

Statement on Nature

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Contents

Introduction	2
Areas of action	4
Governance framework	9
Glossary	10
References	12

Introduction

Biodiversity and ecosystems are key for the planet, the economy and social wellbeing, and provide essential services such as pollination, food production, flood prevention or climate regulation, with 55% of global GDP moderately or highly dependent on nature¹. Nevertheless, scientific evidence indicates that they are declining globally at rates unprecedented in human history², as reported in the Global Assessment Report on Biodiversity and Ecosystem Services published in 2019 by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES). Global biodiversity and ecosystem loss and the scarcity of resources and their associated impacts threaten the very foundations of the whole of society.

In this context, the Kunming-Montreal Global Biodiversity Framework (GBF) was adopted in December 2022 within the framework of the second part of the 15th meeting of the Conference of the Parties to the Convention on Biological Diversity. The GBF aims to halt and reverse nature loss, in line with the 2050 Vision of 'living in harmony with nature'. This Framework, agreed by nearly 200 countries, calls for aligning private funds with the goals of reversing nature loss by 2030 and achieving the 2050 Vision.

VidaCaixa, which aspires to become a benchmark in its drive towards sustainable transition, undertakes to consider the GBF's targets and make progress in the management of nature-related risks, directing capital flows towards goals compatible with the conservation, restoration and sustainable use of nature, and the integration of nature into its decision-making.

It is worth pointing out that this is a complex issue. The impacts on nature by companies, as well as their dependencies on ecosystem services and natural capital, are a source of risks for businesses and insurance companies alike. Identifying and assessing these dependencies and impacts on nature are the cornerstone of managing and preventing nature-related risks while making the most of new business opportunities. For insurance companies, the main nature-related impacts, dependencies, risks and opportunities primarily stem from their relationships with clients, investee companies and other counterparties such as suppliers.

The dependency and impact on nature of VidaCaixa's activities, particularly those of its clients and its investee companies vary depending on the sector, the product and the regions where they operate. In this regard, assessing nature-related risks and opportunities that arise from financing and investment activities calls for determining the individual impacts and dependencies of the companies,

¹ World Economic Forum (2020). Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy.

² The IPBES cited a 47% reduction in global indicators of ecosystem extent and condition over the past 100 years and their continued decline in its Global Assessment Report on Biodiversity and Ecosystem Services published in 2019. In its Living Planet Report 2022, WWF revealed that wildlife populations have plunged by an average of 69% across the entire planet between 1970 and 2018.

using different data and for multiple locations – data that is not published by the companies in most cases. For the insurance sector, it is also an emerging issue as there are no solid and common standards, homogeneous and robust measurement methods or tools with comparable quantitative data.

This is why VidaCaixa considers it necessary to work collaboratively with other economic stakeholders and agents using a multisectoral approach to make progress in identifying, assessing, measuring (and mitigating) the impacts on nature and managing the dependencies, and to develop and support solutions with a positive impact on nature.

Climate change and nature degradation are also closely linked: the impacts of climate change cause biodiversity and natural capital loss while nature loss has negative effects on climate change. This means that taking action against nature degradation and loss can substantially contribute to climate change mitigation and adaptation, aside from other social and economic benefits. For this reason, as the Intergovernmental Panel on Climate Change (IPCC) and the IPBES pointed out, protecting nature and limiting global warming are complementary goals and meeting both challenges is essential for a fairer and more sustainable future.

VidaCaixa, as a member of the Net-Zero Asset Owner Alliance, has defined a strategy for the investment portfolio of the insurance company (excluding unit-linked funds) to be carbon neutral by 2050. To this end, it has set and published interim climate targets for 2030 as its first target. Meanwhile, since 2019, it has issued a Statement on Climate Change. In this regard – and taking into account the crucial role of biodiversity and ecosystems to address the climate crisis – the Entity will include nature-related considerations in its decarbonisation plan. At the same time, it will work on integrating nature into its Sustainability Master Plan in the coming years.

To make progress in integrating the focus on nature into the climate strategy and into the sustainability strategy as a whole, VidaCaixa will use a progressive approach and also collaborate with third parties. This integration will consider the main direct pressures that affect nature as defined by the IPBES – particularly the first four – which are, in order of importance: land and sea use change (such as deforestation), direct exploitation of resources (organisms), climate change, pollution and invasive species. The Entity will prioritise the most relevant areas for its activities, such as climate change, deforestation, pollution, plastic consumption or water stress. Likewise, it will take the potential adverse impacts and nature-related opportunities into consideration for the communities that might be affected.

