the levers available.

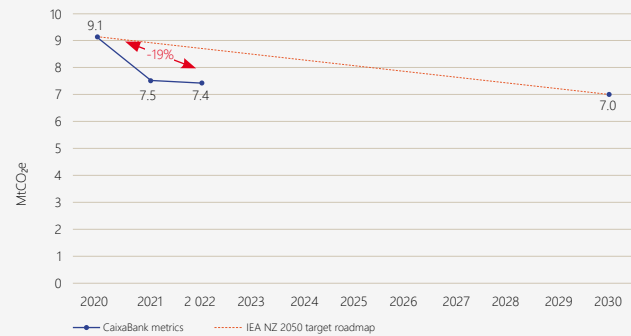
The main levers for the reduction of absolute emissions financed are focused on engagement with key customers to boost their decarbonisation plans. It also looks at the gradual reduction of exposure to the most intensive activities and, ultimately, the de-risking of certain counterparties not committed to the transition to a low-carbon economy.

The main lines of management to achieve CaixaBank's decarbonisation target in the oil and gas sector are as follows:

<div style="display: flex; align-items: center;"> <div style="border: 1px solid #00a0e3; border-radius: 50%; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center; margin-right: 10px;">M</div> <div style="background-color: #00a0e3; color: white; padding: 5px 10px; font-weight: bold;">MEASUREMENT AND MONITORING</div> </div>	<ul style="list-style-type: none"> <li>- Calculation of estimates of the emissions intensity metric for the oil and gas sector with the most recent portfolio holdings</li> <li>- Identification of main drivers of change</li> <li>- Forecasting the evolution of the metric at year-end</li> </ul>	
<div style="display: flex; align-items: center;"> <div style="border: 1px solid #00a0e3; border-radius: 50%; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center; margin-right: 10px;">P</div> <div style="background-color: #00a0e3; color: white; padding: 5px 10px; font-weight: bold;">APPROVAL POLICY AND CONTROL</div> </div>	<ul style="list-style-type: none"> <li>- Implementation of red lines in risk approval through sustainability risk policy</li> <li>- Review and assessment of the impact and sanctioning of new operations in the sector so as not to increase financed emissions.</li> </ul>	
<div style="display: flex; align-items: center;"> <div style="border: 1px solid #00a0e3; border-radius: 50%; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center; margin-right: 10px;">W</div> <div style="background-color: #003366; color: white; padding: 5px 10px; font-weight: bold;">ENGAGEMENT</div> </div>	<ul style="list-style-type: none"> <li>- Engagement with key customers to ensure compliance with sustainability plans</li> <li>- Engagement services: assessing and ranking their level of alignment with sustainability indicators, setting strategies to improve it and offering supporting products and services</li> </ul>	

The evolution of the metrics with respect to the starting point is favourable, although not linear. The scope for action is also constrained by the complex geopolitical environment for the energy sector.

PROGRESS IN THE OIL AND GAS SECTOR



The values of the metrics for the 2020-based targets (electricity and oil and gas sector) are specified below.

Sector	Emissions scope	Metric	Scenario	Metric value				Reduction target (2030)
				2020 (base year)	2021	2022	2030 (target value)	
Electricity	1	Physical intensity	IEA Net Zero 2050	136 kgCO <sub>2</sub> e/MWh	111 kgCO <sub>2</sub> e/MWh	118 kgCO <sub>2</sub> e/MWh	95 kgCO <sub>2</sub> e/MWh	-30%
Oil and Gas	1, 2, 3	Total financed emissions	IEA Net Zero 2050	9.1 MtCO <sub>2</sub> e	7.5 MtCO <sub>2</sub> e	7.4 MtCO <sub>2</sub> e	7.0 MtCO <sub>2</sub> e	-23%

## Operational carbon footprint and decarbonisation targets

CaixaBank, S.A. has been calculating its carbon footprint since 2009, as part of its commitment to minimising and offsetting its CO<sub>2</sub> emissions.

### OPERATIONAL CARBON FOOTPRINT MITIGATION STRATEGY – CALCULATION, REDUCTION AND COMPENSATION



#### Calculation of the carbon footprint

Since 2009, CaixaBank has prepared an annual inventory of the greenhouse gas (GHG) emissions generated from its activities. This is used to calculate its carbon footprint and establish actions to gradually reduce it.



#### Reduction of CO<sub>2</sub> emissions

Through the implementation of technological improvements and good environmental practices.



#### Consumption of renewable energy

Certified 100% renewable



#### Offsetting of unavoidable emissions

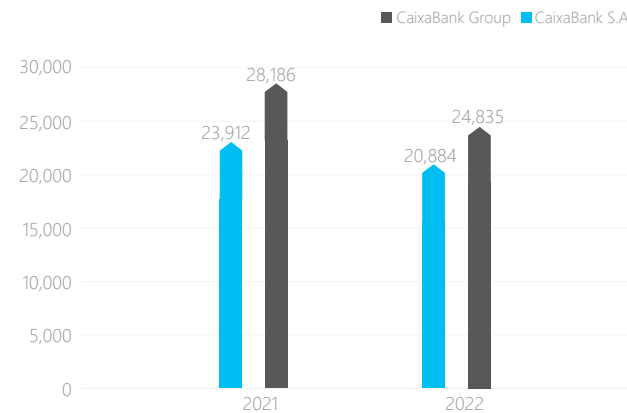
Both from corporate buildings and from the whole commercial network (scopes 1, 2 and 3.6).

The CaixaBank Group measures its carbon footprint and implements measures to reduce it. The results of these measurements are shown in the table below:

	2022		2021 <sup>124</sup>	
	CaixaBank, S.A.	CaixaBank Group	CaixaBank, S.A.	CaixaBank Group
t CO <sub>2</sub> eq Scope 1	5,626	9,576	5,763	9,257
tCO <sub>2</sub> eq Scope 2 (market-based)	0	0	374	1,154
tCO <sub>2</sub> eq Scope 3 <sup>125</sup>	15,206	15,259	17,775	17,775
tCO <sub>2</sub> eq totals (market-based)	20,885	24,835	23,912	28,186
t CO <sub>2</sub> eq per employee	0.4	0.5	0.6	0.5

Note: For more detailed information by perimeter, see Appendix 2.

### OPERATIONAL CARBON FOOTPRINT (TCO<sub>2</sub>EQ)



<sup>124</sup> The Operational Carbon Footprint data reflected in the 2021 Non-Financial Information Report included the sum of the historical calculation perimeters of CaixaBank and Bankia, which were not the same. These figures have been recalculated since the publication of the 2021 Non-Financial Information Report to standardise this perimeter and to be able to compare emissions in 2021 and 2022, as well as achieve the targets set.

<sup>125</sup> Scope 3 does not include category 15, Investments.



One of the milestones reached in 2022 was certification via Guarantees of Renewable Origin of all the energy consumed by the Group, meaning that the ZERO EMISSIONS target has been achieved in Scope 2.





As part of the Environmental Management Plan, the CaixaBank Group has undertaken to neutralise the carbon footprint of its own activity for Scope 1, 2 and corporate travel as defined in category 6 of Scope 3. To achieve this objective, measures have been implemented to reduce its own emissions and to offset those that could not be avoided.

The offsetting of these emissions has been carried out through participation in a forestry project in Colombia, recognised by Verified Carbon Standard (VCS) (offset project type IV "VICHADA AFFORESTATION REFORESTATION<sup>126</sup>"), as well as a wind power project in China, recognised by Clean Development Mechanism (CDM) (offset project type I "SHANGYI WANSHIGOU 49.5MW WIND FARM"). CaixaBank also has two CO<sub>2</sub> absorption projects of its own, reforesting burnt areas on the Montserrat mountain range in Barcelona and in Ejlve, Teruel.

**The breakdown of Scope 1 emissions by gas type 2022 in tCO<sub>2</sub>e is as follows:**

	CO <sub>2</sub>	CH <sub>4</sub>	N <sub>2</sub> O	HFCs
disease	2,065	4	9	3,548
CaixaBank Group	5,370	22	78	4,107

Reduction of operational emissions will be achieved through implementation of environmental efficiency measures, monitoring of indicators and **implementation of an Environmental and Energy Management System** in accordance with ISO 14001, ISO 50001 and the European EMAS regulation. This will enable us to perform our activity while protecting the environment.

CaixaBank, S.A. has five ISO 14001-certified buildings, one ISO 50001-certified building and one building certified under the EMAS Regulation, as well as the Environmental Quality Mark in all the branches of the network in Catalonia, meaning that approximately 30% of the workforce is working in certified buildings or branches. Additionally, other Group companies, such as CaixaBank Facilities Management and CaixaBank Tech, also have ISO 14001-certified Environmental Management Systems, and it is worth noting that in 2022 BPI has extended the same certification to two more centres, bringing the total number of ISO 14001-certified buildings to 3.



<sup>126</sup> Although it was described in the [Consolidated Management Report 2022](#) that one of the projects chosen for offsetting emissions was "IMPROVING RURAL LIVELIHOOD THROUGH AGROFORESTRY PRACTICES" in India, this project is currently being reviewed by VERRA and the CaixaBank Group has finally decided to replace it with the "VICHADA AFFORESTATION REFORESTATION" project in Colombia, which has already been approved by VERRA and recognised by VCS.



