Policy on the Integration of Sustainability Risks

May 2024

VidaCaixa

VidaCaixa S.A.U. de Seguros y Reaseguros – 2024

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1. Introduction

1.1 Background

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

The update of this Policy, in line with CaixaBank's Corporate Sustainability/ESG Risk Management Policy, takes place within a context of greater awareness and concern by society for the long-term sustainability of the economic and growth model. This has given rise to the ongoing development of regulations and expectations in this area, both general and specific to the potential contribution of the financial sector to mitigate adverse effects.

Financial institutions are considered to have a potentially significant impact on contributing towards the achievement of the Sustainable Development Goals ('SDGs'). This is because some of the sectors they finance, invest in or provide services to are the subject of controversy and must and will face multiple constraints, challenges and transformations of their business models and technologies over the coming years, either to adapt to consumer preferences or due to regulatory pressure.

For this reason, VidaCaixa considers it essential to identify, measure, assess, manage, control, mitigate and report ESG risks associated with the VidaCaixa Subgroup's activities.

Likewise, it also adds other positions, as a result of a comparison with international best practice and the growing demands of the different stakeholders relevant to the VidaCaixa Subgroup.

The 'Principles of Action on Sustainability Matters', which sets out the strategy to be followed with the different stakeholders in this area[2], as well as the 'Human Rights Principles', the 'Statement on Climate Change', the 'Statement on Nature' and the 'Engagement Policy' are kept as separate documents related to this Policy.

The provisions of this Policy shall not alter the provisions of the rest of the risk management policies in force in the Entity.

In the same way, it should be considered that the exclusions introduced by this Policy and the integration of ESG criteria in general, will be applied whenever the regulation allows it.

[1] *Going forward, ESG risks will be considered to be equivalent to sustainability risks.*

[2] *Compliance with ESG aspects by our clients and the potential indirect impacts that this could have on the VidaCaixa Group is the aspect of the area of 'sustainability/ESG' regulated by this Policy.*

1.2 Scope

The risks governed, managed and controlled by this Policy (called 'ESG' or 'sustainability') are as follows: These risks are set out in a cross-cutting manner in the Corporate Risk Register, as they have an impact on the Entity's risk taxonomy, such as credit risk, legal and regulatory risk, reputational risk or other operational risks:

- Environmental ('E') risks are risks linked to legal entities that could potentially be affected by, or contribute to the negative impacts of environmental trends such as climate change (such as the increase of greenhouse gas emissions) and other forms of nature degradation (such as air and water pollution, freshwater scarcity, soil contamination, biodiversity loss and deforestation). Additionally, they include corrective actions aimed at preventing or mitigating their manifestation.

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

  - **Physical**, related to weather (such as hurricanes or storms) and geological (earthquakes) events, or the degradation and changes in the balance of ecosystems (such as sea level rise, desertification or changes in soil quality), either:

    > Acute, through the increased likelihood and impact of extreme natural events.

    > Chronic, associated with permanent changes in the environment.

    In any case, physical risks may involve damage to company assets, supply chain disruptions or increased costs to deal with them.

  - **Transition risks** arise from a gap between an organisation's strategy and management and the developments aimed at stopping or reversing damage to nature, as well as the timing and speed of the adjustment process to a lower-carbon economy, which will depend on policy and legal, technology, market or reputational factors.

- Social ('S') risks measure potential indirect adverse impacts on society linked to legal entities that do not respect human rights or the health and safety of their employees or workers in the value chain.
- Governance ('G') risks arise from a negative impact due to weaknesses linked to legal entities, such as transparency, market conduct, anti-corruption policies, compliance with tax obligations or other behaviours considered ethical by the relevant stakeholders.

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

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

- The selling of insurance policies, pension plans and VMBOs by the Entity to institutional clients outside of sectoral pension plans.
- The management of assets on its own behalf (investments by VidaCaixa as an insurance company) and on behalf of third parties (investments in customer products).

Indexed products or products where clients expressly decide on the assets they invest in are excluded from this Policy.

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

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

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

This document does not cover relationships with its own providers or their providers. In this case, ESG risk analysis is covered through the procurement approval process, which – in terms of CaixaBank and CaixaBank Group companies such as VidaCaixa, which share the same procurement management model – includes the 'Code of Conduct for Providers' approved by CaixaBank's Steering Committee.

1.3 Purpose

The purpose of this Policy is to set out the principles, premises and mechanisms that ensure governance, management and control of ESG risks associated with clients and investments on its own behalf and on behalf of third parties. These must meet the expectations of the VidaCaixa Subgroup stakeholders, enabling the capture of business opportunities and providing support for the transformation that the companies it invests in is undergoing and will undergo in the coming years.

Therefore, this Policy sets out a framework of overarching principles on which all actions related to or identified as having a significant impact on these risks should be based, as well as the governance framework for the authorisation, management, communication and dissemination of these actions. Managing ESG risks constitutes one of the main courses of action in the sustainability strategy defined by VidaCaixa.

The content of this Policy includes:

- Regulatory framework.
- Corporate ESG risk strategy.
- General principles for the Integration of sustainability risks.
- Governance framework.
- ESG risk management framework.
- Control framework.
- Reporting framework.

2. Scope of Application

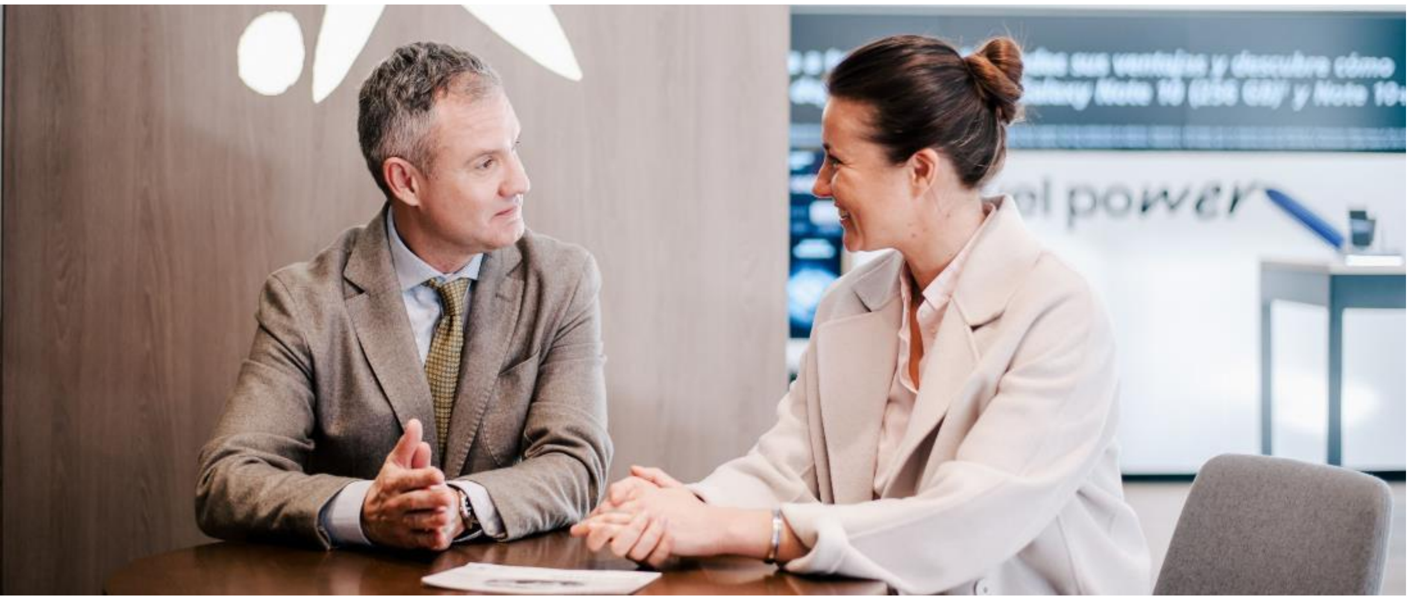
This Policy is corporate in nature. As a result, the principles of action defined in it are applicable to all the VidaCaixa Subgroup companies that carry out activities involving exposure to ESG risks. The governing bodies of these companies will adopt the appropriate decisions for the purpose of integrating the provisions of this Policy by adapting, following the principle of proportionality, the governance framework to the peculiarities of the structure of their governing bodies, committees and divisions, and their principles of action, methodologies and processes to what is set out in this document.