This document presents the main courses of action planned to provide stakeholders with an overview of our approach. We will regularly update them of the progress of their implementation in the future.

Areas of action

VidaCaixa carries out different actions to reduce the negative impact on nature, preserve it and contribute towards enhancing biodiversity and ecosystems, both in relation to its operational impacts and those of its clients and investee companies. In this regard, it has integrated nature-related aspects into its sustainability risk management policies and risk analysis. It also prefers to invest and finance projects and companies with a positive impact on the environment. Furthermore, it has set a 2050 decarbonisation target for the investment portfolio of the insurance company (excluding unit-linked funds). It likewise carries out engagement actions with its investee companies, and where relevant, they include a focus on nature. Among other initiatives, it promotes reforestation projects verified by independent third parties to offset the operational emissions that it has been unable to reduce.

Building on this foundation, the Entity undertakes to make headway – in accordance with the data and technology available at any given time, as well as the applicable regulations – with its nature roadmap, while placing an emphasis on the following areas of action:

1. Making progress in the identification and measurement of impacts and dependencies, as well as the materiality of nature-related risks for VidaCaixa's activities

VidaCaixa monitors and manages environmental, social and governance (ESG) risks while also including nature-related aspects such as biodiversity loss.

- ▶ We will conduct impact and dependency assessment exercises and, where possible, nature-related scenario analyses when available in order to determine the exposure to sectors, regions and material nature-related risks for VidaCaixa's investment portfolio. The methodologies for the measurement and assessment of nature-related risks are emerging and subject to changes. As methodologies, tools and data availability improve, we will upgrade and refine our identification and measurement processes. This assessment will also serve as the basis for identifying opportunities and, in general, the priority areas of action in which VidaCaixa could have greater impact.

2. Making progress in integrating nature into sustainability risk management, both in relation to cross-cutting considerations and sectoral criteria

Nature-related risks are economic risks that arise from nature degradation and loss and they could have negative effects on economic activities and companies. To this end, at VidaCaixa, we apply the Policy on the Integration of Sustainability Risks, which includes global acceptance, exclusion and restriction criteria, with an emphasis on sectors with high ESG risk. It also includes nature-related risks. Likewise, we monitor potential serious sustainability controversies involving

our clients, including those relating to biodiversity, deforestation, pollution or other nature-related issues, as well as impacts on local communities. Additionally, we include ESG (Environmental, Social and Governance) criteria in the management of assets, considering the principal adverse impacts of our investment decisions, in accordance with the United Nations Principles for Responsible Investment and the Policy on the Integration of Sustainability Risks in investment management. This area is constantly evolving and we will continue to include new management criteria and practices.

- ▶ We will work to identify, measure (according to the available data and methodologies), manage and mitigate nature-related risks that generate a material impact on our business.
- ▶ We will regularly update our Policy on the Integration of Sustainability Risks, considering the potential negative impacts on nature from our counterparties' activities and their dependencies on nature, and integrate nature-related aspects in assessing clients and operations.
- ▶ We will integrate nature-related aspects – depending on the availability and quality of data – into investment decision-making and when building managed portfolios, including management of the principal adverse impacts (PIA).

3. Supporting clients in their efforts to preserve nature and contributing to the channelling of funds towards activities with positive impacts on nature, through its financing and investment as well as asset management activities

Searching for nature-related opportunities is also one of our priorities. Within VidaCaixa's Sustainable Financing Framework, we promote sustainable and impact investment including, among others, criteria relating to activities and projects that contribute towards protecting and restoring nature and reducing the pressures on it.

- ▶ We will regularly review these frameworks and definitions to identify new financing and investment goals that have a positive impact on nature and/or contribute towards avoiding or mitigating negative impacts and/or pressures on nature.
- ▶ We will work with companies and issuers to identify and promote new solutions and best practices through our products and services and active dialogue activities.
- ▶ We will continue to develop and offer sustainable investment products to investors, including those that channel private equity towards investments that combat nature degradation or loss and drive the circular economy.
- ▶ We will promote innovation in sustainability, including solutions with a positive impact on nature.