**The Environmental Management Plan 2022-2024 sets out quantitative objectives for all the years of the plan,** which allow measuring the degree of success of its implementation:

	2022	2022	2023	2024
	indicator	real	indicator	indicator
Scope 1 (vs 2021 <sup>127</sup> )	-7%	-10%	-10%	-15%
Scope 2 (vs 2021)	-100%	-100%	-100%	-100%
Scope 3 operational (vs 2021 <sup>128</sup> )	-12%	-38%	-15%	-18%
Reduction in CO <sub>2</sub> emissions (vs 2021)	-12.9%	-31.7%	-16%	-19%
Carbon Neutral <sup>129</sup> Scope 1, 2 and 3 operational CO <sub>2</sub> emissions reduced (vs 2021)	100%	100%	100%	100%
Consumption of renewable energy	100%	100%	100%	100%
Reduction in A4 paper consumption (vs 2021)	-8%	-34.6%	-12%	-15%
Saving in energy consumed (vs 2021)	-6%	-14.1%	-8%	-10%
Environmental certification of main buildings (vs 11 certifications 2021 <sup>130</sup> )	2	2	3	4

The 2022-2024 targets were defined taking into account the perimeter used to report the carbon footprint for 2021, which included Scope 1 and 2 for the CaixaBank Group and the Scope 3 concepts detailed in the table at the end of the section for CaixaBank, S.A. The 2021 target has also been recalculated so that the CaixaBank and Bankia perimeters have been unified, using the criterion that the complete data for both companies is available in order to be able to replicate the same calculations for 2022 and that the resulting emissions for both years can be comparable.

### Rescaled operational carbon footprint

In 2022, a materiality analysis was carried out on the different Scope 3 categories. Although the only relevant category in this scope is category 3.15, corresponding to financed emissions (see section on climate change), categories 3.1 (purchase of goods and services), 3.2 (purchase of capital goods), 3.3 (fuel and energy-related activities) and 3.6 (corporate travel) were also defined as material, defining a new perimeter for calculating the operational carbon footprint that includes all of these emissions for the entire Group and taking a step forward in the representativeness of the information reported.

These categories have been calculated extensively, which is particularly relevant in the categories of purchase of goods and services and purchase of capital goods, where 80% of the amount of the global statement of all the Bank's operating expenses and investments has been taken as a basis, considerably broadening the items included in these categories.

Accordingly, the **Bank's Global Operational Carbon Footprint has been re-dimensioned**, which will serve as a basis for working to reduce our emissions in reference to the value chain.

<sup>127</sup> For the calculation of the Scope 1 target, CaixaBank's refrigerant gas emissions data will take the average for the period 2019-2021 as the baseline year.

<sup>128</sup> CaixaBank's corporate travel emissions data takes 2019 (before COVID-19 restrictions) as the baseline year for the calculation of the scope 3 objective. The target falls within the same perimeter reported in 2021, as explained in this chapter.

<sup>129</sup> The carbon neutrality perimeter is defined taking into account Scopes 1, 2 and 3.6 (corporate travel) at a CaixaBank Group-wide level. To achieve this, we implement measures to reduce emissions, calculate emissions that could not be avoided and offset them by purchasing credits on the voluntary emissions offset market.

<sup>130</sup> In 2022, CaixaBank sold the certified building located at Paseo de la Castellana 51, moving most of its employees to the building at Castellana 189, which is also ISO 14001 certified. The base figure against which we assess the targets has changed to 10 certifications, to which we have added 2 new buildings belonging to BPI this year.

## CAIXABANK GROUP'S OVERALL OPERATIONAL CARBON FOOTPRINT TAKING INTO ACCOUNT THE PERIMETER DEFINED BY THE MATERIALITY ANALYSIS (tCO<sub>2</sub>EQ)

	2022		2021 <sup>131</sup>	
	CaixaBank, S.A.	CaixaBank Group	CaixaBank, S.A.	CaixaBank Group
tCO <sub>2</sub> eq Scope 1	5,626	9,576	5,763	9,257
tCO <sub>2</sub> eq Scope 2 (market-based)	0	0	374	1,154
tCO <sub>2</sub> eq Scope 2 (location-based)	31,995	42,671	32,784	43,979
tCO <sub>2</sub> eq Scope 3 <sup>132</sup>	112,540	202,327	106,465	206,434
tCO <sub>2</sub> eq totals (market-based)	118,166	211,903	112,602	216,845
tCO <sub>2</sub> eq totals (location-based)	150,161	254,574	145,012	259,670
t CO <sub>2</sub> eq per employee	2.7	4.8	3.0	4.3

Note: For more detailed information by perimeter, see Appendix 2.

<sup>131</sup>The Operational Carbon Footprint data reflected in the 2021 Non-Financial Information Report included the sum of the historical calculation perimeters of CaixaBank and Bankia, which were not the same. These figures have been recalculated since the publication of the 2021 Non-Financial Information Report to standardise this perimeter and to be able to compare emissions in 2021 and 2022, as well as achieve the targets set.

<sup>132</sup> Scope 3 does not include category 15, Investments.



## Environmental efficiency

### Electricity

Several initiatives have been implemented which have led to the **reduction of energy consumption** in recent years:

- Over the last few years, CaixaBank has implemented a home automation project that allows it to monitor energy consumption in corporate buildings and the branch network, to assess the energy savings of the measures implemented and to define new efficiency initiatives.
- In recent years, several consumption reduction initiatives have been implemented in the branch network based on potential savings: replacement of fluorescent lighting with LED lighting, replacement of air-conditioning equipment with more efficient equipment, presence and light switch-off sensors, single off-switches associated with the connection of alarms, replacement of IT equipment, etc.
- The two Data Processing Centres (DPC) are silver and gold LEED-certified respectively.
- In 2022, the CaixaBank Group's energy consumption was reduced by 14.1% compared to the previous year (-16.8% if we look exclusively at CaixaBank, S.A.). This reduction has been the result of the energy management and saving measures implemented and the synergies derived from the merger, as well as the changes in climate and lighting due to Royal Decree-Law 14/2022 on energy saving and efficiency measures.

Electricity consumption is shown below (in MWh):



**100%**

of electrical energy consumed is from renewable sources **99.2% in 2021**



**-14.1%**

Reduction in electricity consumption since 2021



**731**

Branches monitored



**961**

Branches managed remotely



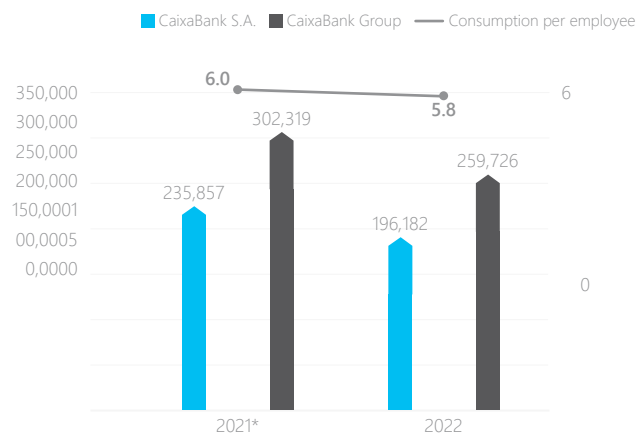
**27**

Buildings monitored and/or managed remotely



## ELECTRICITY CONSUMPTION

(MWh)



\* Energy consumption data updated with the latest invoices received.



## Paper

Several initiatives have been implemented which have led to the **reduction of paper consumption** in recent years:

- The digitalisation project enables digital signatures for 100% of the processes.
- ATMs allow envelope-less deposits and offer the option to view information on screen and not to print a receipt.
- Invoicing is done electronically.
- CaixaBank, S.A. has reduced paper consumption associated with sending communications to customers by 10.2% compared to 2021.
- Reduction of 34.61% in A4 paper consumption in corporate buildings and branches of CaixaBank, S.A. compared to the previous year.
- Reduction and centralisation of printers in multifunction teams with user identification system.
- Commitment to the preferential use of recycled paper, which at CaixaBank, S.A. accounts for 97% of consumption.
- Publications printed on FSC and PEFC certified paper.

	2022	2021
Paper consumption (t)	815	1,246
Paper consumption per employee (T)	0.0	0.0

## Water

- The water used comes from the supply network and its use is mainly for sanitary purposes, which means that it cannot be reused and therefore its importance as an environmental vector is relative. Despite this, measures are being implemented to reduce consumption, such as replacing traditional taps with stop-flow taps and replacing toilet cisterns with smaller capacity ones and dual flush buttons.
- In special buildings, the best technologies have been implemented to optimise water consumption associated with cooling processes: our data processing centres use free cooling technology without water, and the evaporative cooling towers at the corporate centre in Barcelona were replaced by adiabatic towers, with much lower water consumption.
- In 2022, 398,205m<sup>3</sup> of water was consumed, which represents a reduction in consumption of 21.4% compared to the previous year.