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

In any case, given its corporate nature, VidaCaixa's Actuarial and Risk Function Division will ensure that the integration of this Policy among the VidaCaixa Subgroup companies is proportionate, the policies approved by the companies (if any) are in line with the corporate policy, and is consistent across the entire VidaCaixa Subgroup.

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

This Policy is applicable from the date it is approved by the Board of Directors and excludes any pre-existing investment. Nevertheless, the latter would be subject to it in case exposure to the same issuers is expanded.



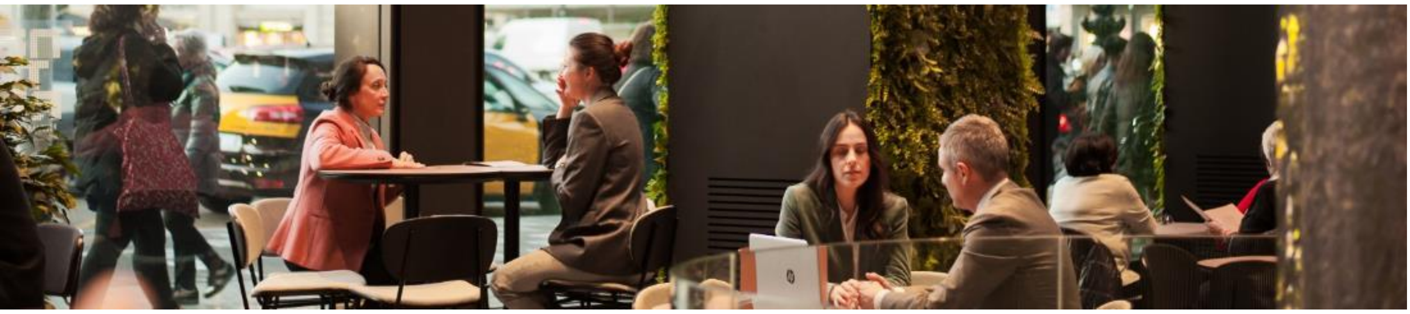
3. Regulatory Framework. Regulations and Implementation Standards

This Policy will be governed by the provisions of the applicable regulations in force, as well as the regulations amending or replacing them in the future.

Specifically, on the date of drafting, the applicable regulation in force is Regulation (EU) No 2019/2088 on sustainability-related disclosures in the financial services, as mentioned in Section 1.1 above.

This Regulation maintains the requirements obliging financial market participants to act in the interests of end investors, particularly but not exclusively the requirement to act with the appropriate due diligence before making investments, in accordance with the provisions of Directives 2009/65/EC, 2009/138/EC, 2011/61/EU, 2013/36/EU, 2014/65/EU, (EU) 2016/97 and (EU) 2016/2341[3], and Regulations (EU) No 345/2013, (EU) No 346/2013, (EU) No 2019/2088, (EU) No 2020/852 and (EU) 2021/2139[4], as well as national regulations regulating personal and individual pension products.

In order to comply with the obligations under these regulations, financial market participants must integrate not only all relevant financial risks but also all sustainability risks that could have a material negative impact on the investment's financial profitability into their processes – including due diligence processes – as well



[3]

- *Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS).*
- *Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II).*
- *Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010.*
- *Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.*
- *Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.*
- *Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution.*
- *Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision (IORPs).*

[4]

- *Regulation (EU) No 345/2013 of the European Parliament and of the Council of 17 April 2013 on European venture capital funds.*
- *Regulation (EU) No 346/2013 of the European Parliament and of the Council of 17 April 2013 on European social entrepreneurship funds.*
- *Regulation (EU) No 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.*
- *Regulation (EU) No 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) No 2019/2088 .*
- *Commission Delegated Regulation (EU) No 2021/2139 of 4 June 2021 supplementing Regulation (EU) No 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.*

as assess them on an ongoing basis. Therefore, financial market participants should specify how they integrate these risks into their policies and publish them.

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

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

Lastly, the frameworks, regulations, guidelines and procedures necessary for the proper implementation, execution and compliance with this Policy will be developed for both VidaCaixa and the VidaCaixa Subgroup companies.

4. Corporate ESG Risk Strategy

In line with the CaixaBank Group, the strategy that will govern the actions of the VidaCaixa Subgroup for ESG risk management and control considers the following main courses of action:

- **Drive sustainable business**, leading to production with a positive impact on the environment and climate and supporting the transition towards more sustainable business models.
- **Integrate social and environmental risks** into decision-making and avoid investing in or selling to companies linked to serious human rights or workers' rights violations.
- **Make every effort to understand the impacts on human rights arising from its activities** to prevent and avoid contributing to potential adverse impacts, and if any, to mitigate them to the extent possible.
- **Manage environmental, social and governance risks,** and integrate their analysis into the provision of products and services to clients and investments on its own behalf and on behalf of its clients.
- **Act in accordance with the public commitments made,** such as the 'Statement on Climate Change', 'Statement on Nature' and 'Human Rights Principles', as well as any other initiative and commitment in the area of ESG deemed necessary, always in line with the responsibility to adequately with their demands.
- **Support the transition towards a net-zero economy by 2050,** supporting the companies we invest in to promote a fair transition.
- **Promote transparency,** adequately reporting on the management and control of ESG risks to stakeholders.

5. General Principles for the Integration of Sustainability Risks in Investments

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

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

Within this context, VidaCaixa integrates ESG factors into the area of investments, using as its main reference the PRI (Principles for Responsible Investing) criteria promoted by the United Nations, which it has adhered to since 2009. Additionally, VidaCaixa undertakes to integrate ESG factors in the organisation, using as its reference UNEP FI's (United Nations Environment Programme Finance Initiative) Principles for Sustainable Insurance, which it has adhered to since 2020.