4. Managing our operational impacts on the loss of nature and ecosystem services (and contributing towards generating a positive impact)

Our environmental commitment starts with avoiding and/or reducing our contribution to nature loss and degradation to the extent possible and minimising the impact of our operations on the environment. This is why, for many years now, we have been implementing initiatives to reduce waste and other polluting emissions, as well as efficiency measures in the consumption of resources such as paper, energy and water, which are included in the Environmental Management Plan. We have also defined green procurement criteria for the products and services with the greatest environmental impacts and we include environmental considerations in our supplier approval and selection process and the design of our spaces and facilities.

- ▶ We will maintain and add new initiatives that avoid, mitigate or offset VidaCaixa's negative operational impacts on nature to the Environmental Management Plan and promote the transition towards a circular economy, reducing pressure on natural systems.
- ▶ We consider nature in our carbon offsetting strategy, through initiatives such as reforestation and when purchasing verified carbon credits on the voluntary market, these must consider not only climate criteria but also social and nature-related criteria.
- ▶ Bearing in mind that the main impact on nature is found in the value chain and not in the Entity's own operations, we will continue working with our suppliers so they meet the expectations and environmental standards defined by VidaCaixa, which are regularly reviewed.

5. Integrating nature into training programmes for the Entity's people

At VidaCaixa, we have a comprehensive training programme that includes sustainability as one of its priorities, with mandatory training for the entire workforce, specialised training for some teams and voluntary training available to anyone interested in signing up for it.

- ▶ We will train the workforce in sustainability, paying particular attention to the teams that are more involved with managing operational impacts, risks, investments and the business to ensure that they can analyse and manage nature-related risks and opportunities (and help our clients, business partners, suppliers and the issuers we invest in to do the same).

6. Carrying out engagement and active dialogue activities with clients, issuers, regulators and other stakeholders to promote awareness and actions for nature, the reduction of pressures on it, as well as the global transition towards a more sustainable economy

We have gradually included considerations relating to sustainability – including nature when relevant – in dialogue and awareness actions with clients, investors and other stakeholders to drive the transition towards a more sustainable economy. These expectations are set out in VidaCaixa's Engagement Policy, which is published on an annual basis.

- ▶ We will work with clients, issuers and external data providers to increase the availability of data to identify, measure and better manage nature-related risks and opportunities and integrate them into the Entity's internal systems.
- ▶ We will include nature-related considerations into our engagement strategy with investee companies (our own and those of third parties), with a focus on the sectors and companies with the greatest risks and opportunities. We will share the Entity's expectations regarding their management of nature with clients and issuers, including compliance with international regulations and conventions for the protection of nature, as well as transparency regarding its material contributions to nature, both positive and negative. Our aim is to encourage them to identify and manage their impacts and dependencies on nature, as well as setting out governance models, strategies and policies in this regard.
- ▶ We will actively participate, where appropriate, in the development of firm, clear, multisectoral, stable regulatory responses within an appropriate timeframe which include the necessary investment goals and address the economic, social and environmental aspects arising from the transition to a carbon-neutral economy and maintain an active dialogue with the regulator, supervisor and society regarding nature.
- ▶ We will promote awareness-raising actions among the workforce, private clients and the whole of society through social action and corporate volunteering programmes, collaboration with other institutions, and holding and participating in events and conferences.

7. Building a collaborative ecosystem and participating in collaborative initiatives to generate knowledge and contribute towards addressing the drivers of nature loss

Working for nature calls for collaboration with all stakeholders. For this reason, we seek to collaborate and supportive collective actions related to nature and, in line with this, VidaCaixa is a member of UNEP FI and participates in several working groups on this matter. We also work in collaboration with other entities to promote innovation and encourage the development of business projects that aim to have a positive impact on nature.

- ▶ We will continue to participate in the relevant domestic and international working groups, coalitions and initiatives to drive the development of methodologies, common standards and new solutions, and to identify important new alliances that may arise.
- ▶ We will uphold and reinforce the goals related to environmental protection and improvement in the collaboration and aid programmes to the third sector.

Governance framework

The **Board of Directors** is in charge of regularly approving, supervising and assessing the definition, development and implementation of the sustainability strategy, which in turn includes the nature strategy. In this regard, it is also responsible for approving, supervising and monitoring the effectiveness of this Statement and the commitments included herein.

Likewise, the **Appointments, Remuneration and Sustainability Committee's** functions include supervising compliance with VidaCaixa's environmental and social policies and rules, regularly assessing and reviewing them, as well as ensuring that VidaCaixa's practices in these areas are in line with the strategy and policies set.