	2022	2021
Water consumption (m <sup>3</sup> )	398,205	506,847
Water consumption per employee (m <sup>3</sup> )	9.3	13.8



## Waste and the circular economy

- Separate collection allows for the proper recovery and recycling of waste.
- At our corporate buildings, waste is accounted for and managed by authorised waste management companies. In addition, our Corporate Services cafeterias are centres free of single-use plastic.
- In our branch network, municipal selective collection containers are used for non-hazardous waste (paper, plastic, organic and other waste), while hazardous waste is managed by authorised waste managers through our maintenance companies (light bulbs, refrigerant gases, electronic waste, toner, etc.).
- CaixaBank launches regular staff awareness campaigns to reduce waste generation.
- Collection of obsolete cards in the branch network for subsequent recycling.
- 100% of cards marketed are made from recycled PVC and biodegradable material.
- CaixaBank runs the ReUtilizame (Reuse me) programme to encourage companies to donate surplus material that is in good condition to non-profit social organisations. The programme is open to customers and subsidiaries of the Caixa-Bank Group and in 2022, 46,184 items were donated, 25 companies participated in addition to CaixaBank and 359 organisations benefited.
- The waste data taken into consideration for the calculation of the carbon footprint are shown in the table below.

	2022	2021
Toner cartridges (units)	38,040	42,337
IT waste (t)	984	1,262

## Net Zero Asset Owner Alliance

The world's largest institutional investors are committing, through the Net-Zero Asset Owner Alliance, to transition their portfolios to a net zero level of greenhouse gas emissions by 2050.

They thus contribute to meeting the objective of the Paris Agreement on climate change: to ensure that global temperatures do not rise above the 1.5°C target.

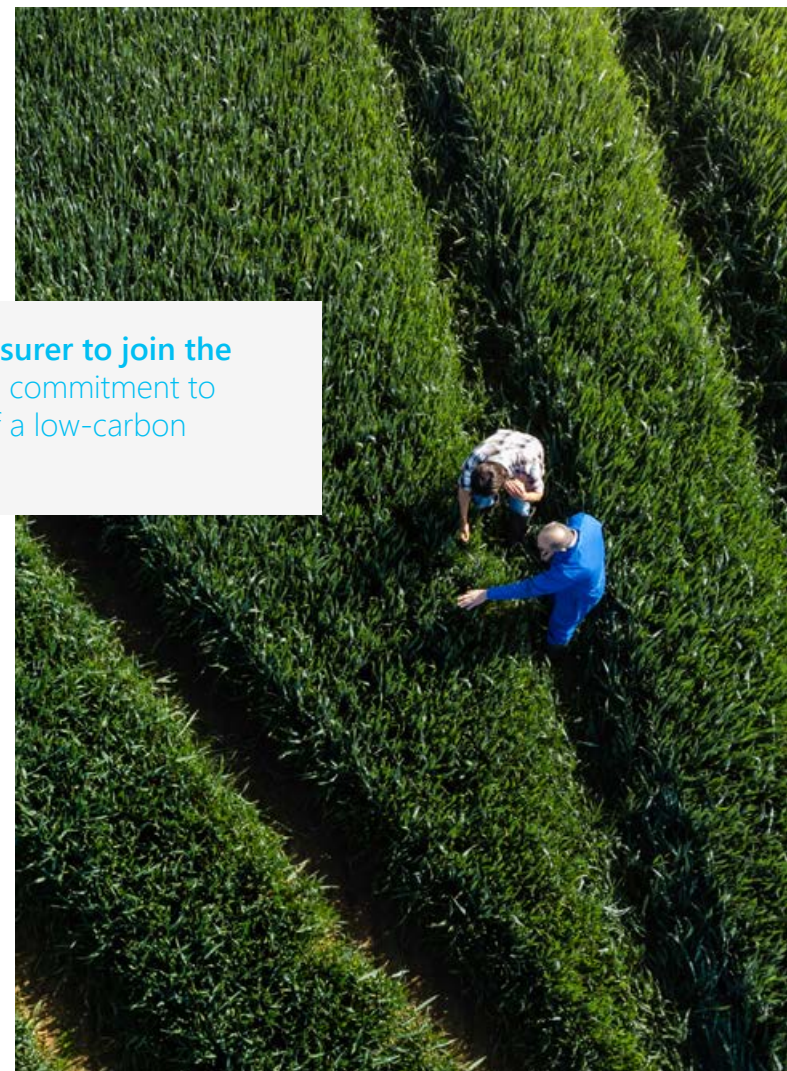


VidaCaixa was the **first Spanish insurer to join the initiative**, demonstrating its global commitment to sustainability and the promotion of a low-carbon economy.

In the framework of joining this alliance, VidaCaixa takes a step forward and sets intermediate targets for the first time, committing itself to reducing greenhouse gas emissions from corporate investments (scope 1 and 2) per million euros invested in its insurance activities by at least 50% by 2030, compared to 2019 levels.

To meet these objectives and as a fundamental pillar established by the alliance, VidaCaixa will hold dialogues with 20 carbon-intensive companies or those representing 65% of the portfolio's emissions, so that they improve their climate commitment, and will participate in reports relevant to decarbonisation carried out by the alliance or similar. It will also play an active role in financing the energy transition through climate-positive solutions such as green bonds.

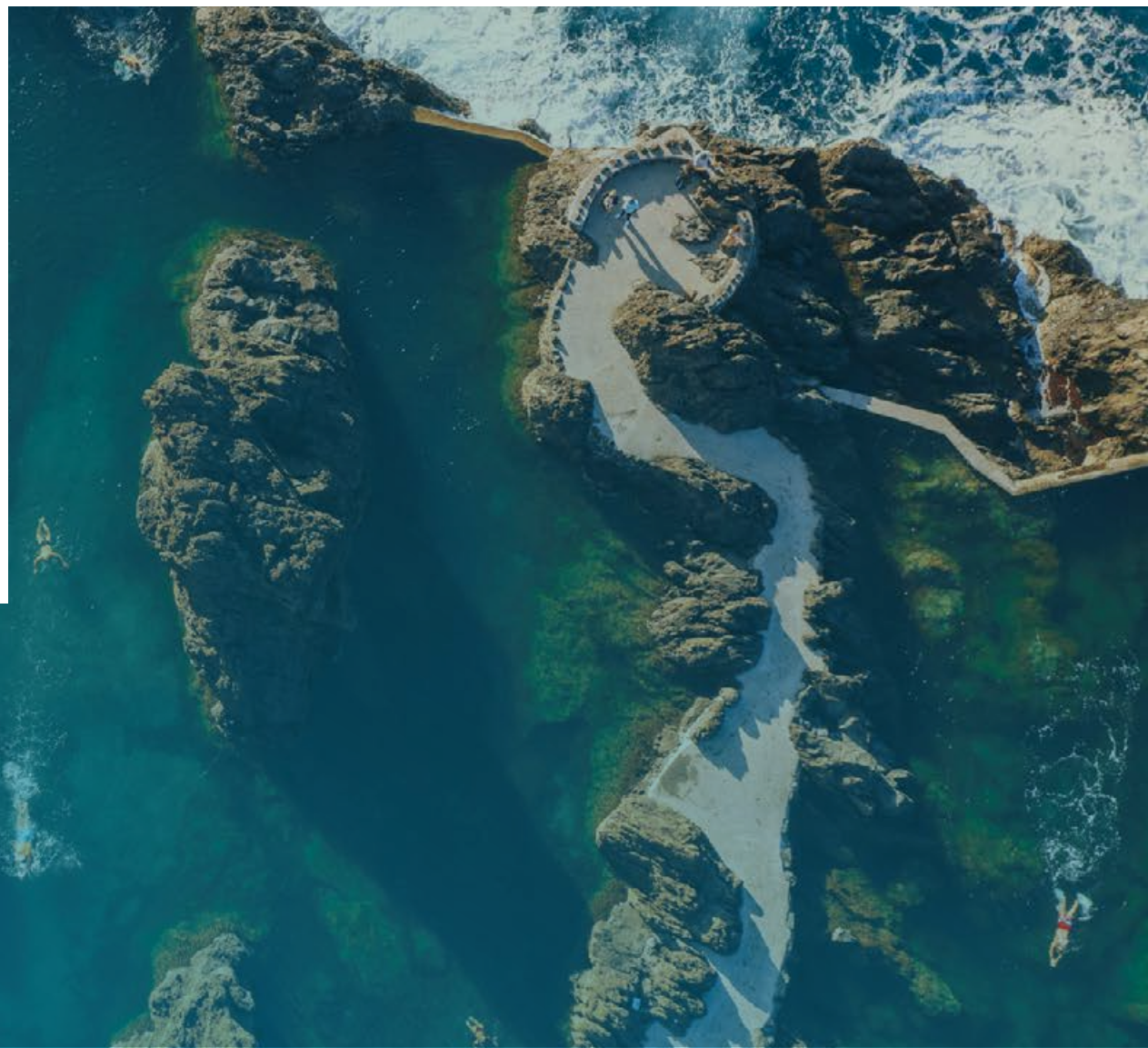
This commitment to decarbonisation forms part of the strategic pillar of 'promoting sustainability through SRI' of the **Sustainability Master Plan 2022-2024** of VidaCaixa. The other pillars of the Plan are to promote a responsible culture and to lead the social impact of insurance activity. This Plan is presented in the Sustainability Report 2021<sup>133</sup>.



<sup>133</sup> <https://www.vidacaixa.es/en/sustainability>

# A

## Appendix





# Appendix

## Appendix 1

### Methodology for calculating the emissions financed

CaixaBank has selected the methodology in the Global GHG Accounting and Reporting Standard for the Financial Industry (the Standard), developed by Partnership for Carbon Accounting Financials (PCAF), to estimate the emissions financed.