Likewise, to manage investments, VidaCaixa considers the social aspects contained in its Human Rights Principles, which set out its commitment to abide by the key international declarations and principles. These include:

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

In the same way, to manage investments, the Entity considers the environmental aspects contained in this Policy, which sets out to take the following into account, among others:

- The Paris Agreement (COP21) and the Katowice Climate Package (COP24)
- The United Nations' Sustainable Development Goals (SDGs)
- The energy transition scenario adopted by the Government of Spain
- The European Union's commitment to achieve carbon neutrality by 2050

VidaCaixa has taken on additional climate commitments in the insurance company's investment portfolio, as a member of the Net-Zero Asset Owner Alliance. These commitments make it possible to align the portfolio to a 1.5º scenario, as included in the Paris Agreement.

Additionally, VidaCaixa, through its support of the Task Force on Climate-Related Financial Disclosures (TCFD), is committed to and endorses its recommendations on climate change.

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

VidaCaixa states its opposition to investing in companies or States that engage in reprehensible practices that violate international treaties such as the United Nations Global Compact, which it has signed. In the same way, the Entity will not invest in companies in excluded sectors or with excluded activities such as the armaments sector or companies with significant activity in the extraction or production of coal, as well as the extraction and processing of tar sands, as set out in Section 7 of this Policy.

The ESG analysis applies to all the assets in the portfolio and is intended to be continuously improved in the medium and long term. To this end, VidaCaixa uses data from specialist ESG data providers in its analyses and considers due diligence procedures carried out with external fund managers. It also relies on partners to set the criteria, methodologies and procedures necessary to carry out its analyses. Additionally, it participates in ESG forums and working groups while coordinating with the rest of the CaixaBank Group companies and collaborates in regulatory developments that are being proposed at the international level such as the European Commission’s Sustainable Finance Action Plan.

In order to be an active owner in the management of its investments and to exercise the rights arising therefrom, particularly in the areas defined by the PRI:

- It directly or indirectly participates in forums and working groups that seek to promote dialogue with asset managers and investee companies, going so far as to disinvest in the event of incompatibility with the aspects mentioned above or with its own policies.
- It exercises the political rights of equity positions on its own behalf or on behalf of its clients and attends general meetings of shareholders voting in a manner aligned with the PRI.

To ensure that risks are properly identified, measured, assessed, managed, controlled and monitored, VidaCaixa considers a Risk Catalogue with two levels of description, among other aspects, in its strategic risk management processes as set out in the Risk Management Policy. In terms of the integration of sustainability risks, ESG aspects are included in the different risks in the Catalogue.

6. Governance Framework

The governance framework for the integration of sustainability risks is structured from the highest level of the organisation down to the divisions and operational units, with the appropriate segregation of duties.

The pillars on which the governance framework rests are:

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

6.1 Governing Bodies

VidaCaixa's governing bodies carry out functions associated with their responsibility to approve and supervise the strategic and management guidelines set out for sustainability matters, as well as the supervision, monitoring and integrated control of risks as a whole.

6.1.1. Board of Directors

VidaCaixa's Board of Directors is responsible for implementing a risk governance framework in keeping with VidaCaixa's risk appetite, in line with what has been set out in the CaixaBank Group. This includes disseminating a solid and diligent risk culture, setting the risk appetite as set out in a Risk Appetite Framework (RAF) and defining responsibilities for the risk-taking, management and control functions. In terms of the integration of sustainability risks, the following responsibilities stand out:

- Set the strategy and fundamental principles of sustainability risk integration, approve this policy and ensure its compliance.
- Create the framework for monitoring the situation and evolution of sustainability risks (nature, type of information and frequency).
- Create and supervise the implementation of a risk culture at VidaCaixa which promotes behaviours consistent with the identification and mitigation of sustainability risks.
- Create and maintain a suitable organisational structure at VidaCaixa for the management of sustainability risks, which is proportionate to the nature, scale and complexity of the activities it carries out.

- Ensure that the staff involved in the management of sustainability risks have the appropriate skills and experience.
- Create the mechanisms for monitoring and escalating sustainability risks.
- Ensure that there are sufficient internal controls over sustainability risks.

6.1.2 Risk Committee

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

- Proposes the approval of this Policy to the Board.
- Monitors the degree to which the risks assumed match the profile previously decided on and ensures that the actions of the VidaCaixa Subgroup are consistent with the risk tolerance levels set out.
- Assists the Board of Directors in the approval and periodic review of the strategies and policies on the assumption, management, supervision and reduction of these risks.
- Decides, together with the Board of Directors, the information that the Board of Directors should receive and sets out the information that the Committee has to receive so it has sufficient knowledge of the exposure to this risk when making decisions.
- Evaluates the risk of regulatory compliance in this area of action and decision-making, detecting any risk of noncompliance, as well as monitoring and examining possible deficiencies in terms of deontological principles.
- Verifies that the VidaCaixa Subgroup has the means, systems, structures and resources in line with best practices, enabling it to implement its sustainability risk management strategy.

6.1.3 Audit and Control Committee

VidaCaixa's Audit and Control Committee supervises the effectiveness of the internal control systems, ensuring that the policies and systems set out in this area are applied effectively. It also supervises and assesses the effectiveness of the management systems for financial and non-financial risks.

Additionally, and within the scope of the Entity's own activities, VidaCaixa's Audit and Control Committee:

- Reports to the Board of Directors beforehand on financial and related non-financial information that CaixaBank is obliged to periodically disclose to the markets and its supervisory bodies.
- Supervises the effectiveness of the financial information (FIICS) and non-financial information internal control systems (NFIICS), drawing conclusions about the confidence and reliability levels of these systems.
- Monitors that the internal audit unit ensures that the information and internal control systems work properly, verifying their suitability and integrity.

6.1.4 Appointments, Remuneration and Sustainability Committee

VidaCaixa's Appointments, Remuneration and Sustainability Committee has the following functions, among others:

- Supervises compliance with the Entity's environmental, social and governance policies and rules, periodically assessing and reviewing them in order to fulfil its mission of promoting social interest and to bear in mind the legitimate interests of the remaining stakeholders as appropriate.
- Submit the proposals it deems appropriate in this regard to the Board.
- Submit the sustainability principles and strategy for approval.
- Supervise that the Company's environmental, social and governance practices are in line with the strategy, principles and policies set out.
- Look into the reports on sustainability made public by the Company – prior to their submission to the Board of Directors – including a review of the sustainability report and the Sustainability Master Plan in any case, ensuring the integrity of their content and their compliance with the applicable regulations and the international standards of reference.