The **Steering Committee** is responsible for developing the Entity's Strategic Plan approved by the Board of Directors. To this end, it adopts agreements, either directly or through its delegated committees, in sustainability matters.

Additionally, there are several management and governing bodies that are in charge of coordinating and supervising the different aspects mentioned in this Statement. These include the **Investment Committee** and the **Global Risk Committee**, both of which are delegated committees of the Steering Committee; the **Risk Committee**, as a delegated committee of the Board of Directors; and the **Sustainability Steering Group**, which is a cross-sectional analysis body in the organisation for all sustainability-related aspects. The latter reports to the Investment Committee for investment aspects or the Global Risk Committee for risk-related matters.

Lastly, there is a Sustainability Division that reports functionally to the Deputy General Manager and hierarchically to the Investment Division and in coordination with CaixaBank's Sustainability Division.

This Statement will be revised and updated at least every two years.

**Statement revised and approved by the Board of Directors
on 17 May 2024.**

Glossary

- **Biodiversity** or **biological diversity**: means, according to the Convention on Biological Diversity (1992), the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems. WWF (2019a) describes it as the different kinds of life inhabiting our planet such as animals, plants, fungi and microorganisms.
- **Natural capital** is the stock of renewable and nonrenewable natural resources (e.g. plants, animals, air, water, soils, minerals) that combine to yield a flow of benefits to people (Capitals Coalition, 2021).
- **Dependency**: aspects of environmental assets and ecosystem services that a person or an organisation relies on to function (TNFD, 2023; SBTN, 2023) – in other words, dependency or use of nature when it functions as an input or influences the environmental conditions required for successful business performance, either by enabling or improving them (WWF, 2019b). A company's business model, for example, could depend on water flows, water quality regulation, habitats for pollinators, etc.
- **Ecosystems**: are a dynamic complex of plant, animal and microorganism communities and the non-living environment, interacting as a functional unit (NGFS, 2023).
- **Impacts on nature**: a positive or negative effect (quantitative or qualitative; direct, indirect or cumulative) of the business activity on the quantity or quality of natural capital reserves or ecosystem services, which may result in changes to the capacity of nature to provide social and economic functions (WWF, 2019b; TNFD, 2023; SBTN, 2023).
- **Nature**: this term is more complex to define: according to the IPBES (2019), it refers to the natural world with an emphasis on biological diversity and includes categories such as biological diversity, the functioning of ecosystems, evolution, the biosphere, humankind's shared evolutionary heritage, and biocultural diversity. Therefore, it includes all ecosystems, both living (biotic) and non-living (abiotic) elements of our planet, including biodiversity, but also climate. The Task Force on Nature-Related Financial Disclosures (TNFD, 2023) defines it as the natural world, with an emphasis on the diversity of living organisms (including people) and their interactions among themselves and with their environment.
- **Nature-positive**: a high-level goal and concept describing a future state of nature (e.g. Biodiversity, ecosystem services and natural capital) that is greater than the current state (TNFD, 2023; SBTN, 2023).

- **Biodiversity loss:** an average loss in biological diversity over time and/or space. It is typically detected using indicators derived from observational data such as species population counts. (EIOPA, [2023](#)).
- **Nature loss:** the loss and/or decline of the state of nature. This includes, but is not limited to, the reduction of any aspect of biological diversity, e.g. diversity at the genetic, species and ecosystem levels in a particular area through death (including extinction), destruction or manual removal. (TNFD, [2023](#), according to IPBES, 2019).
- **Ecosystem services:** are functions and processes that take place within ecosystems, and which capture the (non-)material benefits that humans can obtain directly or indirectly from nature and that sustain and fulfil human life (EIOPA, [2023](#)). Ecosystems provide the following services: a) Provisioning, such as water, genetic material, biomass and energy or shelter; b) Regulating & maintenance, such as the regulation of climate and natural processes, pollination, filtering of waste, purifying and maintenance of natural resources, flood mitigation, sediment retention, etc. and c) Cultural: non-materialistic goods and services ('spiritual and recreational benefits'), such as green spaces, or education and scientific services, among others (TNFD, [2023](#)).
- **Nature-based solutions:** actions to protect, sustainably manage and restore natural and modified ecosystems that address societal challenges effectively and adaptively, while simultaneously providing benefiting people and nature (International Union for Conservation of Nature, IUCN, [n.d.](#))

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