This methodology establishes that financed emissions should be calculated by multiplying the emissions of the borrower, investee or financed asset by an attribution factor specific to each asset class:

#### >> EQUATION 1 – EMISSIONS FINANCED

$$\text{Emissions financed} = \sum \text{Attribution factor} * \text{Emissions.}$$

Where: **the attribution factor** is the part of the borrower's annual CO<sub>2</sub>e emissions attributed to the Bank. **Emissions** are the annual emissions by the borrower.

The information on emissions and financial data for companies in CaixaBank's portfolio is for the end of the fiscal year (in this case 2021).

#### | Business financing. Methodology and calculation

The emissions calculation for this category includes all loans and credit facilities on the Bank's balance sheet for general corporate purposes granted to companies, non-profit and other types of organisations (not including SMEs). The calculation is performed on a group basis.

#### Calculation of the attribution factor

The attribution factor represents the weight of the financing granted to the customer by the Entity. Following the PCAF standard, this is calculated as follows:

#### >> EQUATION 2 – GENERAL LENDING ATTRIBUTION FACTOR

$$\text{Attribution factor}_o = \frac{\text{Outstanding balance to be repaid}}{\text{Enterprise Value Including Cash}_e \text{ (EVIC)}}$$



The Enterprise Value Including Cash (EVIC) is calculated using the carrying amount of the corresponding items (this prevents market volatility from interfering with management and achievement of decarbonisation commitments). The balance sheet information for the companies is taken from internal databases and from their balance sheets. The emissions financed cannot be calculated when financial information is not available for the company.

#### Calculation of emissions

The calculation of financed emissions follows two approaches, depending on the available information:

- a) **Top-down:** when information on emissions published by the Group is available.
- b) **Bottom-up:** when information on emissions published by the Group is not available, this is estimated on the basis of the information available (at the sector level) for the counterparties comprising the Group.



## Project Finance: Methodology and calculation

The Project Finance portfolio includes all loans to projects with specific purposes on the Entity's balance sheet at year end. The calculation of PF emissions only includes emissions financed over the life of the transaction.

### Calculation of the attribution factor

The attribution factor for this segment is calculated as follows:

#### >> EQUATION 3 – PROJECT FINANCE ATTRIBUTION FACTOR

$$\text{Attribution factor} = \frac{\text{Outstanding balance to be repaid}}{\text{Equity}_e + \text{Debt}_e}$$

### Calculation of emissions

Given the available information, the following approaches were used to calculate the scope 1, 2, 3 emissions:

- **Approach 1:** This approach uses the reported emissions of the project to be financed.
- **Approach 2:** GHG emissions calculated on the basis of the physical activity of the project to be financed.
- **Approach 3:** GHG emissions calculated on the basis of economic activity and PCAF intensity factors.

## Mortgages and CRE: Methodology and calculation

The mortgage portfolio includes those mortgage-backed loans on the Bank's balance sheet for the purchase or refinancing of residential properties, including individual and single-family housing units. The Commercial Real Estate (CRE) portfolio includes mortgage-backed loans on the Bank's balance sheet for the purchase or refinancing of properties for commercial purposes. Consumer loans, as well as loans for the construction/remodelling of housing and/or property for commercial purposes are excluded from the scope.

### Calculation of the attribution factor

The attribution factor for this segment is calculated as follows:

#### >> EQUATION 4 – MORTGAGE AND CRE ATTRIBUTION FACTOR

$$\text{Attribution factor}_o = \frac{\text{Outstanding balance of the property to be amortised}}{\text{Property value at source}_e}$$

### Calculation of emissions

Given the available information, the following approaches were used to calculate the emissions per scope 1 and 2 of the properties:

- Energy certificate of the property. The EPC may be actual, estimated, inferred or modelled.
- IDAE or PCAF/CRREM depending on the type of property.

## Investment portfolio: Methodology and calculation

The investment portfolio includes corporate fixed income and equities. Fixed income includes investments in financial bonds issued by private entities, excluding green bonds. Equity includes the Bank's holdings in other companies, including holdings in listed and unlisted companies.

### Calculation of the attribution factor

The attribution factor for this segment is calculated as follows:

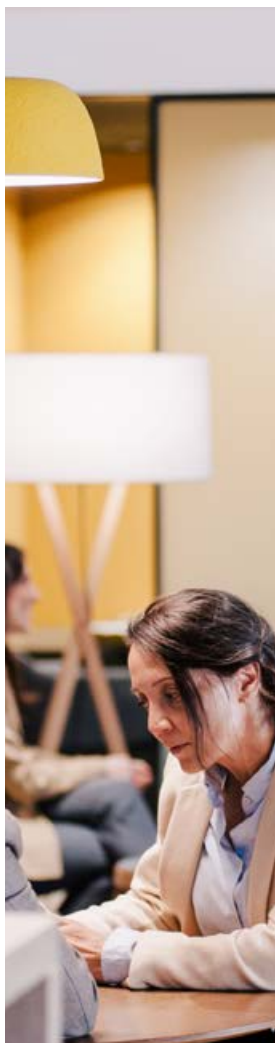
#### >> EQUATION 5 – INVESTMENT PORTFOLIO ATTRIBUTION FACTOR

$$\text{Attribution factor}_o = \frac{\text{Carrying amount}}{\text{Enterprise Value Including Cash (EVIC)}_e}$$

### Calculation of emissions

Given the information available, the following approaches have been used to calculate the financed emissions for each of Scopes 1, 2 and 3:

- **Approach 1:** This approach uses the emissions reported by the company.
- **Approach 2:** GHG emissions calculated on the basis of company's economic activity and PCAF intensity factors.



## Vehicles. Methodology and calculation

This portfolio includes loans to companies and individuals for the purchase of vehicles and boats.

### Calculation of the attribution factor

The attribution factor for this segment is calculated as follows:

#### >> EQUATION 6 – VEHICLE ATTRIBUTION FACTOR

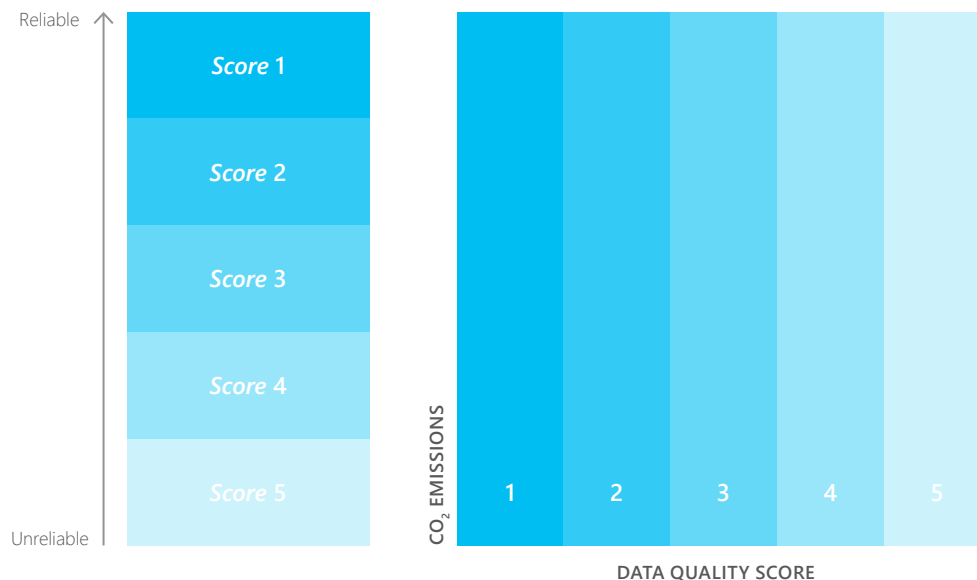
$$\text{Attribution factor}_o = \frac{\text{Outstanding balance to be repaid}}{\text{Total value of the loan}_e}$$

### Calculation of emissions

Given the low availability of information on the actual emissions (Scope 1 emissions) of each vehicle, an estimate of the emissions financed is made from the following proxies: Average emission factor according to vehicle type and average kilometres driven according to vehicle type.

## Data quality.

PCAF establishes a quality level for the degree of certainty of the estimates (the Data Quality Score or DQ Score), depending on the estimation methodology used. PCAF has set five levels for the DQ Score:



In order to disclose the average quality of the data used in a representative way, the quality scores have been normalised on the basis of the amount drawn down (weighted average), using the following formula:

$$\sum_{i=1}^n \frac{\text{Available} \times \text{data quality score (DQ Score)}_i}{\sum_{i=1}^n \text{Drawn}}$$