6.2 VidaCaixa's collegiate bodies in the area of sustainability risks.

6.2.1 Steering Committee

VidaCaixa's Steering Committee is responsible for developing the Strategic Plan and the Consolidated Budget approved by the Board of Directors. It adopts agreements – directly or through its delegated committees – relating to ESG aspects for this. It also adopts agreements that affect VidaCaixa's organisational life. What's more, it approves structural changes, appointments, expenditure lines and business strategies.

6.2.2 Investment Committee

The Investment Committee is responsible for setting out and approving the position on investments, approving and endorsing the transactions carried out by the insurance company, as well as ensuring the proper management, monitoring and control of investments by the insurance company and clients in line with the investment policies defined and the regulatory framework in force.

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

6.2.3 Global Risk Committee

The Global Risk Committee is a body under the Risk Committee responsible for managing, controlling and monitoring the integration of sustainability risks, among others, as a whole, as well as the implications for liquidity management, solvency and capital consumption.

Specifically, the Global Risk Committee must ensure that the types of exposure identified as relevant for the purposes of ESG risks are identified, measured, assessed, managed, mitigated and reported appropriately, as well as any aspect of the VidaCaixa Subgroup operations that could have a significant impact on these risks and compliance with the appetite levels set out.

6.2.4 Sustainability Steering Group

The functions of this Group will be coordinating decisions on sustainability across the Entity, analysing and taking note of the reports related to these risks prior to their report to the Investment Committee, the Global Risk Committee, VidaCaixa's Governing Bodies, or the CaixaBank Group's Committees to which these risks should be reported. Monitoring and promoting the action plans related to these will also be among its functions.

6.3 VidaCaixa Subgroup companies

6.3.1 Governing bodies of the VidaCaixa Subgroup companies

The governing bodies of the VidaCaixa Subgroup companies will:

- Adopt the appropriate decisions for the purposes of integrating the provisions of this Policy and applying the guidelines set out herein, considering the special circumstances of each company and the legal or regulatory standards that are applicable.
- Create and supervise the implementation of a risk culture in the organisation which promotes behaviours consistent with the identification and mitigation of ESG risks.
- Create and maintain a suitable organisational structure for the management of ESG risks which is proportionate to the nature, scale and complexity of the activities it carries out.
- Ensure that the staff involved in the management ESG risks have the appropriate skills and experience.
- Create the monitoring and escalation mechanisms in case any of the defined thresholds are breached.
- Ensure that there are sufficient internal controls over ESG risks.

6.3.2 Collegiate bodies of the VidaCaixa Subgroup companies

Depending on its needs and size, each company will set out or assign the powers it deems appropriate in relation to ESG risks to the committees or steering groups already formed.

If they exist, the committees of the companies will act in the same manner as those of the parent company, carrying out their functions in line with these, consulting the Sustainability Division with regard to any transaction that could lead to a breach of any of the criteria in this Policy.

6.4. ESG risk management functions

To properly manage and control ESG risks among the VidaCaixa Subgroup companies, the following functions will be carried out in accordance with the criteria for proportionality:

6.4.1 Strategy and governance

- Development of ESG risk management and control policies and frameworks.
- Coordination, control and implementation of the processes of ESG risk identification, measurement, monitoring, control and reporting within the framework of strategic risk processes (Risk Assessment, Risk Catalogue and Risk Appetite Framework).
- Definition and setting of the criteria in relation to ESG risk appetite, strategy and policies.
- Implementation of the processes relating to ESG risk appetite, strategy and policies in the Company's systems and circuits.
- Proposal for setting policies, criteria and risk levels in the assumption and management of exposure that would comply with the risk appetite set by the Company's Board of Directors.
- Validation, with a critical view, of compliance with the rules and procedures and their alignment with the ESG risk policies, carrying out ongoing monitoring of the regulations applicable to this area.

6.4.2 Identification

- Linking ESG risks with the different risks in the company's Risk Register (e.g., credit, market, liquidity or operational), and where applicable, by portfolio or segment, identifying the most relevant ones for the Entity.
- Setting (definition of criteria) out reference taxonomies at the VidaCaixa Subgroup level, enabling a common understanding of risk factors and exposure to ESG risks.
- Implementation of taxonomy criteria in ESG risk management processes.

6.4.3 Investment and new clients

- Compilation of relevant information on (potential) investee companies on its own behalf or on behalf of its clients, from the ESG perspective.
- Analysis of the admissibility of new clients, according to ESG factors and always in accordance with this Policy.

6.4.4 Measurement and control

- Establishment of methodologies that make it possible to determine and rank individual types of exposure according to their level of ESG risks, as a reference in the admission, monitoring and mitigation processes.
- Development of indicators to measure the impact of ESG risks in each of the risks in the Company's Catalogue (e.g., credit, market, liquidity or operational), as well as potential adjustments to the existing models and methodologies, in compliance with the requirements of the regulations in force and as a channel to integrate the sustainability strategy into decision-making.
- Calculation of concentration risk indicators, by portfolio and geographical area, where applicable.
- Determination of the inherent risk and assessment of the effectiveness of the control environment, proposing potential risk treatments to improve or remedy it.

6.4.5 Monitoring of risk indicators

- Periodic monitoring of ESG risks in the investment portfolios.
- Analysis of the causes behind deviations in the indicators, and application of the preventive and mitigation measures necessary to keep them within the defined thresholds.

6.4.6 Reporting

- Periodic internal and external reporting and support for requests for information on ESG risks.
- Ongoing regulatory analysis to adapt ESG risk reporting criteria to regulatory requirements.
- Adaptation of systems for the collection and aggregation of the necessary data to comply with reporting regulations.

7. ESG Risk Management Framework

7.1 General courses of action

The ESG risk management framework that is implemented in the development of this Policy must include at least the following courses of action:

1. Define and manage an internal ESG risk management plan in line with the VidaCaixa Subgroup.
2. Define and manage the implementation of a framework of admission, monitoring and mitigation policies that enable the maintenance of a risk profile in line with this strategy.
3. Develop the ESG risk analysis tools necessary for decision-making in investment processes.
4. Monitor actions and transactions with a potentially significant impact on ESG risks.
5. Drive the development of systems for the identification, marking of transactions and measurement of exposure to ESG risks, in accordance with the evolution of the regulatory framework, social sensitivity to these risks and best practices in the market.
6. Assign roles linked to ESG risk management in the current organisational structure, with the necessary segregation of duties to maintain independence among the areas responsible for the processes of defining the strategy, analysing and allowing transactions, and monitoring and controlling these risks.
7. Set up a system of powers for the admission of ESG risks, which makes it possible to include them in an agile but robust manner into ordinary decision-making processes, according to the scope of this document.

In terms of the criteria to be applied to keep risk levels in line with the risk appetite, the Policy determines:

General action criteria to exclude or limit the assumption of exposure to ESG risks. They are cross-cutting criteria that apply to all legal entities that the Entity can directly invest in as set out in the scope (Section 1.2) of this Policy.

Specific action criteria to exclude or limit the assumption of exposure to certain sectors (hereinafter 'sectoral') and activities with a particular impact on the environment or on society, at times with special sensitivity for certain protected ecosystems, heritage assets or populations.

Lastly, the analysis required for the implementation of this policy will generally apply to investee companies or clients according to the corporate group they belong to, unless there is a lower level that can give a more accurate picture of the ESG risk assumed. Depending on the materiality of the ESG impact and the risk appetite, this Policy sets out the exclusion of certain types of companies among its client base (i.e., non-provision of products or services or not investing), while in other cases it advocates restrictions to investment.

7.2 Key processes for compliance with this Policy

7.2.1. Principal adverse impacts on sustainability factors

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

7.2.2. Engagement

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

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

7.2.3. Investment on its own behalf or on behalf of its clients

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

7.2.4. ESG risk assessment in the admission of institutional clients

ESG risk analysis is integrated into the process of admitting new institutional clients outside of sectoral pension plans. In this process, an ESG risk analysis is carried out on clients in order to ensure their compliance with the criteria of this Policy relating to human rights and defence.

7.3 General criteria

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

7.3.1. Human rights

Context and objectives

For VidaCaixa, respect for human rights is an integral part of its values and the minimum standard of action to legitimately carry out business activities. Likewise, it considers that the protection of human rights rests mainly with governments and that companies have the responsibility to promote them and respect them within their scope of action.

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

In order to mitigate the risk of being party to such breaches, aside from setting out a series of sectoral positions, VidaCaixa has a series of general exclusions.

Implementation standards

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

- The International Bill of Human Rights by the United Nations, which comprises:
  - The Universal Declaration of Human Rights
  - The International Covenant on Civil and Political Rights
  - The International Covenant on Economic, Social and Cultural Rights
  - The European Union Action Plan on Human Rights and Democracy 2020-2024
- The ILO Declaration on Fundamental Principles and Rights at Work and the eleven core conventions it has identified
- The Charter of Fundamental Rights of the European Union
- The United Nations Guiding Principles on Business and Human Rights
- The OECD Guidelines for Multinational Enterprises
- The International Finance Corporation (IFC) Performance Standards
- The United Nations Declaration on the Rights of Indigenous Peoples
- The Convention on the Rights of the Child
- The Declaration on Human Rights Defenders
- The United Nations Global Compact
- The United Nations Principles for Responsible Investment

- The Principles for Sustainable Insurance (PSI) of UNEP FI (United Nations Environment Programme Finance Initiative)

Exclusions

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

- companies for which there is solid evidence that they use child or forced labour as defined in the ILO (International Labour Organisation) Conventions or that they have been involved in human rights violations or abuses or that they violate workers' rights, particularly those related to worker health and safety, and therefore, contravene the United Nations Global Compact,
- companies that violate the rights of indigenous or vulnerable populations or resettle them without their free, prior and informed consent.

7.3.2. Climate change

Context and objectives

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

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

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

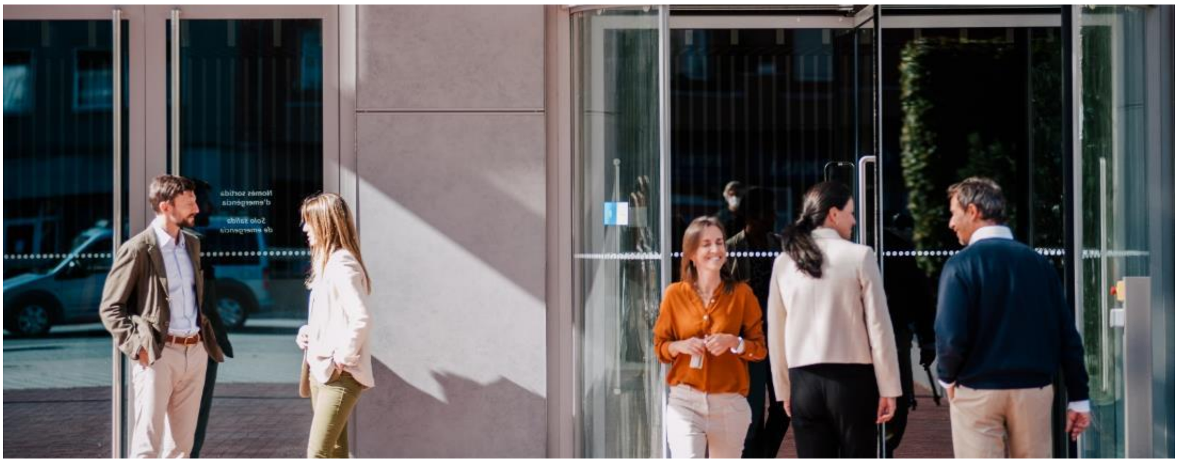
VidaCaixa's aim is to contribute towards the transition to a net-zero economy through the reduction of the impact of its investments. As proof of the Entity's responsibility to energy transition, as an insurance company, VidaCaixa is a member of the Net-Zero Asset Owner Alliance, through which it commits to net-zero emissions by 2050 and to apply the Alliance's recommendations on thermal coal, as defined in its 'Thermal Coal Position paper'.

Implementation standards

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

- United Nations 20230 Agenda's Sustainable Development Goals (SDGs)
- Paris Agreement (COP21) and Katowice Agreement (COP24) of the United Nations Framework Convention on Climate Change
- United Nations Global Compact (UNGC)
- Principles for Responsible Investment (PRI)
- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

- Principles for Sustainable Insurance (PSI) promoted by UNEP FI
- Net-Zero Asset Owner Alliance (NZAOA) protocol
- Carbon Disclosure Project
- Carbon Tracker Initiative (CTI)
- Transition Pathway Initiative (TPI)



Restrictions

As a result, the VidaCaixa Subgroup may decide not to go ahead with investments that could pose a material risk to the Entity in terms of not fulfilling its commitments with regard to climate change, as well as decarbonising its portfolio.

7.3.3. Nature

Context and objectives

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

7.4 Sectorial criteria

7.4.1. Energy

Context and objectives

The energy sector is of great importance in the development of the global economy, and access to safe and affordable energy is an essential basic service for global wellbeing. Nevertheless, VidaCaixa is aware that the energy sector can have a potential negative impact on both society and the environment. In this regard, the transition process in the value chain based on the reduction of the use of fossil fuels and the generation of energy based on low-carbon energy production systems significantly contributes to the reduction of GHG emissions into the atmosphere and, therefore, to the fight against climate change. Additionally, adverse effects from the energy sector on the environment and society must be taken into account, such as the alteration of ecosystems, generation of impacts on biodiversity through the construction of energy infrastructures in sensitive areas, worker health and safety, and the effects on local communities, among others. These risks must be adequately managed to minimise the impact on the environment and local communities. Likewise, the impacts mentioned must be reconciled with a growing demand for cheaper, safer, cleaner and more efficient energy sources.

Oil and gas

Oil and gas play an important role in the global energy mix. Nevertheless, oil and gas exploration and production can have adverse impacts on the environment and local communities, particularly when it involves the extraction of unconventional oil and gas such as oil sands, shale or through fracking; or it is done in complex areas such as deep waters, the Arctic region or conflict zones.