## Appendix 2

### Methodology for calculating operating emissions

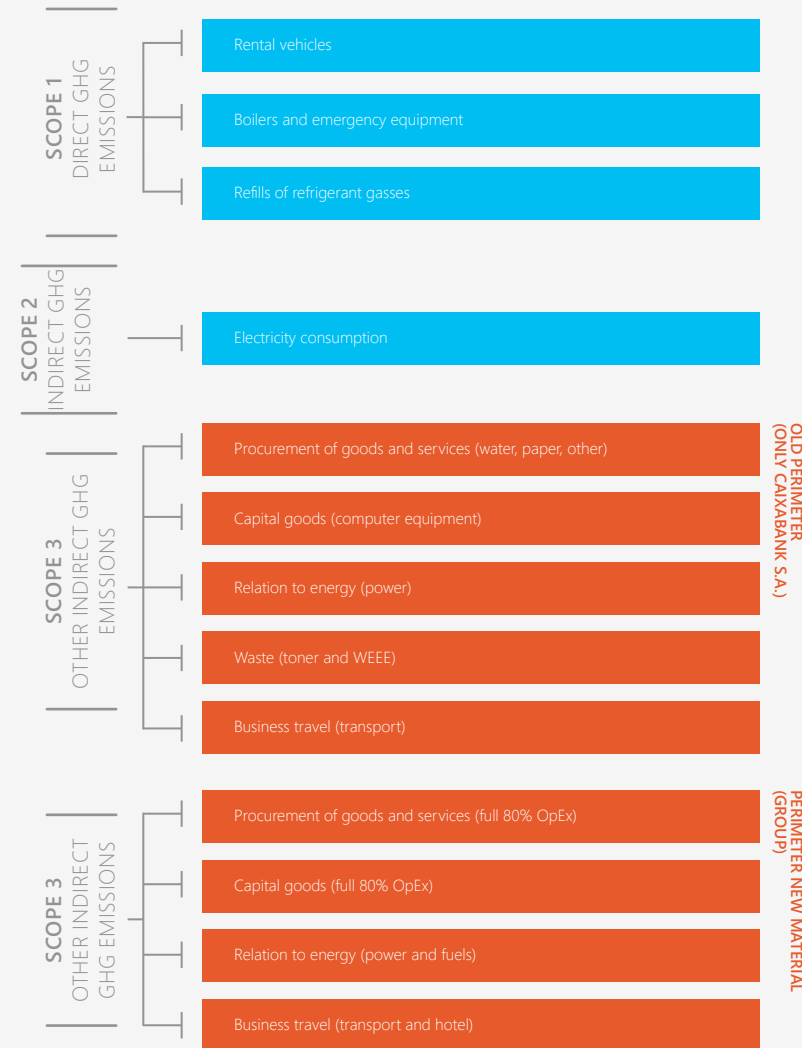
The calculation methodology used is that of the Greenhouse Gas Protocol, Corporate Accounting and Reporting Standard, developed by the World Business Council for Sustainable Development. The classification in the GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard is used for scope 3 emissions. This methodology is internationally recognised and is based on programmes such as the CDP.

CaixaBank's inventory of GHG emissions distinguishes between organisational limits and operating limits within this methodological framework:

- **Organisational limit:** the limits that determine the operations owned or controlled by the CaixaBank Group. The perimeter previously set for CaixaBank covered its main sources of direct emissions (scope 1) and indirect emissions associated with the purchase and consumption of electricity (scope 2) and indirect emissions associated with available environmental indicators for which reliable information is available, included in scope 3 (purchases of paper, water and other goods, IT equipment, the electricity value chain, waste and corporate travel). In the case of subsidiaries, the perimeter covered their main direct emission sources (scope 1) and indirect emissions associated with electricity purchases and consumption (scope 2). The new resized perimeter includes, for both CaixaBank and subsidiaries, direct emission sources (scope 1), indirect emissions associated with the purchase and consumption of electricity (scope 2) and the complete categories of scope 3 considered as material (categories 3.1 (purchase of goods and services), 3.2 (purchase of capital goods), 3.3 (fuel and energy-related activities) and 3.6 (corporate travel)).
- **Operating limit:** these limits determine the direct and indirect emissions associated with operations owned or controlled by CaixaBank.



#### >> IDENTIFIED EMISSION SOURCES



The categories included in all the organisations are shown in blue; categories included for CaixaBank and Bankia are shown in orange.



The 2021 inventory of GHG emissions is detailed in the following table:

>> CAIXABANK GROUP OPERATIONAL CARBON FOOTPRINT (TCO<sub>2</sub>EQ)

Item	Source	2022		2021*		
		CaixaBank S.A.	CaixaBank Group	CaixaBank S.A.	CaixaBank Group	
Scope 1	Combustion in stationary sources	Diesel C	326.46	415.48	682.61	817.43
		Natural gas	791.13	892.75	970.07	1.01772
	Combustion in mobile sources	Rental vehicles	960.40	4.16152	1.29195	4.09607
	Leaks of refrigerant gasses	Various refrigerant gasses	3.54813	4.10654	2.81800	3.32617
Scope 2	Market-based method		-	-	374.17	1.15355
	Location-based method		31.99466	42.67071	32.78412	43.97880
	Electricity auto-consumption		-	-	-	-
Scope 3	3.1 Purchase of goods and services	Mains water	153.31	153.31	195.14	195.14
		A4 paper	2.05494	2.05494	3.10514	3.10514
		Other paper	3.48920	3.48920	4.12667	4.12667
		Other goods (toner, stickers and cards)	647.63	647.63	824.34	824.34
	3.2 Capital assets	Computers, monitors, keyboards	1.44047	1.44047	3.94641	3.94641
3.3 Fuel and energy-related activities (non-conventional)	Value chain and transport for non-renewable electricity	-	-	122.64	122.64	
3.4 Waste generation	IT support and toner	1.78320	1.78320	1.35962	1.35962	
3.6 Corporate travel	Plane, train, car	5.68998	5.68998	4.09494	4.09494	
Total	Scope 1		5.62612	9.57629	5.76263	9.25738
	Scope 2 (market-based)		-	-	374.17	1.15355
	Scope 2 (location-based)		31.99466	42.67071	32.78412	43.97880
	Scope 3		12.20596	15.25872	17.77491	17.77491
	Total (market-based)		20.88484	24.83501	23.91170	28.18584
	Total (location-based)		52.87950	67.50572	56.32166	71.01109
	Total per employee (market-based)		0.49	0.56	0.65	0.57



>> CAIXABANK GROUP'S OVERALL OPERATIONAL CARBON FOOTPRINT TAKING INTO ACCOUNT THE PERIMETER DEFINED BY THE MATERIALITY ANALYSIS (TCO<sub>2</sub>EQ)

Item	Source	2022		2021*	
		CaixaBank S.A.	CaixaBank Group	CaixaBank S.A.	CaixaBank Group
Scope 1	Combustion in stationary sources	326.46	415.48	682.61	817.43
	Boilers and emergency equipment	791.13	892.75	970.07	1.01772
	Diesel C				
Scope 2	Combustion in mobile sources	960.40	4.16152	1.29195	4.09607
	Leaks of refrigerant gasses	3.54813	4.10654	2.81800	3.32617
	Various refrigerant gasses	0.0	0.0	374.17	1.15355
Scope 3	Market-based method	31.99466	42.67071	32.78412	43.97880
	Location-based method	0.0	0.0	0.0	0.0
	Electricity auto-consumption	51.98066	128.00567	59.18522	146.72385
Scope 3	3.1 Purchase of goods and services	50.16490	60.81078	36.44854	45.84197
	3.2 Capital assets	451.1	1.26400	616.9	1.32386
	OpEx	4.13351	5.45165	5.74135	7.50561
Scope 3	3.3 Fuel and energy-related activities	5.80991	6.79480	4.47340	5.03883
	3.4 Corporate travel	5.62612	9.57629	5.76263	9.25739
	Value chain and transport of electricity	0.0	0.0	374.1	1.15355
Total	Air, train, car and hotel	31.99466	42.67071	32.78412	43.97880
	Scope 1	112.54014	202.32690	106.46543	206.43412
	Scope 2 (market-based)	118.16626	211.90319	112.60223	216.84506
	Scope 2 (location-based)	150.16092	254.57390	145.01218	259.67031
	Scope 3	2.7	4.8	3.0	4.3
	Total (market-based)				
	Total (location-based)				
Total per employee (market-based)					



## Appendix 3

### >> TABLE OF COMPLIANCE WITH TCFD RECOMMENDATIONS

TCFD Recommendations	Location of the report	IFRS S2 requirements
<b>Strategy</b> <b>A.</b> Describe the climate-related risks and opportunities that the organisation has identified in the short, medium and long term.	<b>Risk management</b> Sustainability risk materiality assessment (ESG).	<b>Strategy</b> Climate-related risks and opportunities
	<b>Strategy</b> Risks and opportunities arising from climate change.	<b>Strategy</b> Financial position, financial performance and cash flows
	<b>Risk management</b> Sustainability risk materiality assessment (ESG).	<b>Strategy</b> Financial position, financial performance and cash flows
	<b>Strategy</b> Materiality and strategy	<b>Strategy</b> Business model and value chain
	<b>Risk management</b> Climate risk management	<b>Metrics and targets</b> Climate-related metrics
	<b>Risk management</b> Climate risk management. New measurement framework and scenario analysis.	<b>Strategy</b> Financial position, financial performance and cash flows
	<b>Risk management</b> Climate risk management	<b>Strategy</b> Business model and value chain
	<b>Risk management</b> Sustainability risk materiality assessment (ESG).	<b>Strategy</b> Financial position, financial performance and cash flows
	<b>Risk management</b> Sustainability risk materiality assessment (ESG).	<b>Strategy</b> Business model and value chain
	<b>Risk management</b> Sustainability risk materiality assessment (ESG)	<b>Strategy</b> Climate resilience
<b>B.</b> Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning.	<b>Strategy</b> Environmental and climate strategy.	<b>Metrics and targets</b> Climate-related targets
	<b>Metrics and targets</b> Net-Zero Banking Alliance.	<b>Strategy</b> Climate resilience
	<b>Risk management</b> Sustainability risk materiality assessment (ESG)	<b>Strategy</b> Climate resilience
	<b>Strategy</b> Environmental and climate strategy.	<b>Strategy</b> Climate resilience
<b>C.</b> Describe the resilience of the organisation's strategy, taking into account different climate-related scenarios, including a 2°C or lower scenario.	<b>Metrics and targets</b> Activity linked to sustainable business Net-Zero Banking Alliance Transition Plans and Trends in metrics	<b>Strategy</b> Financial position, financial performance and cash flows
	<b>Risk management</b> Sustainability risk materiality assessment (ESG)	<b>Strategy</b> Climate resilience
	<b>Risk management</b> Sustainability risk materiality assessment (ESG)	<b>Strategy</b> Climate resilience