Coal

Coal processing and combustion entail a significant impact on the environment, particularly with regard to GHG emissions, which substantially contribute to climate change. Other adverse impacts of this activity include emissions of gases such as sulphur and nitrogen oxides, leaks associated with carbon sequestration, and use of high volumes of water.

Nuclear energy

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

Renewable energy

In the context of the fight against climate change and the transition towards a low-carbon economy, the renewable energy sector (wind, solar, geothermal, hydroelectric, biomass, among others) is gaining ground within the energy industry. It's the cleanest form of generating electricity, although its development and production can have a negative impact on the environment and society in case the potential environmental and social impacts (e.g., water use or impact on biodiversity) are not managed properly.

Sectoral scope

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

- Companies whose activities are related to oil and gas, including the entire value chain (upstream, midstream and downstream both on land and the high seas, both builders and operators);
- Processing and production: refining, including the petrochemical industry, refineries, gasification, etc.
- Generation of electricity from fossil fuels (coal, oil and gas); and from renewable energy sources (wind, solar, hydropower, geothermal, biomass and liquid and gaseous biofuels);
- Generation of heat from renewable energy sources (geothermal and solar) and waste;

- Production of bioenergy (solid biomass and liquid and gaseous biofuels) used as an alternative to solid fuels.
- Commercial and logistics activities specifically designed or used for the energy sector, including trading (which includes traders), sea freight, pipelines, storage facilities, ships, floating production storage and offloading units (FPSOs), blending and the transmission, distribution and trading of heat and electricity.
- Generation of nuclear energy.

Implementation standards

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

- The International Petroleum Industry Environmental Conservation Association (IPIECA) Guide to operating in areas of conflict
- The World Bank's Global Gas Flaring Reduction Partnership (GGFR)
- The Extractive Industries Transparency Initiative
- A Voluntary Standard for Global Gas Flaring and Venting Reduction The Voluntary Principles on Security and Human Rights of the International Energy Agency
- The World Bank's Environmental, Health and Safety General Guidelines in the Energy Sector
- Energy and Biodiversity Initiative (EBI)

Exclusions and restrictions

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

- Turnover depends on more than 5% of coal-fired power generation, unless:
    - They have a favourable decarbonisation and coal phase-out strategy by 2030 (no dependence on coal by 2030) in place; or
    - The purpose of the operation is the installation of renewable energy or another demonstrable purpose associated with the energy transition.
- The company is involved in the development of new coal-fired power generation capacity.
- Turnover is more than 50% in exploration, extraction, transport, refining, cokeries and generation of electricity from oil, and they do not have an adequate diversification or decarbonisation strategy in place. Companies above this threshold may be financed, provided they promote energy transition and the following applies:
    - The purpose of the operation is the installation of renewable energy or another demonstrable purpose associated with the energy transition.
- Turnover is more than 50% in exploration, extraction/production, liquefaction, transport, regasification, storage and generation of electricity from natural gas, and they do not have an adequate diversification or decarbonisation strategy in place. Companies above this threshold may be financed, provided they promote energy transition and the following applies:

- The purpose of the operation is the installation of renewable energy or another demonstrable purpose associated with the energy transition.
- There is evidence that tar sands exploration, production or transport represents more than 10% of its turnover.
- There is evidence that oil and gas exploration, production or transport in the Arctic region (AMAP[5]) represents more than 10% of its turnover.

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

7.4.2. Mining

Context and objectives

The mining industry plays an essential role for the economy. It's a major source of income and wealth for numerous regions, providing decent work, business development and tax revenues. Likewise, some minerals are essential for other industries. Minerals such as phosphates or potassium are used in the agricultural or chemical industry. Metals are necessary for the production of consumer goods and capital goods, etc. In this regard, recycling or other actions related to the circular economy can reduce the need for raw materials, but not do away with it entirely.

At the same time, this industry can generate negative environmental and social impacts. For this reason, VidaCaixa considers it essential to properly assess and manage environmental, social and governance aspects related to this activity. To this end, it expects its clients and the companies in the mining sector found in its portfolios to comply with the law and internationally recognised standards of responsibility.

Sectoral scope

These criteria apply to companies involved in the mining sector, including the exploration, planning and development, operation, closure and rehabilitation of mines, and the processing of extracted minerals (excluding oil and gas, whose criteria are defined in the section on energy). With regard to the processing

[5] *Definition of the Arctic Monitoring and Assessment Programme*

of metals and minerals – including refining, smelting and further transformation of metals and minerals extracted through mining activities.

Implementation standards

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

- The International Council on Mining and Metals (ICMM)
- The ILO Safety and Health in Mines Convention (No 176), 1995
- The Extractive Industries Transparency Initiative (EITI)
- The International Finance Corporation (IFC)/World Bank Group Environmental, Health, and Safety Guidelines for Mining
- The Voluntary Principles on Security and Human Rights
- The Energy and Biodiversity Initiative (EBI)
- The Bettercoal Code (coal)
- The Good Practice Guidance for Mining and Biodiversity of the International Union for Conservation of Nature (IUCN) and the International Council on Mining and Metals (ICMM)

Exclusions and restrictions

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

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

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

7.4.3. Defence and security

Context and objectives

This Policy defines the applicable procedures and standards through which VidaCaixa addresses ESG risks related with the defence and security sector, to carry out its activities associated with this sector in a responsible manner. VidaCaixa expects defence and security companies to comply with the applicable regulations and international conventions ratified by the countries where they are based.

VidaCaixa and its subsidiaries will not get involved with the defence sector when there may be a clear risk of the defence equipment being used for repression or other serious violations of international humanitarian law, conventions or treaties on the non-proliferation of weapons and other related regulations and guidelines. In this regard, VidaCaixa and its subsidiaries recognise the right of countries to defend themselves and protect their citizens and, as a result, could maintain business relationships with companies related to the defence sector whose activities are considered to be consistent with legitimate national security and defence strategies.

Sectoral scope

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

- Defence and security companies: any company, group, institution, state agency or organisation involved in the production, sales/marketing, testing, research and development, systems integration, maintenance and services, including private security services.

Implementation standards

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

Conventional weapons:

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

Controversial weapons:

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

- Anti-personnel mines: Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction (1997).
- Biological weapons: Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction (1972).

- Chemical weapons: Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction (1993). Additionally, although it is not included in this convention, VidaCaixa considers the use of white phosphorus as a controversial weapon.
- Cluster bombs: Convention on Cluster Munitions (2008).
- Depleted-uranium munitions: although there is no international convention in force, VidaCaixa acknowledges the concerns of some stakeholders in relation to depleted-uranium munitions.
- Nuclear weapons: Treaty on the Non-Proliferation of Nuclear Weapons (1968).