TCFD Recommendations

			Location of the report	IFRS S2 requirements
<b>Governance</b>	<b>A.</b> Describe the Board's oversight of climate-related risks and opportunities.	Processes and frequency of reporting to the Board of Directors and/or its committees (e.g. audit, risk or other) on climate-related issues.	<b>Governance</b> Internal control framework	<b>Governance</b>
		Whether the Board of Directors and/or Board committees consider climate-related issues when reviewing and monitoring strategy, major action plans, risk management policies, annual budgets and business plans, as well as when setting organisational performance targets, monitoring implementation and performance, and overseeing major capital expenditures, acquisitions and asset sales.	<b>Governance</b> Governance bodies Remuneration system linked to sustainability issues	<b>Governance</b>
		How the Board monitors and oversees progress against defined objectives and targets to address climate-related issues.	<b>Governance</b> Sustainability Committee	<b>Governance</b>
	<b>B.</b> Describe the role of administration in assessing and managing climate-related risks and opportunities.	A description of the related organisational structure(s).	<b>Governance</b> Governance bodies	<b>Governance</b>
		Processes by which management is informed about climate-related issues.	<b>Governance</b> Sustainability Committee	<b>Governance</b>
		Management oversees (through specific positions and/or steering committees) climate-related issues.	<b>Governance</b> Sustainability Directorate	<b>Governance</b>
<b>Risk management</b>	<b>A.</b> Describe the organisation's processes for identifying and assessing climate-related risks.	How the Bank determines the materiality of climate-related risks relative to other risks.	<b>Risk management</b> Sustainability risk materiality assessment (ESG)	<b>Risk management</b>
		Organisations should describe whether they take into account existing and emerging regulatory requirements related to climate change (e.g. emission limits), as well as other relevant factors considered.	<b>Risk management</b> Sustainability risk materiality assessment (ESG)	<b>Strategy</b> Strategy and decision-making
		Processes to assess the magnitude and potential scope of identified climate-related risks.	<b>Risk management</b> Climate risk management	<b>Risk management</b>
		Definitions of risk terminology used or references to existing risk classification frameworks used.	<b>Risk management</b> Sustainability risk materiality assessment (ESG)	<b>Risk management</b>
		Banks should consider characterising their climate-related risks in the context of traditional banking sector risk categories, such as credit risk, market risk, liquidity risk and operational risk.	<b>Risk management</b> Sustainability risk materiality assessment (ESG)	<b>Risk management</b>
		Banks should also consider describing any risk rating framework used.	<b>Risk management</b> Sustainability risk materiality assessment (ESG)	<b>Risk management</b>
	<b>B.</b> Describe the organisation's processes for managing climate-related risks.	Organisations should describe their processes for managing climate-related risks, including how they make decisions to mitigate, transfer, accept or control those risks.	<b>Risk management</b> Sustainability risk materiality assessment (ESG)	<b>Strategy</b> Strategy and decision-making
		In addition, organisations should describe their processes for prioritising climate-related risks, including how materiality issues are determined within their organisations.	<b>Risk management</b> Sustainability risk materiality assessment (ESG)	<b>Risk management</b>
		In describing their processes for managing climate-related risks, organisations should address the risks listed in Tables A1.1 and A1.2.	<b>Risk management</b> Corporate Sustainability/ESG Risk Management Policy. Equator Principles	N/A
		Organisations should describe how their processes for identifying, assessing and managing climate-related risks are integrated into their global risk management.	<b>Risk management</b> Corporate sustainability/ESG Risk Management Policy.  <b>Governance</b> Internal control framework	<b>Risk management</b>

TCFD Recommendations

		Location of the report	IFRS S2 requirements
<b>Metrics and targets</b>	<b>A.</b> Disclose the metrics used by the organisation to assess climate-related risks and opportunities in accordance with its strategy and risk management process.	Organisations should consider including metrics on climate-related risks associated with water, energy, land use and waste management where relevant and applicable.	<b>Metrics and targets</b> Environmental efficiency
		Where climate-related issues are material, organisations should consider describing whether and how related performance metrics are integrated into remuneration policies.	<b>Governance</b> Sustainability-linked remuneration system
		When relevant, organisations should provide their internal carbon pricing, as well as metrics of climate-related opportunities, such as revenues from products and services designed for a low-carbon economy.	<b>Metrics and targets</b> Mobilisation of sustainable finance
		Metrics should be provided for historical periods to allow trend analysis. Where appropriate, organisations should consider providing forward-looking metrics for climate-related and cross-cutting metrics categories, consistent with the time horizons of their business planning and strategy. In addition, where it is not obvious, organisations should provide a description of the methodologies used to calculate or estimate climate-related metrics.	<b>Metrics and targets</b> Financed emissions and decarbonisation targets. Operational carbon footprint and decarbonisation targets
		Banks should provide the metrics used to assess the impact of climate-related (transitional and physical) risks on their lending and other financial intermediation activities in the short, medium and long term. The metrics provided may relate to credit exposure, equity and debt holdings, or trading positions, broken down by: Industry; Geography; Credit quality; Average tenor.	<b>Risk management</b> Assessment of the materiality of sustainability risks (ESG). The details are also defined in the CaixaBank Group's Pillar 3 Disclosures report <sup>136</sup>
		Banks should also provide the amount and percentage of carbon-related assets relative to total assets, as well as the amount of lending and other financing related to climate-related opportunities.	<b>Risk management</b> New measurement framework and scenario analysis.
			<b>Metrics and targets</b> Mobilisation of sustainable finance
		Banks should describe the extent to which their lending and other financial intermediation activities, where appropriate, are aligned with a scenario well below 2°C, using the approach or metrics that best fit their organisational context or capabilities. Banks should also indicate which financial intermediation activities (e.g. lending to specific sectors or industries) they include.	<b>Metrics and targets</b> EU environmental taxonomy
			<b>Metrics and targets</b> Financed emissions and decarbonisation targets. Operational carbon footprint and decarbonisation targets. Operational carbon footprint rescaled.
			<b>Metrics and targets</b> Operational carbon footprint and decarbonisation targets. Rescaled operational carbon footprint.
	<b>Metrics and targets</b> Operational carbon footprint and decarbonisation targets. Rescaled operational carbon footprint.		
	<b>Metrics and targets</b> Financed emissions and decarbonisation targets.		
<b>B.</b> Disclose Scope 1, Scope 2 and Scope 3 (if applicable) greenhouse gas (GHG) emissions and related risks.	Organisations should present their Scope 1 and 2 GHG emissions independently of their materiality analysis and, if applicable, Scope 3 GHG emissions and related risks. All organisations should consider disclosing Scope 3 GHG emissions.	<b>Metrics and targets</b> Financed emissions and decarbonisation targets. Operational carbon footprint and decarbonisation targets. Operational carbon footprint rescaled.	
	GHG emissions should be calculated according to the GHG Protocol methodology to allow for aggregation and comparability across organisations and jurisdictions. Where appropriate, organisations should consider providing the related generally accepted industry-specific GHG efficiency ratio.	<b>Metrics and targets</b> Operational carbon footprint and decarbonisation targets. Rescaled operational carbon footprint.	
	GHG emissions and associated metrics should be provided for historical periods to allow for trend analysis. In addition, where it is not obvious, organisations should provide a description of the methodologies used to calculate or estimate the metrics.	<b>Metrics and targets</b> Operational carbon footprint and decarbonisation targets. Rescaled operational carbon footprint.	
	Banks should disclose GHG emissions from their lending and financial intermediation activities where data and methodologies allow. These emissions should be calculated in accordance with the Global GHG Accounting and Reporting Standard for the Financial Industry developed by the Partnership for Carbon Accounting and Reporting (PCAF) or other comparable methodology.	<b>Metrics and targets</b> Financed emissions and decarbonisation targets.	
<b>C.</b> Describe the objectives used by the organisation to manage climate and performance-related risks and opportunities against targets.	When describing their objectives, organisations should consider including the following: whether the target is absolute or whether it will be intensity-based; the timescales within which the target is to be met; the base year from which progress is measured; the key performance indicators used to assess progress against targets.	<b>Metrics and targets</b> Financed emissions and decarbonisation targets. Operational carbon footprint and decarbonisation targets. Rescaled operational carbon footprint.	
	Organisations disclosing medium- and long-term objectives should also disclose the associated intermediate objectives in aggregate or by business line, where available.	<b>Metrics and targets</b> Financed emissions and decarbonisation targets. Operational carbon footprint and decarbonisation targets. Rescaled operational carbon footprint.	

<sup>136</sup> 2022 Pillar 3 Disclosures.