Exclusions and restrictions

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

- VidaCaixa will not invest in or offer products to companies involved in the production, sales/marketing, testing, research and development, systems integration, maintenance and services of controversial weapons (including their essential components). These include: anti-personnel mines, biological weapons, chemical weapons, white phosphorus, cluster bombs, depleted uranium munitions and nuclear weapons. On an exceptional basis, in the case of the latter, products may be offered to companies with annual consolidated revenues of not more than 5% from such nuclear activity, provided they do not carry out any other type of activity related to controversial weapons.
- In addition, VidaCaixa will not invest in the capital or debt instruments of defence equipment manufacturers with consolidated revenues of more than 35% from this sector or that develop, produce, maintain or sell weapons (including their essential components).

In the event that, as a result of its involvement in mergers and acquisition processes of companies, VidaCaixa becomes a shareholder of a company subject to this Policy, it will make every effort to divest itself of its share in the shortest time possible compatible with economically viable management.

On an exceptional basis, establishing a business or investment relationship with a company or corporate group that could be subject to these exclusions may be considered if the purpose of the relationship is an activity that is not related to defence equipment. The approval of these exceptions must comply with the governance framework set out at VidaCaixa and have the favourable opinion of the Sustainability Steering Group.

8. Control Framework

VidaCaixa promotes a risk culture that fosters risk control and compliance, as well as the creation of a robust internal control framework that encompasses the entire Entity and allows for fully informed decision-making on the risks assumed.

The VidaCaixa Subgroup internal control framework is comprised of Levels of Control, which follows the CaixaBank Group's Three Lines of Defence model. This ensures the strict segregation of duties and the existence of several independent layers of protection:

- The first level of control is made up of the procedures and processes of the operational units that handle dialogue activities with companies and providers of investment products and the exercise of the rights inherent to the listed securities comprising the portfolios managed by VidaCaixa. They are responsible for applying the internal policies and procedures in this area, proactively implementing risk identification, management and mitigation measures, as well as setting out and implementing adequate controls.

  Specifically, the Investment and Commercial Company Management Division serves as the first level of management control.

- The second level of control ensures the quality of the entire process of generating and managing the different risks, reviews consistency with internal policy and public process guidelines, carries out specific controls on the information inputs used, sets out the design and review guidelines for the processes and the controls to be put in place in the risk management units. Among others, it includes:

  - The Risk Management Function, as a key function of Directive 2009/138/EC (Solvency II) and a key risk function of Directive (EU) 2016/2341 (IORP II) , comprises the second level of control for financial and operational risks in sustainability matters. It takes on the functions linked to the management of risk management policies, the control of risk categories and the coordination and maintenance of the Risk Catalogue. Additionally, as a key risk function of IORP II in the management of pension funds, risks from the perspective of the parties and beneficiaries and control over the investment policies of managed funds are also taken into account. The Investment Risk Management Division, which is part of the Risk and Capital Division, carries out management, monitoring and control tasks for investment risks for both VidaCaixa's insurance business and the risks to which the parties and beneficiaries of the managed pension funds are exposed.

  - The Regulatory Compliance Function, as a function of the second level of internal control for reputational risk, will assure the quality of the entire management process for socially responsible policies. It will review the consistency of internal policy with sustainability guidelines and ensure the existence of specific controls for compliance with this Policy.

- The third level of control, comprised of the Internal Audit Function, will carry out periodic supervisory activities on the effectiveness and efficiency of the sustainability management framework, including controls for the first and second levels of control, as well as compliance with current legislation, the requirements of supervisory bodies and the internal policies and procedures related to this risk. Based on the results of its controls, it will issue recommendations of value to the areas, monitor their implementation and, where applicable, formulate recommendations to the Governing Bodies and propose possible improvements.

The Regulatory Compliance Function, the Actuarial and Risk Function and the Internal Audit Function, as the responsible divisions in the parent company, take on strategic orientation, supervision and coordination with regard to the internal control functions of the Subgroup companies, while safeguarding their respective scopes.

Controls over the proper application of general principles set out in this Policy, as well as, where applicable, their implementation in internal frameworks and procedures, must be ensured.

9. Reporting Framework

The creation of a suitable information framework is fundamental for the integration of sustainability risks.

Regulation (EU) No 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a classification system to identify 'green' activities (hereinafter 'Taxonomy') sets out the need to report information on the activities considered to be environmentally sustainable in its eighth article, and to adopt a delegated act to supplement this article, specifying the content and presentation of the required disclosures.

Based on the Taxonomy, quantitative (such as the Green Asset Ratio) as well as qualitative indicators are being defined to make it possible to analyse and understand the Entity's risk profile in these areas.

With regard to internal communications, the best practices in the market will be adopted, communicating aggregate risk data that reflects its exposure to the risks related to climate and the environment so that the governing bodies and relevant committees can make informed decisions.

The primary objectives of the information framework are:

- Provide the Governing Bodies and Senior Management with accurate, clear and sufficient information to facilitate decision-making early enough and make it possible to verify that it is operating within the risk tolerance set.
- Satisfy the information requirements of supervisory bodies.
- Keep shareholders, as well as VidaCaixa's stakeholders, informed of ESG risks.
- Provide the managers of the different areas, particularly the management and control areas, with the necessary data to monitor compliance with the strategy defined for the VidaCaixa Subgroup in terms of ESG risks.

As a result, the areas that specialise in ESG risks will submit the status of sustainability risks to the Risk Committee and the Appointments, Remuneration and Sustainability Committee at least once a year.

10. Updating of the Policy

This Policy will be reviewed by the Board of Directors every year. Nevertheless, the Actuarial and Risk Function Division, as the division in charge of the Policy, together with the Regulatory Compliance Division and the Sustainability Division and other affected divisions such as Investments, Risk and Capital Management, Internal Control and Non-Financial Risk, among others, will review its content on an annual basis.

Additionally, this Policy may be updated at any time upon the request of any of the parties involved in the integration of the sustainability risks which has identified the need to amend it as a result of any of the following reasons, among others:

- Changes in the regulatory framework.
- Changes in the business objectives and strategy.
- Changes in the management approach or processes.
- Changes arising from the results obtained in the monitoring and control activities.
- New policies or amendments to existing policies that affect the content of this Policy.
- Modification of the organisational structure that involves a change in ESG risk management functions.

As part of the review procedure, the manager of this Policy will:

- Share the results of the analysis carried out with the rest of the parties involved and apply the necessary amendments to the Policy.
- Include a summary of the changes made in the 'Version control' section of this Policy.
- Ask the Sustainability Steering Group, the Global Risk Committee and/or the Investment Committee to submit the amendments made to the Appointments, Remuneration and Sustainability Committee, as well as the Risk Committee, whose approval will be sought before submitting them to the Board of Directors for approval.

The Sustainability Division is responsible for updating this Policy when any of the aforementioned changes take place.