# G

## Glossary





# Glossary

<b>AENOR</b>	<i>Asociación Española de Normalización y Certificación</i> (Spanish Standardisation and Certification Association)	<b>NFRD</b>	Non-Financial Reporting Directive
<b>ESG</b>	Environmental, social and governance	<b>NGFS</b>	Network for Greening the Financial System
<b>ECB</b>	European Central Bank	<b>NZBA</b>	Net-Zero Banking Alliance
<b>CCCA</b>	Collective Commitment to Climate Action	<b>NZAOA</b>	Net-Zero Asset Owners Alliance
<b>CECA</b>	Spanish Federation of Savings Banks	<b>SDG</b>	Sustainable Development Goals
<b>CH<sub>4</sub></b>	Methane	<b>PCAF</b>	Partnership for Carbon Accounting Financials
<b>CIB</b>	Corporate and Investment Banking	<b>PFCs</b>	Perfluorocarbons
<b>CO<sub>2</sub></b>	Carbon dioxide	<b>PRI</b>	Principles for Responsible Investment
<b>COP</b>	Conference of the Parties	<b>RAF</b>	Risk Appetite Framework
<b>HR</b>	Human rights	<b>CSR</b>	Corporate social responsibility
<b>EMAS</b>	Eco-Management and Audit Scheme	<b>SF<sub>6</sub></b>	Sulphur hexafluoride
<b>FSB</b>	Financial Stability Board	<b>SFDR</b>	Sustainable Finance Disclosure Regulation
<b>GHG</b>	Greenhouse gasses	<b>SLB</b>	Sustainability-Linked Bonds
<b>GLP</b>	Green Loan Principles	<b>TCFD</b>	Task Force on Climate-Related Financial Disclosures
<b>HFCs</b>	Hydrofluorocarbons	<b>TNFD</b>	Task Force on Nature-related Financial Disclosures
<b>ICMA</b>	International Capital Market Association	<b>UNEP FI</b>	United Nations Environment Programme - Finance Initiative
<b>IEA</b>	International Energy Agency	<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>IESE</b>	<i>Instituto de Estudios Superiores de la Empresa</i> business school	<b>VCS</b>	Verified Carbon Standard
<b>IFRS</b>	International Financial Reporting Standards	<b>WSBI</b>	World Savings Banks Institute
<b>IPCC</b>	Intergovernmental Panel on Climate Change	<b>WTG</b>	Wind Turbine Generator
<b>ISO</b>	International Organization for Standardization		
<b>ISSB</b>	International Sustainability Standards Board		
<b>LMA</b>	Loan Market Association		
<b>N<sub>2</sub>O</b>	Nitrous oxide		
<b>NAB</b>	National Australian Bank		
<b>NF<sub>3</sub></b>	Nitrogen trifluoride		



**CaixaBank, S.A.**

Independent limited assurance report  
Financed greenhouse gas emissions  
31 December 2021



*This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.*

## Independent limited assurance report on financed greenhouse gas emissions

To the management of CaixaBank, S.A.

### Scope of work

We have undertaken a limited assurance engagement of the financed greenhouse gas emissions (hereinafter 'financed emissions') of CaixaBank, S.A. (hereinafter, 'CaixaBank') for the year ended 31 December 2021, included in Document 1 accompanying this report. This engagement was conducted by a team of sustainability and climate change assurance practitioners.

### Responsibility of the management

The financed emissions have been prepared by CaixaBank, S.A.'s management under the responsibility of the CaixaBank, S.A.'s directors and will be part of the Interim Consolidated Management Report for the six months period ended 30 June 2023. These financed emissions have been prepared in accordance with the internal procedures "Huella de carbono financiada. Metodología de cálculo. Gobernanza", "Huella de carbono financiada. Metodología de cálculo. Hipotecas y CRE", "Huella de carbono financiada. Metodología de cálculo. Financiación Empresarial", "Huella de carbono financiada. Metodología de cálculo. Project Finance", "Huella de carbono financiada. Metodología de cálculo. Autos", "Huella de carbono financiada. Metodología de cálculo. Renta fija" and "Huella de carbono financiada. Metodología de cálculo. Renta variable" of CaixaBank, described in Document 2 accompanying to this report. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of financed emissions that are free from material misstatement, whether due to fraud or error.

Greenhouse gas emissions quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

The information contained in the CaixaBank's financed emissions needs to be read and understood together with the internal procedures applied to its preparation, described in Document 2 accompanying this report, which CaixaBank, S.A. is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure the financed emissions allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

It is acknowledged by stakeholders globally, including regulators, that there are significant limitations in the availability and quality of greenhouse gas emissions data from third parties, resulting in the extensive use of proxy data. This limitation has resulted in the Partnership for Carbon Accounting Financials ('PCAF') establishing a data quality score which is incorporated into the internal procedures of CaixaBank, described in Document 2 accompanying this report. It is anticipated that the principles and methodologies used to measure and report the CaixaBank's financed emissions will develop over time and may be subject to change in line with market practice and regulation, impacting comparability year-on-year.

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### Our independence and quality management

We have complied with the independence requirements and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (“IESBA Code”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Our responsibility

Our responsibility is to express a limited assurance conclusion on the financed emissions based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3410 (ISAE 3410), ‘Assurance Engagements on Greenhouse Gas Statements’ issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). That standard requires that we plan and perform this engagement to obtain limited assurance about whether CaixaBank’s financed emissions are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3410 involves assessing the suitability in the circumstances of CaixaBank’s use of applicable criteria as the basis for the preparation of the financed emissions, assessing the risks of material misstatement of the financed emissions whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the financed emissions. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Through inquiries and meetings with personnel of CaixaBank’s various departments who have been involved in the preparation of the financed emissions, obtained an understanding of CaixaBank’s control environment and information systems relevant to emissions quantification and reporting, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.



- Evaluated whether CaixaBank's methods for developing estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate CaixaBank's estimates.
- Verified, through analytical and substantive tests based on the selection of a sample, the information (activity data, calculations and information generated) used to determine CaixaBank's financed emissions and the correct compilation of information based on the internal procedures applied by CaixaBank.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained if we had performed a reasonable assurance.

#### Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that CaixaBank, S.A.'s financed emissions for the year ended 31 December 2021, included in Document 1 accompanying this report, are not prepared, in all its material respects, in accordance with the internal procedures applied "*Huella de carbono financiada. Metodología de cálculo. Gobernanza*", "*Huella de carbono financiada. Metodología de cálculo. Hipotecas y CRE*", "*Huella de carbono financiada. Metodología de cálculo. Financiación Empresarial*", "*Huella de carbono financiada. Metodología de cálculo. Project Finance*", "*Huella de carbono financiada. Metodología de cálculo. Autos*", "*Huella de carbono financiada. Metodología de cálculo. Renta fija*" and "*Huella de carbono financiada. Metodología de cálculo. Renta variable*" of CaixaBank, described in Document 2 accompanying to this report.

#### Use and distribution

Our report is only issued to the management of CaixaBank, S.A., in accordance with the terms and conditions of our engagement letter. We do not assume any liability to third parties other than CaixaBank, S.A.'s management.

PricewaterhouseCoopers Auditores, S.L.

**PRICEWATERHOUSECOOPERS AUDITORES, S.L.**

Original in Spanish signed by  
Juan Ignacio Marull Guasch

26 July 2023

Document 1. Financed greenhouse gas emissions of CaixaBank, S.A. for the year ended 31 December 2021

Emission by asset class	Exposure		Absolute emissions		Economic intensity	Data Quality Score	
	Total exposure in scope (€MM)	% of exposure calculated	Scope 1+2 emissions (ktCO <sub>2e</sub> )	Scope 3 emissions (ktCO <sub>2e</sub> )	Emission intensity S1+2 (tCO <sub>2e</sub> /M€)	Data Quality Score (S1+2)	Data Quality Score (S3)
CRE	6,868	84.7%	332	-	57	4.0	-
Mortgages	120,906	99.9%	2,805	-	23	3.9	-
Corporate Financing	126,611	79.0%	10,947	29,728	109	3.5	3.6
Vehicles	5,208	95.2%	1,374	-	277	4.0	-
Variable Income	1,267	81.9%	7	26	7	1.1	1.1
Fixed Income	856	43.7%	88	130	234	3.0	2.8
<b>Total</b>	<b>261,716</b>		<b>15,553</b>	<b>29,884</b>		<b>3.7</b>	

Emissions by sector (Corporate Financing)	Exposure		Absolute emissions		Economic intensity
	Total exposure in scope (€MM)	% of exposure calculated	Emissions Scope 1+2 (ktCO <sub>2e</sub> )	Scope 3 emissions (ktCO <sub>2e</sub> )	Emission intensity S1+2 (tCO <sub>2e</sub> /M€)
O&G	6,219	79.8%	1,202	8,789	242
Electricity generation	13,860	93.9%	1,920	5,093	147
Transport	14,890	83.3%	1,891	4,385	152
Real Estate	18,341	73.2%	685	1,424	51
Cement	293	77.8%	562	49	2,464
Iron and steel	2,217	91.7%	459	790	226
Agriculture (including livestock)	3,705	69.8%	1,070	522	414
Aluminium	419	85.9%	72	192	201
Coal	0.243	17.0%	0.09	0.01	2,092
Other non-intensive sectors	66,666	76.6%	3,086	8,484	60
<b>Total</b>	<b>126,611</b>		<b>10,947</b>	<b>29,728</b>	

**Explanatory notes:**

- The calculation was performed under an operational control approach according to PCAF methodology developed and described in "The Global GHG Accounting and Reporting Standard for the Financial Industry (Part A). Second Edition".
- The information on emissions and financial data of the companies forming part of the CaixaBank, S.A portfolio relate to year-end 2021.
- Exclusions: Financed emissions from assets for which there is insufficient data have not been calculated, and the exposure to credit institutions and sovereign risk are not part of the perimeter (that includes 19,160€MM from Sareb bonds).
- Corporate financing (non-financial companies): This includes loans for general corporate purposes (including SMEs) and project finance.
- The company value calculation for the Corporate financing and Fixed Income categories is the sum of equity and debt, (book value) for both listed and unlisted companies.
- Scope 3 was calculated for all sectors making up CaixaBank, S.A.'s portfolio. In view of the high risk of double counting within Scope 3 emissions, emission intensity by €MM is only reported for Scope1+2.