Nevertheless, when amendments are made outside the set period (every two years), approval by the Global Risk Committee and/or the Investment Committee will suffice if such amendments are minor. For these purposes, minor amendments are understood to be any amendments arising from organisational changes without any implications on ESG risk management functions, typographical corrections or resulting from the update of documents that this Policy refers to[6]. The Risk Committee and the Appointments, Remuneration and Sustainability Committee will always be informed of the amendments approved by the Global Risk Committee and/or the Investment Committee. If the Risk Committee or the Appointments,

[6] The 'update of documents that this Policy refers to' would only include the transcription of extracts from documents approved by the competent bodies (Board of Directors, Global Risk Committee, etc.) or regulatory provisions, provided the amended content is not subject to regulation by the Policy itself.

Remuneration and Sustainability Committee deems it appropriate, it can submit the amendments to the Board of Directors.

The Actuarial and Risk Function Division will be responsible for the storage and accessibility of this Policy and will be in charge of ensuring that the filing, dissemination and, where applicable, publication processes are properly carried out.

11. Glossary

- The International Bill of Human Rights comprises the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, the International Covenant on Civil and Political Rights and its two optional protocols.
  - The Universal Declaration of Human Rights (UDHR): is a declaratory document drafted by representatives with different legal and cultural backgrounds from all regions of the world. The Declaration was proclaimed by the United Nations General Assembly as a common standard of achievement for all peoples and nations. It sets out, for the first time, fundamental human rights that must be protected the world over (basic civil, cultural, economic, political and social rights that must be enjoyed by every human being in the world).
  - International Covenants: Following the adoption of the UDHR, the Commission on Human Rights, the main inter-governmental body within the United Nations, turned these principles into international treaties to protect certain rights. Given the unprecedented nature of this task, the General Assembly decided to draft two covenants corresponding to two types of rights set out in the UDHR: civil and political rights and economic, social and cultural rights.
- United Nations Global Compact: The United Nations Global Compact (Global Compact) is an international initiative that promotes the implementation of ten universally accepted principles to promote sustainable development in the areas of Human Rights and Business, Labour Standards, the Environment and the Fight against Corruption in the business activities and strategy of companies. It's the world's largest corporate sustainability initiative.
- International Labour Organisation (ILO) Conventions: The International Labour Organisation (ILO) is a specialised agency of the United Nations dealing with employment and industrial relations. International labour standards are divided into conventions, which are legal instruments drawn up by the ILO's constituents (governments, employers and workers) setting out basic principles and rights at work.
- Greenhouse Gases (GHG): Gaseous constituents of the atmosphere, both natural and anthropogenic, that absorb and emit radiation at specific wavelengths within the spectrum of infrared radiation emitted by the Earth's surface, the atmosphere and clouds. This property causes the greenhouse effect. The primary GHGs in the Earth's atmosphere are water vapour, carbon dioxide, methane, nitrogen oxide and ozone.

Energy Sector

- Bituminous sands, tar sands, oil sands, crude bitumen: unconventional petroleum deposit obtained from a mix of clay, sand, water and bitumen that must be physically separated in open-pit mines before further processing. Once the bitumen has been separated from the sand, it's still a low-grade fossil fuel that requires energy-intensive processing to turn it into a synthetic crude oil, similar to conventional oil.

Mining Sector

- The Kimberley Process Certification Scheme (KPCS) is a certification system designed to prevent conflict diamonds (involving human rights abuse or the financing of wars) from entering the mainstream rough diamond market.

For a country to participate, it must ensure that:

a) Any diamond from the country does not finance a rebel group or other entity that aims to overthrow a government recognised by the United Nations.

b) Each diamond exported comes with a certificate guaranteeing that it complies with the Kimberley Process. There are no diamonds imported or exported to a country that is not part of the scheme.

Defense Sector

- Controversial weapons: weapons which by their very nature are likely to cause serious harm to the civilian population. These include anti-personnel mines, biological weapons, chemical weapons, white phosphorus, cluster bombs, depleted uranium munitions and nuclear weapons.
- Anti-personnel mines: anti-personnel mines are a type of landmine. They are designed to kill or incapacitate their victims. Their most common effects are amputations, genital mutilation, injuries to muscles and internal organs, or burns. Their definition is regulated by the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction (1997).
- Biological weapons: biological weapons, also known as bioweapons or bacteriological weapons, are pathogens (infectious agents) that are used as weapons of war. The offensive use of living organisms is generally characterised as biological warfare. Biological weapons can be intended to kill, incapacitate or seriously impair an individual or entire cities and places. Their definition is regulated by the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction (1972).
- Chemical weapons: chemical weapons use the toxic properties of chemical substances to kill, wound or incapacitate. Toxic substances produced by living organisms (e.g., toxins) are considered chemical weapons. According to the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction (1993), any toxic chemical substance, regardless of its origin, is considered a chemical weapon, except when used for purposes not prohibited. Chemical weapons are classified as weapons of mass destruction by the United Nations and their production and stockpiling is prohibited by the aforementioned Convention of 1993.
- Cluster bombs: these are bombs or projectiles whose casing splinters upon exploding, sending fragments flying in all directions. These bombs are characterised by the release of many small bomblets upon exploding, which can be used for different purposes: indiscriminately causing harm or death to a large number of people, causing fires, or penetrating armoured vehicles. Their definition is regulated by the Convention on Cluster Munitions (2008).
- Ammunition containing depleted uranium: depleted uranium munitions are a type of munitions largely made from depleted uranium. Depleted uranium is a dense metal that comes from the enrichment of natural uranium for use as fuel in nuclear power plants. It is used in armour-piercing projectiles and bombs to increase their penetrating ability.
- Nuclear weapons: nuclear weapons are high-powered explosives that use nuclear energy. The delivery systems that can carry them include intercontinental ballistic missiles, submarine-launched ballistic

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

- White phosphorus : white phosphorus is an allotrope (molecule consisting of only one element) of the chemical element phosphorus, which is extensively used by the military as an incendiary agent. It can create smoke screens and it can cause severe burns as an anti-personnel incendiary component. There's some controversy as to whether it should be considered a chemical weapon. Aside from its offensive capabilities, white phosphorus is also a highly efficient smoke-producing agent, burning quickly and producing an instant blanket of smoke. For this reason, white phosphorus munitions are common in smoke grenades for infantry, loaded in grenade launchers on tanks and other armoured vehicles, or as part of the ammunition allotment for artillery and mortar.
- Dual-use items: dual-use items are those that can be used for both civilian and military purposes. According to Council Regulation (EU) No 428/2009 of 5 May 2009, as amended by Commission Delegated Regulation (EU) No 2016/1969 of 12 September 2016 and Regulation (EU) No 2021/821 of the European Parliament and of the Council of 20 May 2021 (which repeals Regulation (EU) No 428/2009, except for authorisation applications made before 9 September 2021), dual-use items are as follows:
    - Nuclear materials, facilities and equipment
    - Special materials and related equipment
    - Materials processing
    - Electronics
    - Computers
    - Telecommunications and information security
    - Sensors and lasers
    - Navigation and avionics
    - Marine
    - Aerospace and propulsion