## Document 2. Scope, coverage and methodology used to calculate financed greenhouse gas emissions of CaixaBank, S.A.

### A. Absolute financed emissions:

The methodology used by CaixaBank to estimate financed emissions is that established in the second version of “*The Global GHG Accounting and Reporting Standard for the Financial Industry*” developed by the *Partnership for Carbon Accounting Financials* (hereinafter PCAF standard), dated December 2022. This methodology establishes that financed emissions of a financial institution are always calculated taking into account an attribution factor (specific for each class/type of asset) multiplied by the emissions of the borrower, investee or financed asset, as per the following calculation formula:

#### >> Equation 1 – FINANCED EMISSIONS

$$Emisiones\ financiadas = \sum Factor\ de\ atribuci3n * Emisiones$$

Donde: el factor de atribuci3n: es la parte de las emisiones de CO<sub>2</sub>e anuales del prestatario que se atribuye el Banco. Emisiones: las emisiones anuales del prestatario.

Information on GHG emissions and financial data of the companies forming part of CaixaBank’s portfolio has been taken as at the end of the reporting period (in this case, at 31 December 2021). Financed emissions have been calculated under an operational control approach within CaixaBank, S.A. scope. The calculation coverage is 70% of the total of CaixaBank, S.A.’s lending portfolio (of the remaining 30%, 8% pertains to exposure not calculated because of insufficient data and 22% to exposure not calculated because the relevant PCAF methodology was not available at the time of calculation). The breakdown of exposure for each asset type calculated may be consulted in Document 1 above.

There follow details of the methodology used to calculate financed emissions from each asset type.

#### A.1 Corporate financing (including SMEs). Methodology and calculation

The calculation of GHG emissions for this category includes all loans or credit facilities on CaixaBank’s balance sheet, for general corporate purposes, granted to companies, non-profit organisations or any other type of organisation (including SMEs).

##### *Calculation of the attribution factor:*

The attribution factor represents the weight of financing granted by CaixaBank with respect to the customer. Following the PCAF standard as a reference, it is calculated as follows:

#### >> Equation 2 – ATTRIBUTION FACTOR CORPORATE FINANCING

$$Attribution\ factor = \frac{Balance\ pending\ amortization}{EVIC}$$

The corresponding headings based on carrying amount have been used in calculating EVIC, to ensure that market volatility does not hinder management and delivery on the decarbonisation commitments established by the group/counterparty. The balance sheet information of the companies has been obtained from internal databases and mining of date on their balance sheets. When this financial information on the company is not available, it is not feasible to calculate financed emissions.

### Calculation of GHG emissions:

Based on the information available, financed emissions are calculated under two different approaches (1,2 and 3 scopes):

- *Top-down*: when information is available on GHG emissions published by the companies, these are obtained directly from their public reports.
- *Bottom-up*: when no information is available on GHG emissions published by companies, these are estimated based on available information (on a sector level) of the counterparties, aka the business groups of those companies.

## A.2 Project Finance. Methodology and calculation

The project finance portfolio includes all specific purpose project loans which at the year-end are recognised on CaixaBank's balance sheet. In order to calculate GHG emissions from these assets, only financed emissions over the lifetime of the operation with the entity are included.

### Calculation of the attribution factor:

The attribution factor for this segment is calculated as follows:

>> Equation 3 – ATTRIBUTION FACTOR PROJECT FINANCE

$$\text{Attribution factor} = \frac{\text{Balance pending amortization}}{\text{Equity} + \text{Debt}}$$

### Calculation of GHG emissions:

Given the information available, the following approaches have been used to calculate financed emissions for each of Scopes 1,2 and 3:

- Scope 1: This scope uses reported emissions from the project to be financed.
- Scope 2: GHG emissions calculated based on physical activity for the energy sector, including Scope 1 emissions only.
- Scope 3: GHG emissions, calculated based on economic activity and intensity factors provided by PCAF.

## A.3 Mortgages and CRE. Methodology and calculation

The mortgage portfolio includes mortgage loans on the Entity's balance sheet used to purchase or refinance residential real estate, including individual dwellings and single-family homes. The Commercial Real Estate portfolio (CRE) includes mortgage loans on the Entity's balance sheet used to buy or refinance properties for commercial purposes. Consumer loans and loans used to build/refurbish dwellings and / or commercial real estate are out of scope.

#### Calculation of the attribution factor:

The attribution factor for this segment is calculated as follows:

>> Equation 4 – ATTRIBUTION FACTOR *MORTGAGES AND CRE*

$$\text{Attribution factor} = \frac{\text{Balance pending amortization of the property}}{\text{Property value in source}}$$

#### Calculation of GHG emissions:

In light of available information, in order to calculate Scopes 1 and 2 financed emissions from real estate, the primary information used is the physical intensity of the property which may be obtained from:

- Energy certificate of the property (approach under PCAF methodology). The EPC may be real, estimated, inferred or modelled.
- Instituto para la Diversificación y Ahorro de la Energía or PCAF/CRREM (scope 3 according to PCAF methodology) based on type of property.

#### A.4 Investment portfolio (corporate fixed income and variable income). Methodology and calculation

The investment portfolio includes corporate fixed income and variable income. Fixed income includes investment in financial bonds issued by private entities, excluding green bonds. Variable income includes the Entity's interests in other companies, including interests in listed and unlisted companies.

#### Calculation of the attribution factor:

The attribution factor for this segment is calculated as follows:

>> Equation 5 – ATTRIBUTION FACTOR *INVESTMENT PORTFOLIO*

$$\text{Attribution factor} = \frac{\text{Net book value}}{\text{EVIC}}$$

The corresponding headings in view of carrying amount have been used to calculate EVIC, ensuring that market volatility does not undermine management and delivery on the decarbonisation targets established by the group/counterparty. Specifically, for variable income investments in listed companies, EVIC is calculated based on the company's stock market capitalisation and debt.

#### Calculation of GHG emissions:

Given the information available, the following approaches have been used to calculate financed emissions for each of Scopes 1,2 and 3:

- Scope 1: This scope uses reported emissions from the project to be financed.
- Scope 2: GHG emissions, calculated based on economic activity and intensity factors provided by PCAF.

## A.5 Vehicles. Methodology and calculation

The mortgage portfolio includes loans for companies and individuals to be used to buy or repair vehicles or boats.

### Calculation of the attribution factor:

The attribution actor for this segment is calculated as follows:

>> Equation 6 – ATTRIBUTION FACTOR VEHICLES

$$\text{Attribution factor} = \frac{\text{Balance pending amortization}}{\text{Total value of the loan}}$$

### Calculation of GHG emissions:

Given the lack of information available concerning real emissions (scope 1 emissions) for each vehicle, financed emissions are estimated based on the following proxies: average emission factor according to vehicle type and average mileage according to vehicle type.

## B. Economic intensity of financed emissions:

Economic intensity (hereinafter EI) provides information on the portfolio efficiency in terms of emissions per euro financed.

EI is calculated on both a recognition or counterparty level and aggregate level.

- On a counterparty level<sup>1</sup>, EI is obtained by dividing the counterparty's financed emissions (in tCO<sub>2</sub>e) by the counterparty's outstanding balance.

>> Equation 1 – Economic intensity

$$EI = \frac{\text{Financed emissions}_{\text{Counterpart}}}{\text{Balance pending amortization}_{\text{Counterpart}}}$$

- On an aggregate level: a weighted average is obtained based on the counterparty's outstanding balance<sup>1</sup> with respect to the overall total to be aggregated:

>> Equation 2 – Aggregate economic intensity

$$EI_{\text{Agregated}} = \sum \text{Economic Intensity}_{\text{Counterpart}} \times \frac{\text{Balance pending amortization}_{\text{Counterpart}}}{\text{Balance pending amortization}_{\text{Agregated}}}$$

<sup>1</sup> Economic intensity is obtained at the level of the property, vehicle or project depending on the type of asset calculated.



### C. Data Quality Score. Data quality:

Based on the methodology used to calculate financed emissions and the estimates made, PCAF establishes a quality level for the degree of certainty of the estimates (the Data Quality Score or DQ Score). Specifically, PCAF has set five levels for the DQ Score as described in the following graph:



In order to disclose the average quality of the data used in a representative way, the quality scores are normalised for each sector based on the amount drawn, applying the following formula:

$$\frac{\sum_{i=1}^n \text{Amount drawn } i \times \text{DQScore } i}{\sum_{i=1}^n \text{Amount drawn } i}$$